

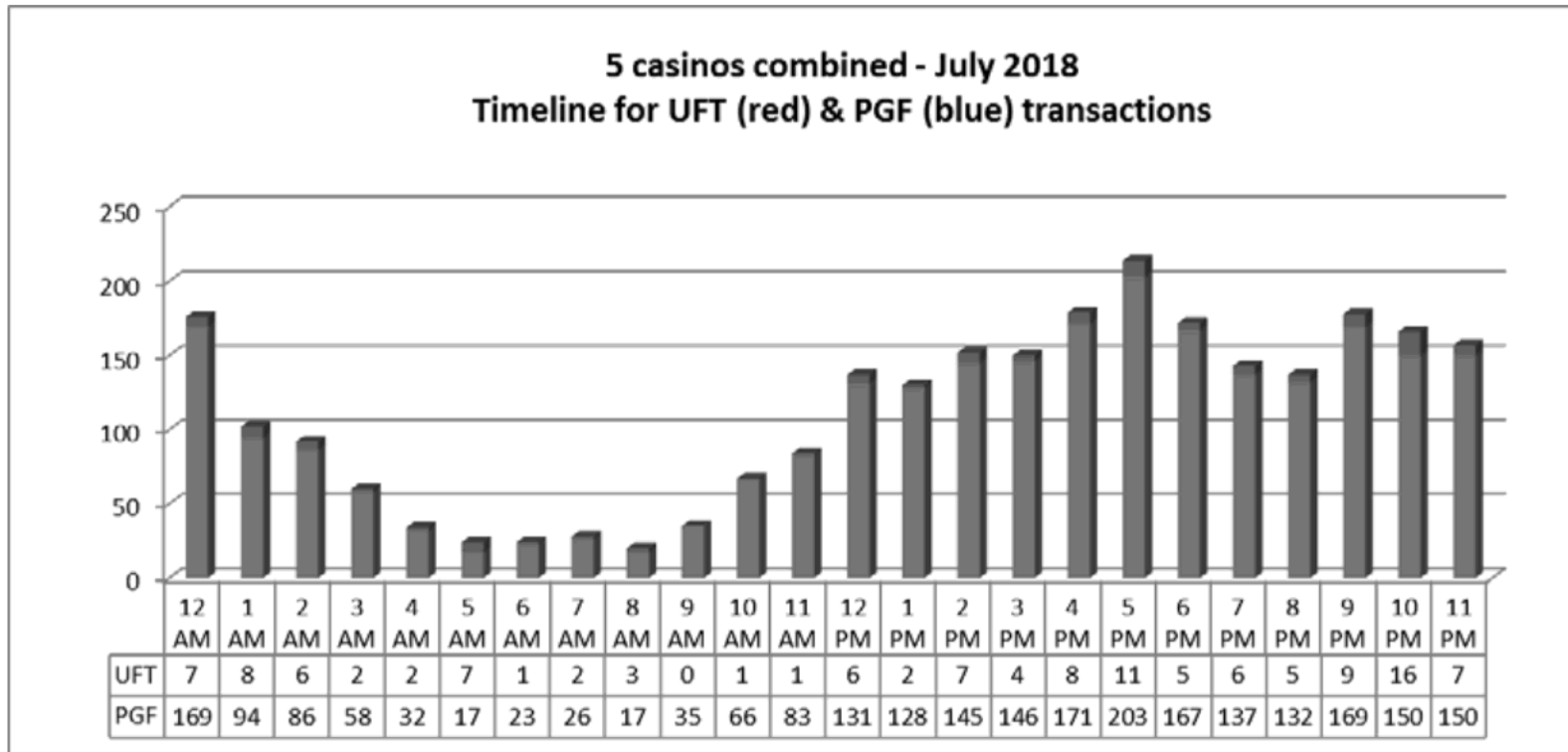
Page 001 to/à Page 106

Withheld pursuant to/removed as

s.15

**Unusual Financial Transactions (UFT) per time when related incident reports were opened in iTrak,
and Patron Gaming Funds (PGF) transactions per time when entered into GMS
River Rock, parq, Grand Villa, Starlight and Hard Rock Casino**

July 2018



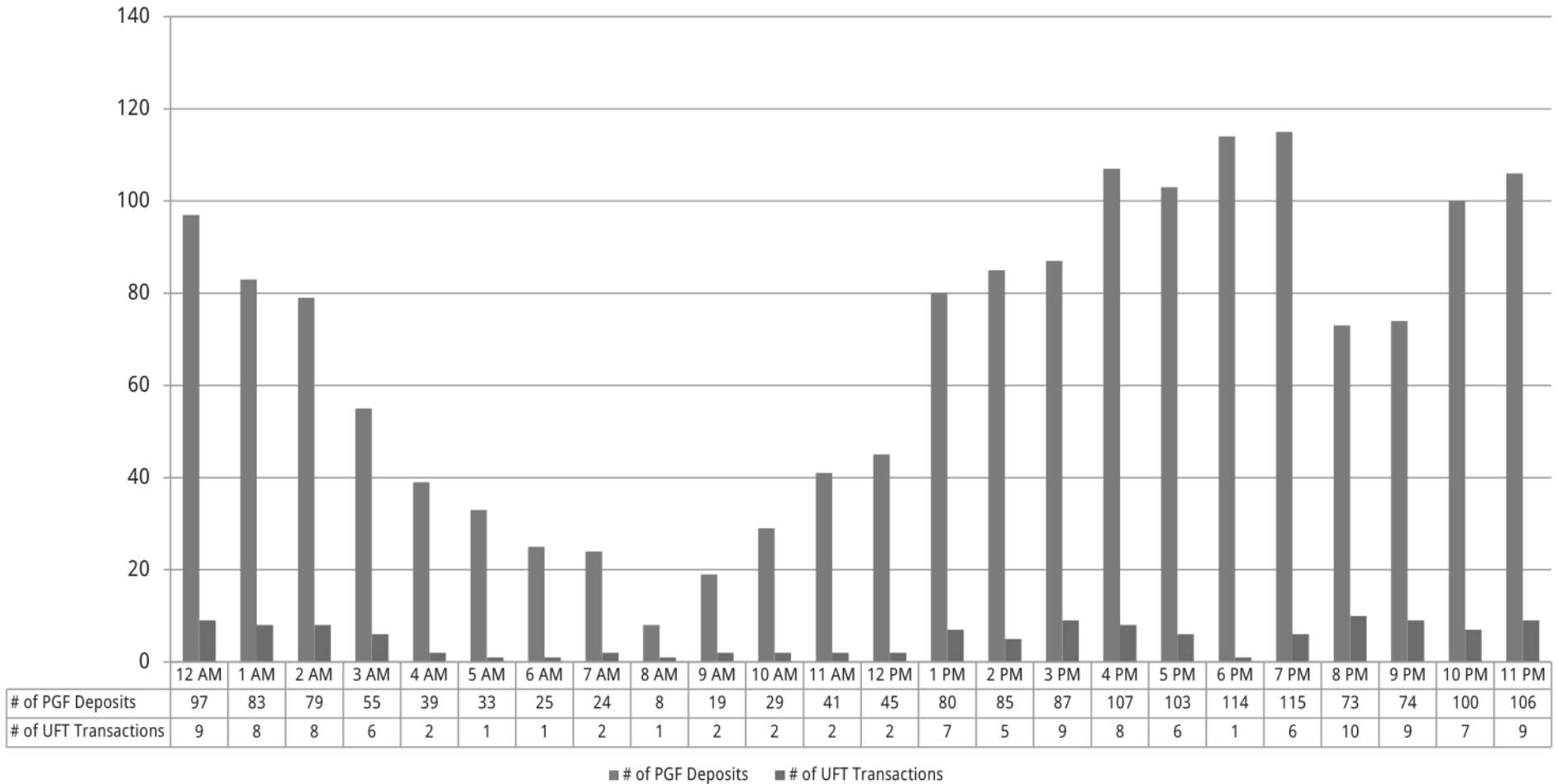
2535/126

Starlight Casino - July 2018
Timeline for UFT (red) & PGF (blue) transactions

s.15,s.21

Unusual Financial Transaction (UFT) Times - When incident reports were opened in iTrak.
 Patron Gaming Funds (PGF) Transaction Times - When transactions were entered into GMS.

5 Lower Mainland Casinos Combined - August 2018
 (Grand Villa, Hard Rock, Parq Vancouver, River Rock, Starlight)
 PGF Deposit and UFT Transactions by Time



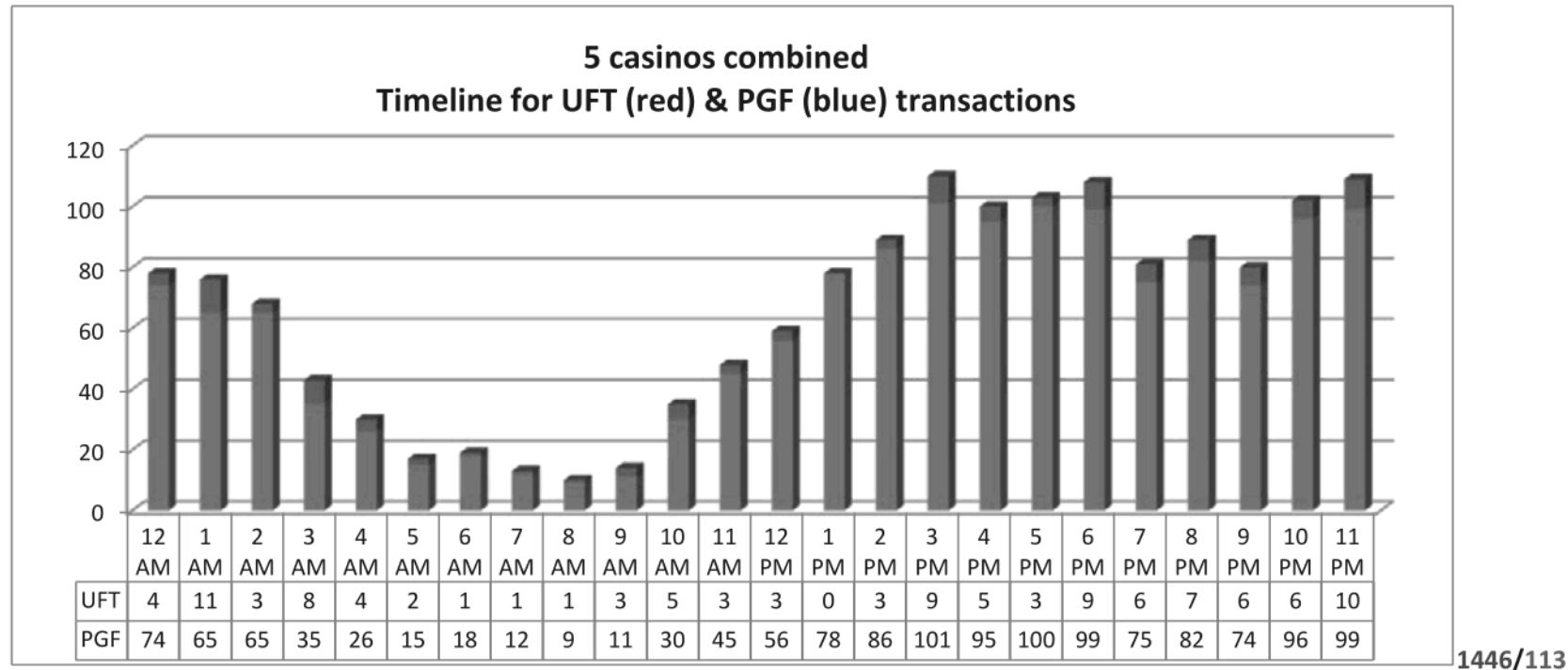
Starlight Casino - August 2018
PGF Deposit and UFT Transactions by Time

s.15,s.21

4

**Unusual Financial Transactions (UFT) per time when related incident reports were opened in iTrak,
and Patron Gaming Funds (PGF) transactions per deposit times in GMS
River Rock, Parq, Grand Villa, Starlight and Hard Rock Casino**

September 2018



s.15,s.21

Grand Villa Casino
Timeline for UFT (red) & PGF (blue) transactions

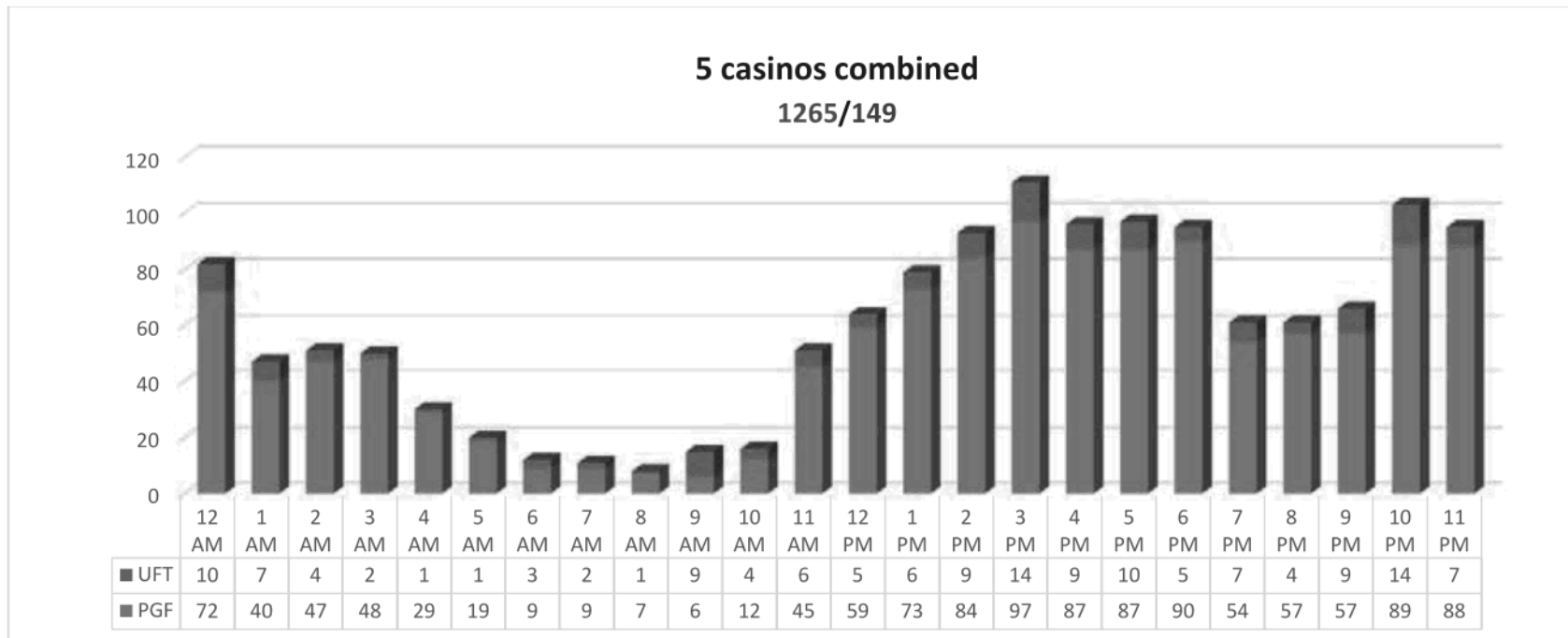
s.15,s.21

Starlight Casino
Timeline for UFT (red) & PGF (blue) transactions

**Unusual Financial Transactions (UFT) per time when related incident reports were opened in iTrak,
and Patron Gaming Funds (PGF) transactions per deposit times in GMS
River Rock, Parq, Grand Villa, Starlight and Hard Rock Casino**

October 2018

Timeline for PGF (in blue) & UFT (in red) transactions



s.15,s.21

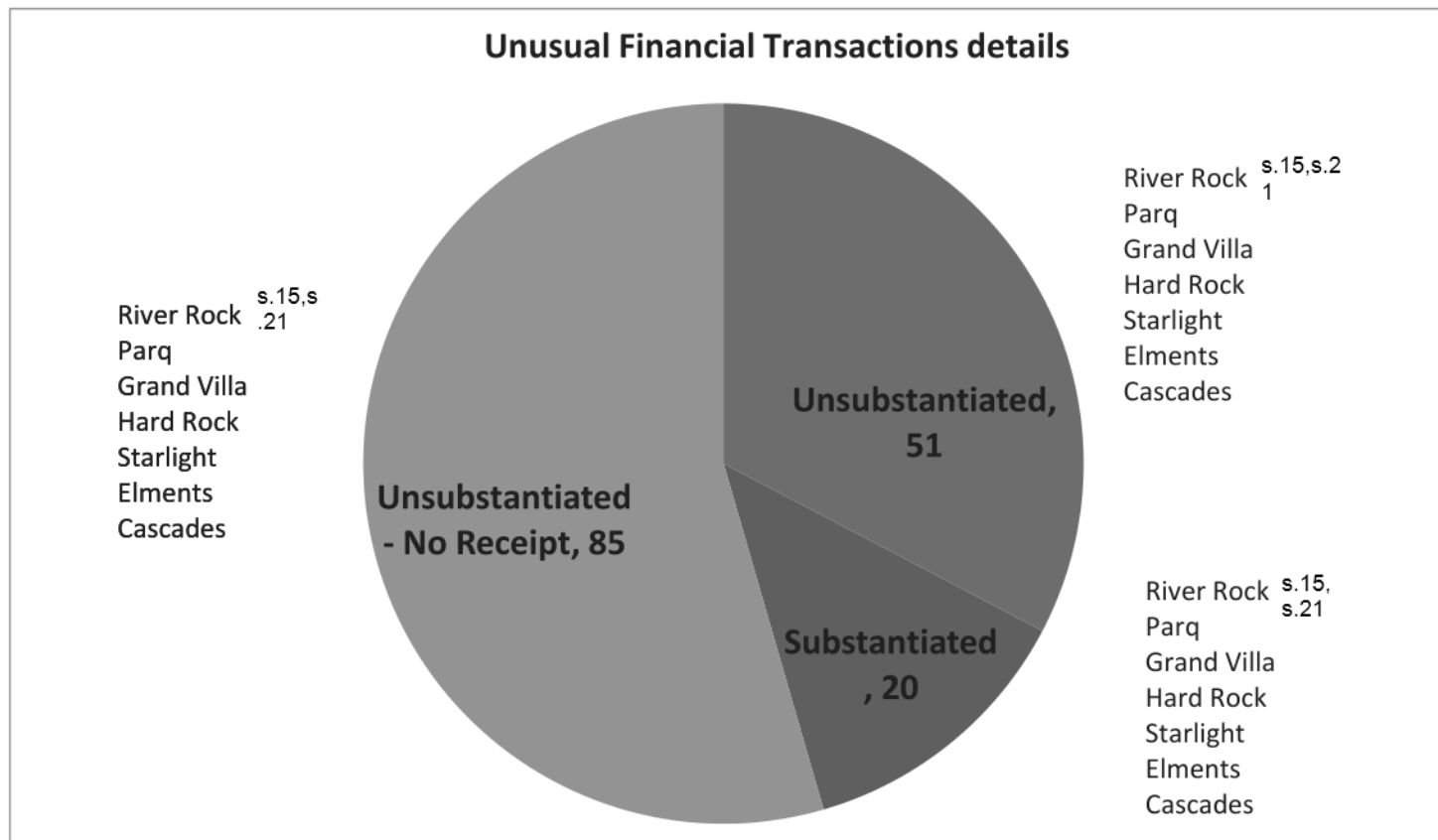
Grand Villa Casino

s.15,s.21

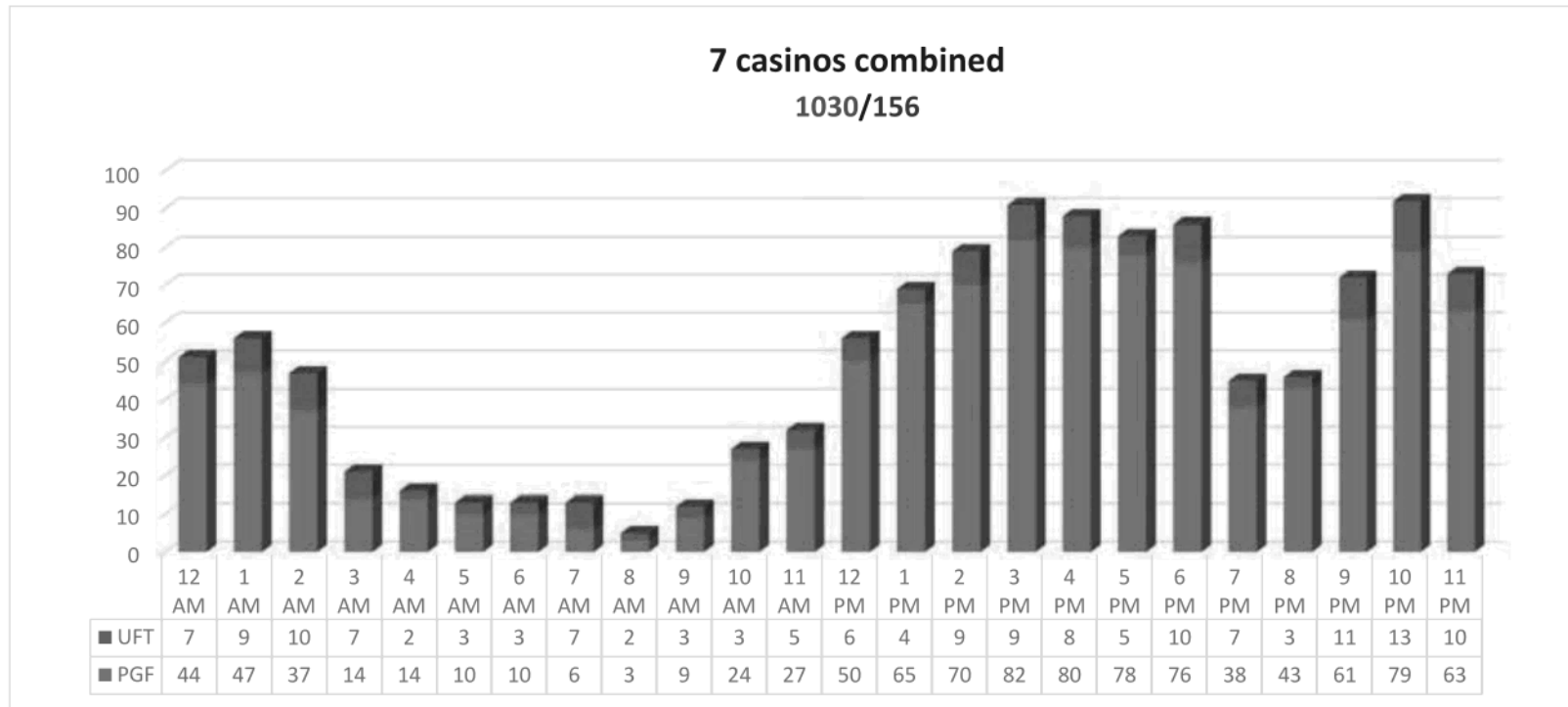
Starlight Casino

**Unusual Financial Transactions (UFT) per time when related incident reports were opened in iTrak,
and Patron Gaming Funds (PGF) transactions per deposit times in GMS**
River Rock, Parq, Grand Villa, Starlight, Hard Rock, Cascades & Elements Casino

November 2018



Timeline for PGF (in blue) & UFT (in red) transactions



River Rock

s.15,s.21

s.15,s.21

Starlight

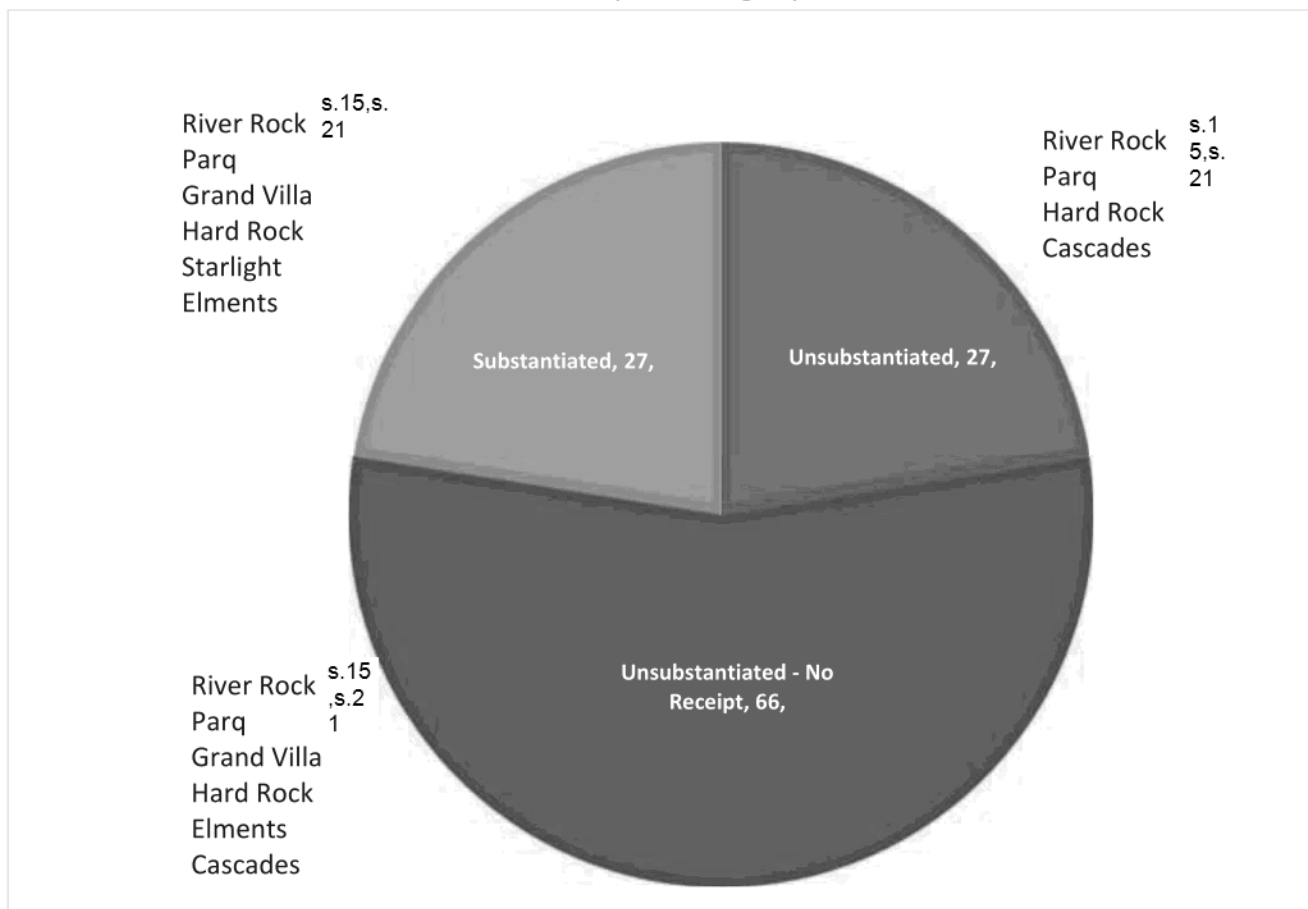
s.15,s.21

Cascades

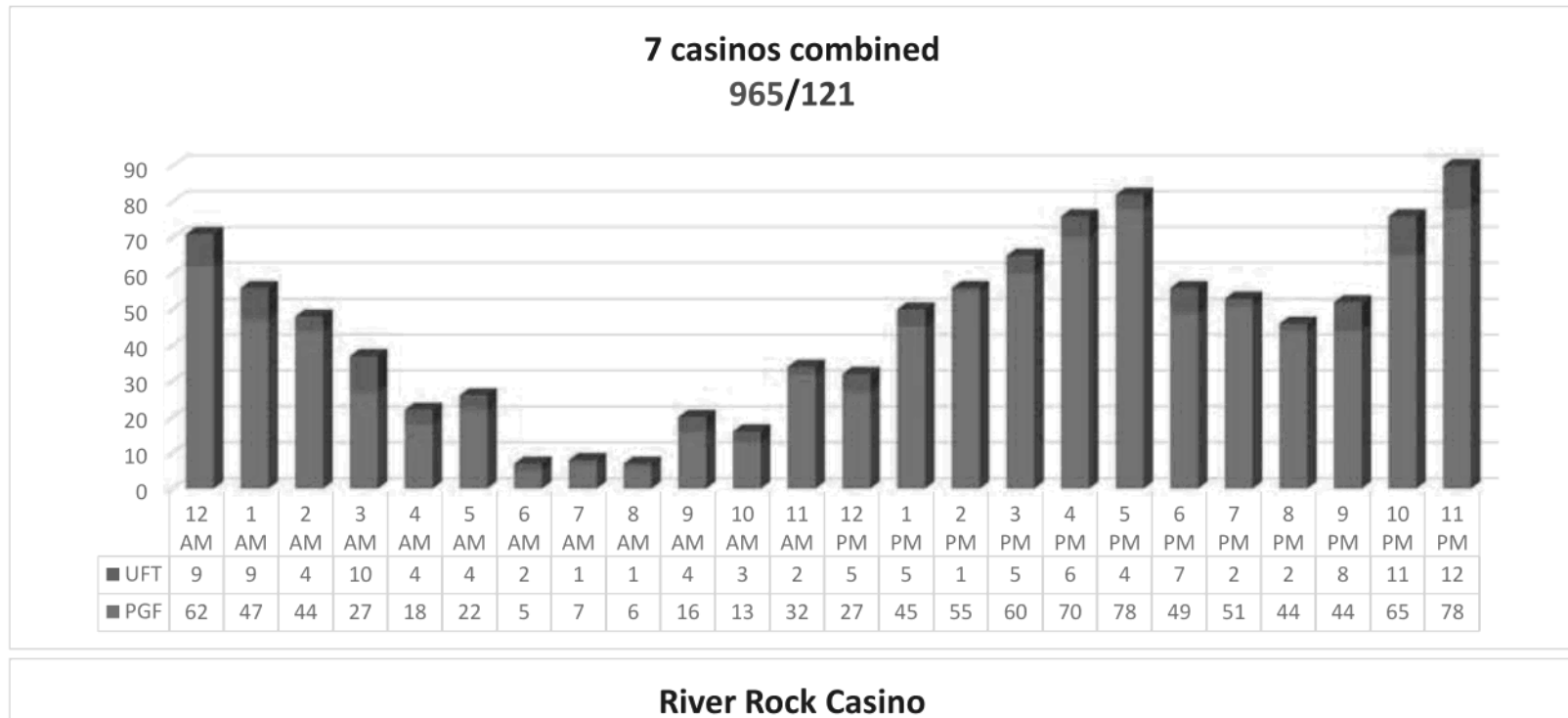
**Unusual Financial Transactions (UFT) per time when related incident reports were opened in iTrak,
and Patron Gaming Funds (PGF) transactions per deposit times in GMS**
River Rock, Parq, Grand Villa, Starlight, Hard Rock, Cascades & Elements Casino

December 2018

UFTs per category



Timeline for PGF (in blue) & UFT (in red) transactions



s.15,s.21

River Rock Casino

s.15,s.21

Starlight Casino

s.15,s.21

Hard Rock Casino

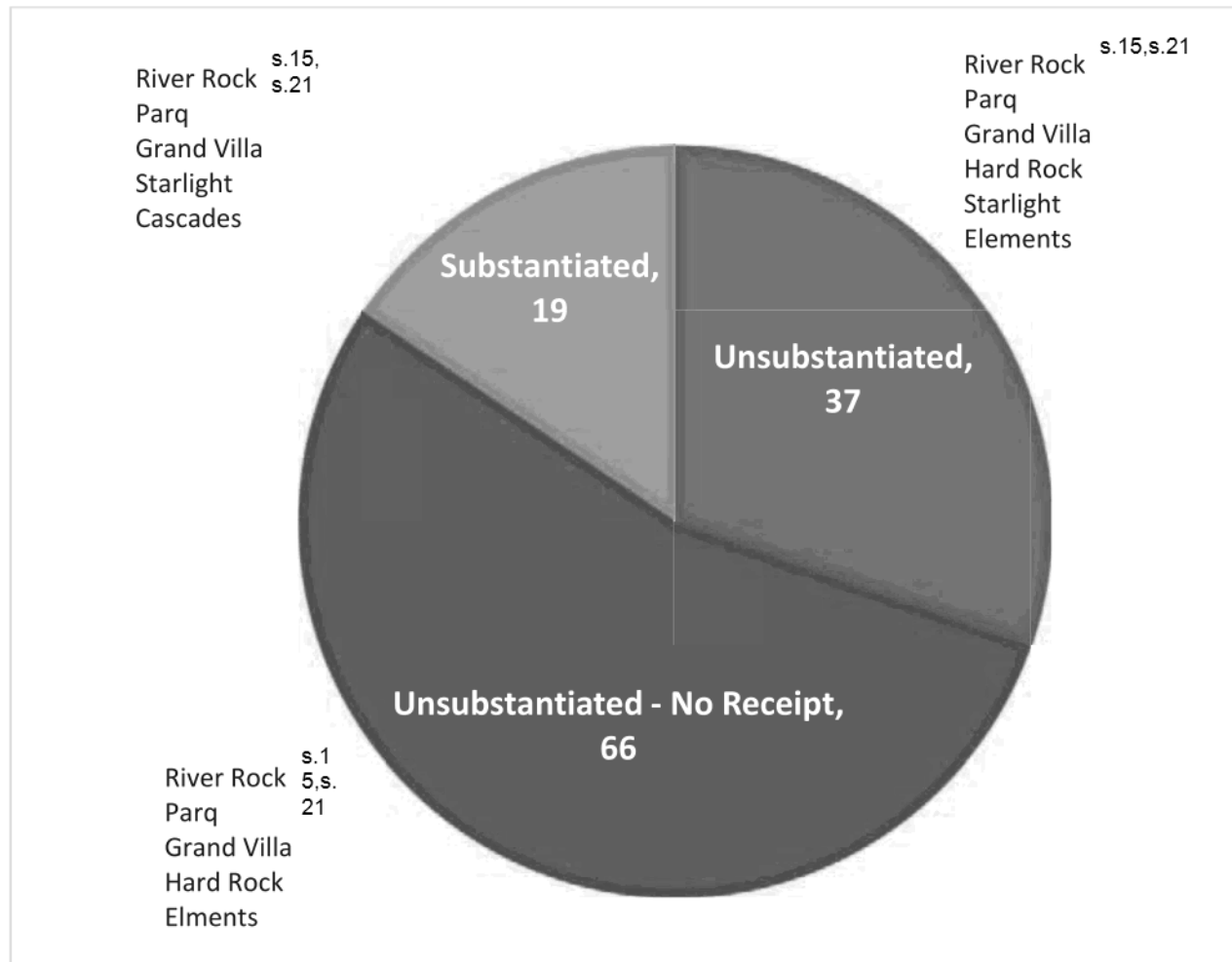
s.15,s.21

Elements Casino

**Unusual Financial Transactions (UFT) per time when related incident reports were opened in iTrak,
and Patron Gaming Funds (PGF) transactions per deposit times in GMS**
River Rock, Parq, Grand Villa, Starlight, Hard Rock, Cascades & Elements Casino

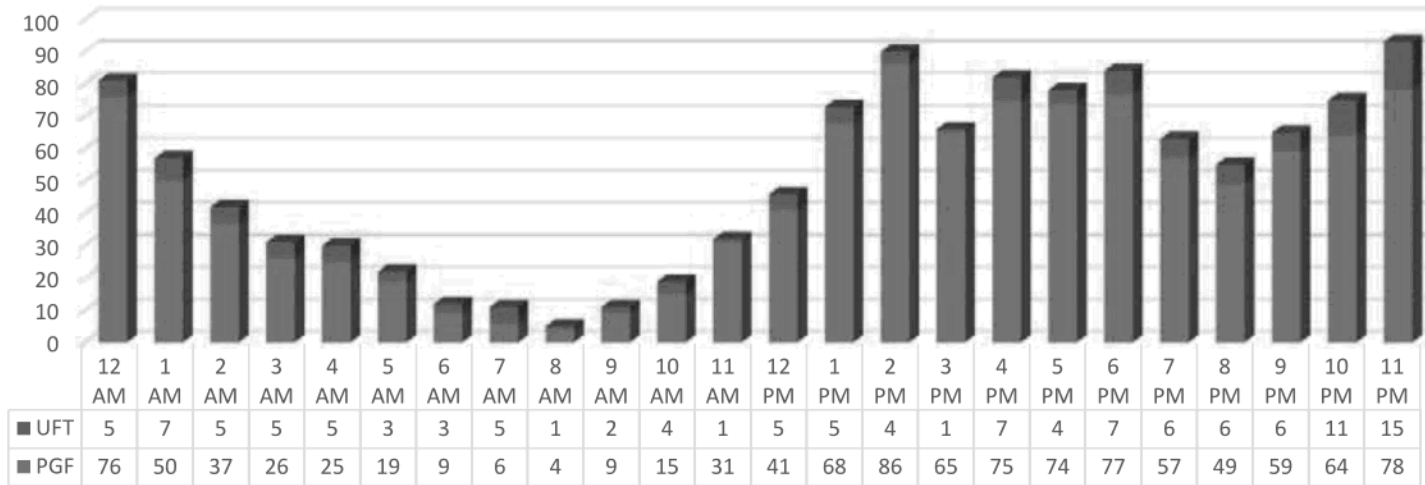
January 2019

UFTs per category



Timeline for PGF (in blue) & UFT (in red) transactions

7 casinos combined
1,000/123



River Rock Casino

s.15,s.21

s.15,s.21

Starlight Casino

s.15,s.21

Hard Rock Casino

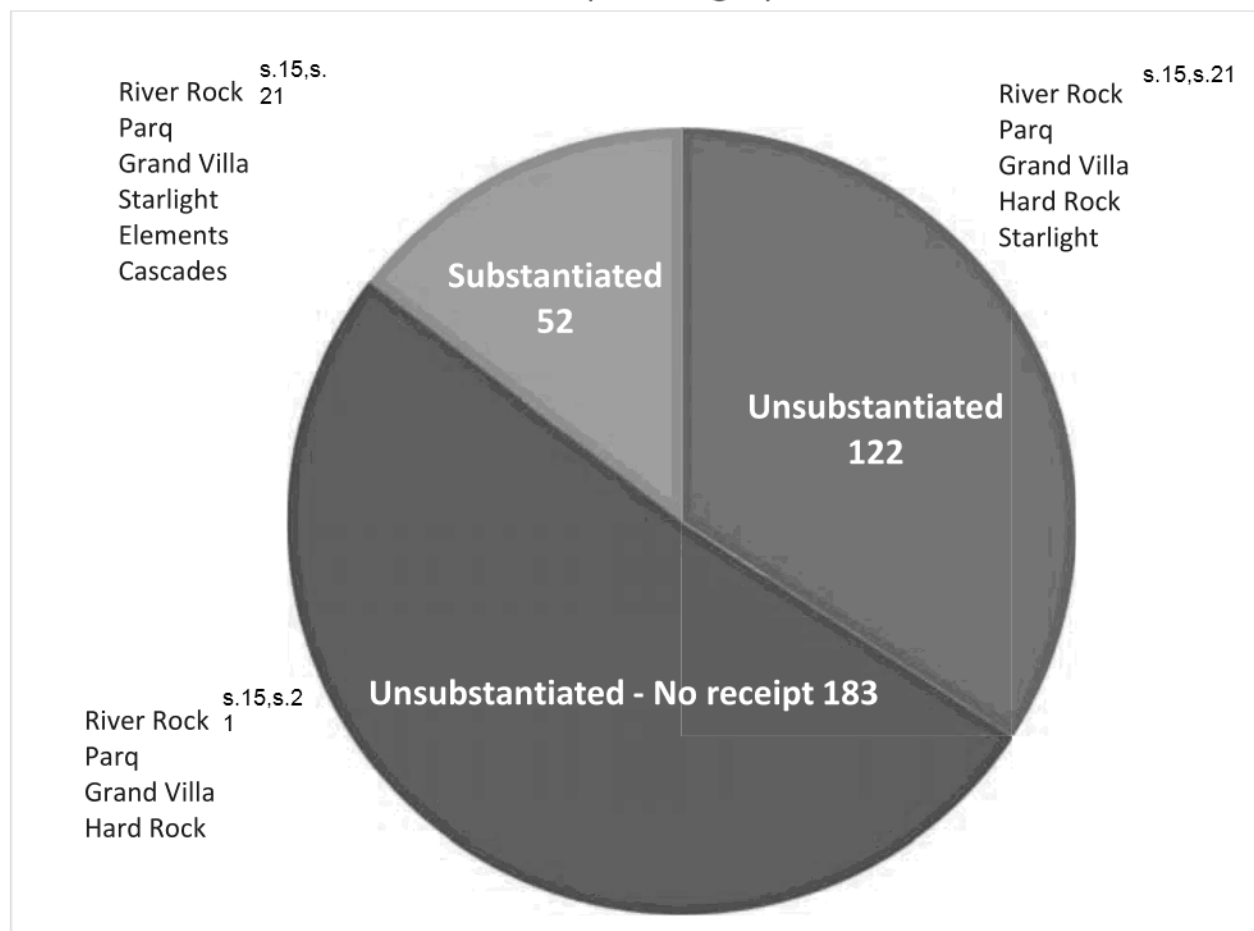
s.15,s.21

Elements Casino

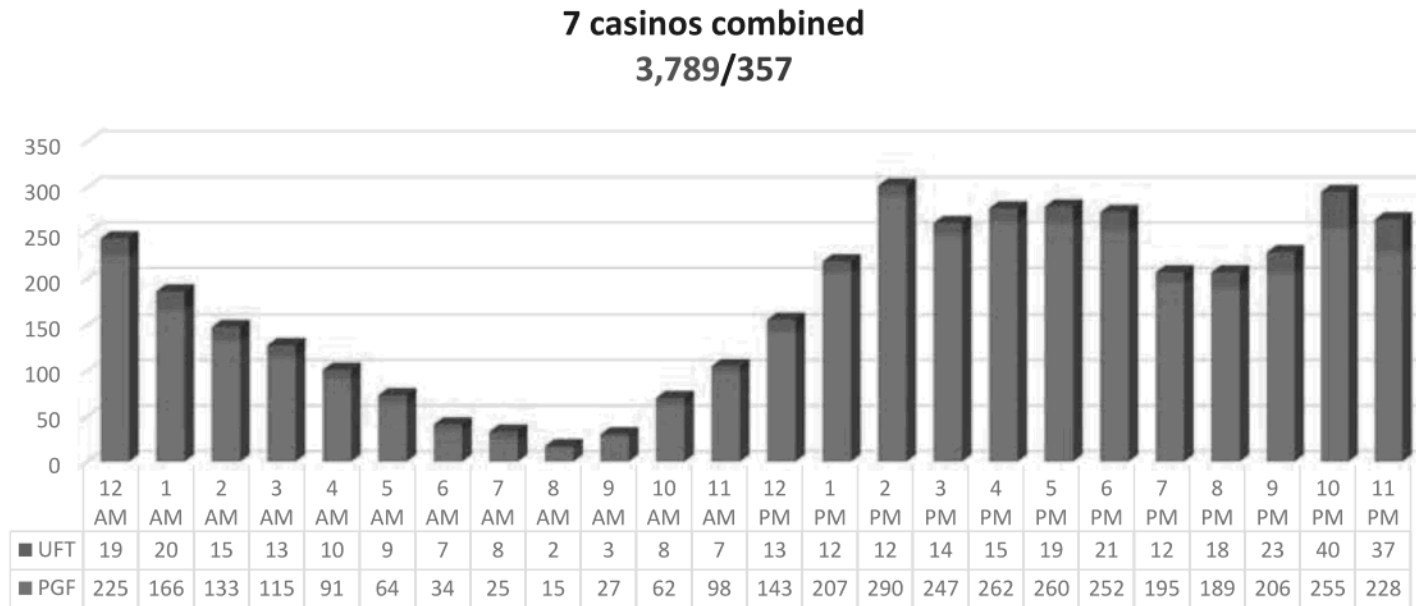
**Unusual Financial Transactions (UFT) per time when related incident reports were opened in iTrak,
and Patron Gaming Funds (PGF) transactions per deposit times in GMS**
River Rock, Parq, Grand Villa, Starlight, Hard Rock, Cascades & Elements Casino

Jan - Mar 2019

UFTs per category



Timeline for PGF (in blue) & UFT (in red) transactions



River Rock Casino

s.15,s.21

s.15,s.21

Starlight Casino

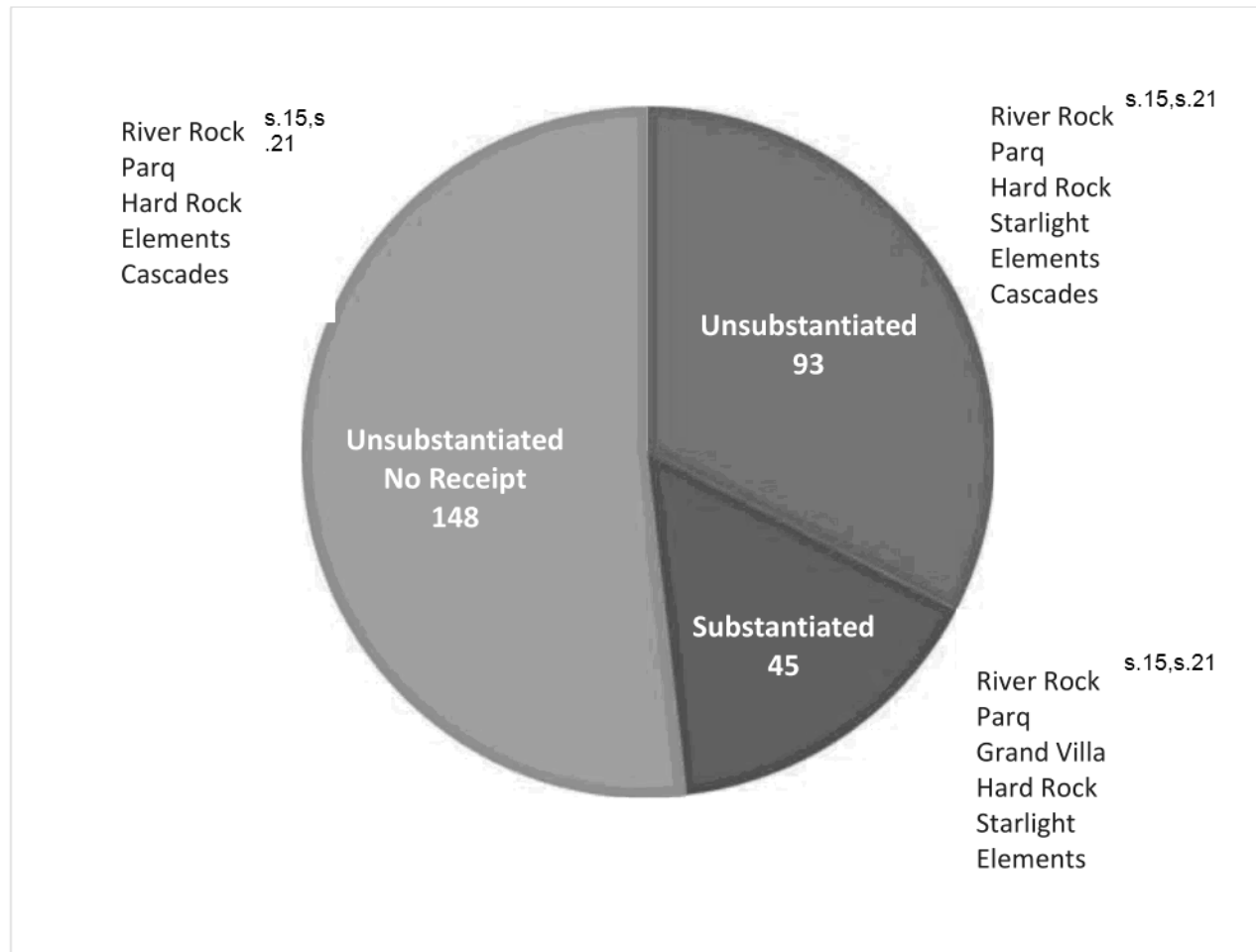
s.15,s.21

Cascades Casino

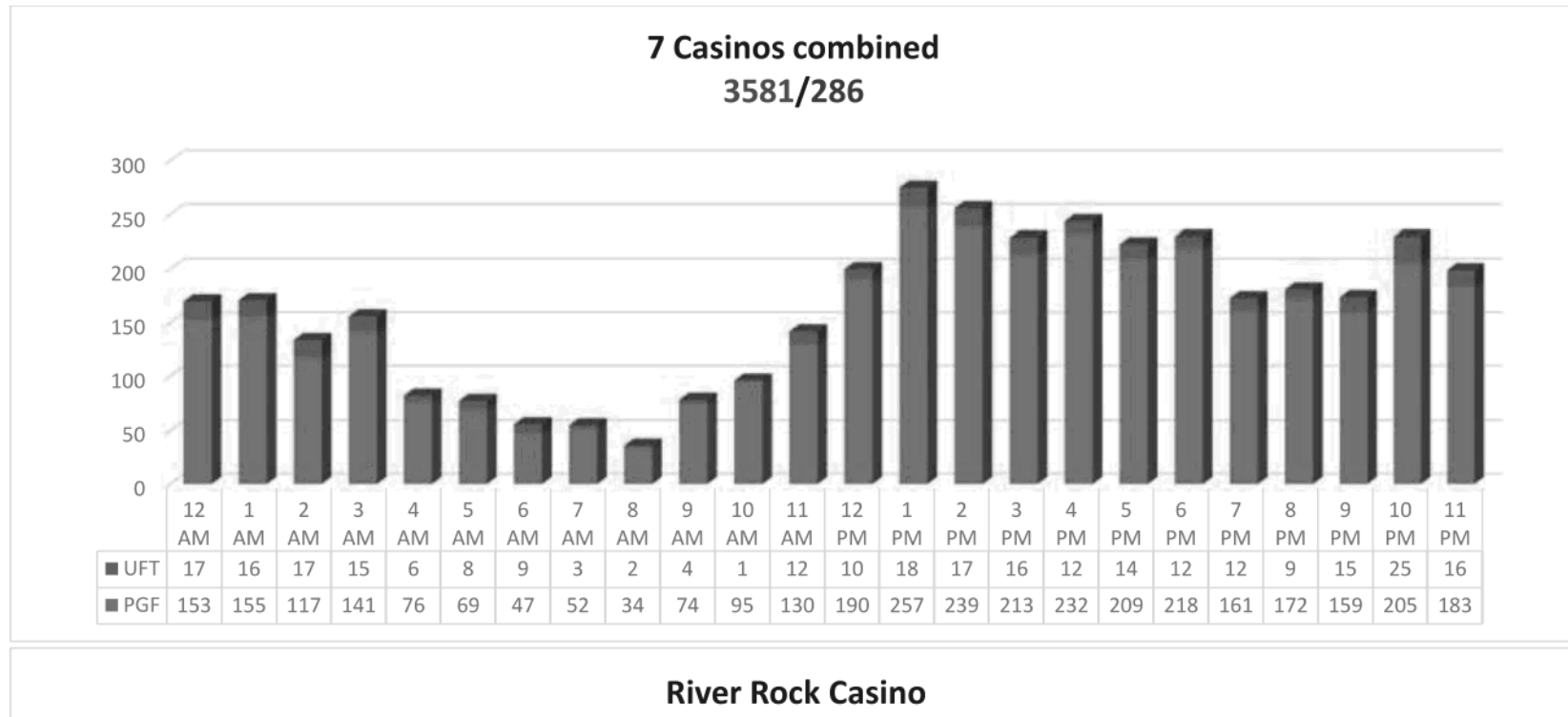
**Unusual Financial Transactions (UFT) per time when related incident reports were opened in iTrak,
and Patron Gaming Funds (PGF) transactions per deposit times in GMS**
River Rock, Parq, Grand Villa, Starlight, Hard Rock, Cascades & Elements Casino

Apr - Jun 2019

UFTs per category



Timeline for PGF (in blue) & UFT (in red) transactions



s.15,s.21

s.15,s.21

Starlight Casino CC 12

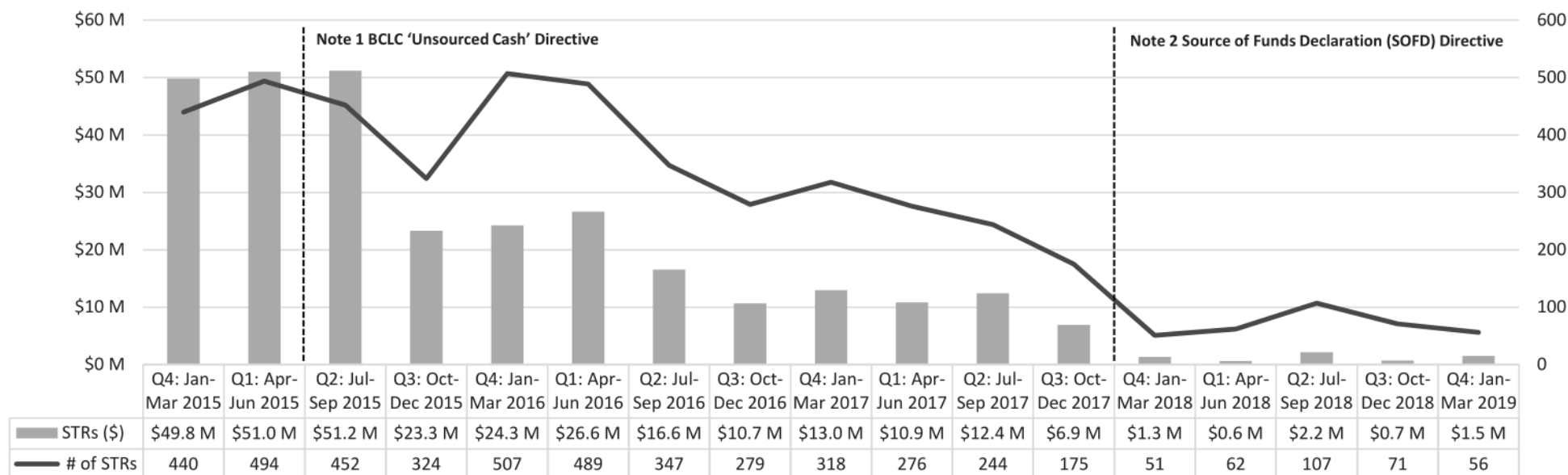
s.15,s.21

Cascades Casino

STR Submissions to FINTRAC

For the Period January 1, 2015 - March 31, 2019

Figures Obtained from BCLC



Suspicious Transaction Report (STR) - Required to be submitted to FINTRAC within 30 days of determining that there are reasonable grounds to suspect that a transaction or an attempted transaction is related to the commission or attempted commission of a money laundering or terrorist activity financing offence.

Note 1 BCLC 'Unsourced Cash' Directive - In the summer of 2015 BCLC started issuing directives to certain high risk patrons advising them they are no longer permitted to buy-in with 'unsourced' cash. Unsourced cash is defined as cash without a bank or ATM withdrawal slip; however, patrons under the directive may buy-in with cash they received as payouts from the same casino.

Note 2 Source of Funds Declaration (SOFD) Directive - Effective January 10th, 2018, all cash and bearer monetary instruments (bank drafts/certified cheques) of \$10,000 or more will require a source of funds receipt by the patron prior to acceptance for buy-in at all BCLC service provider locations.

Key Highlights

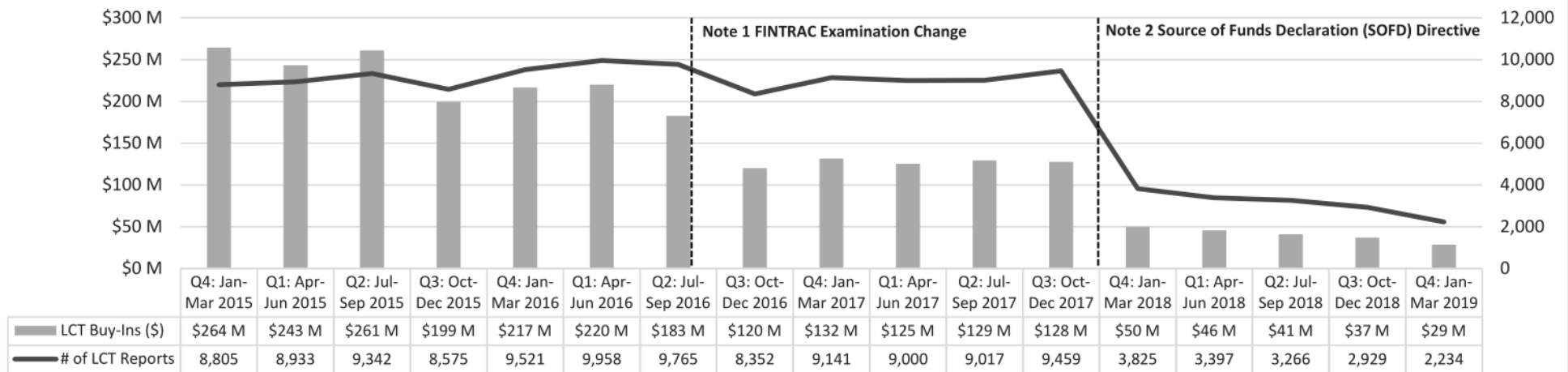
12 Month Pre and Post SOFD Directive Comparison			
	Pre-Directive (January – December 2017)	Post Directive (January – December 2018)	% Change
STR Dollar Amount	\$43.2 M	\$4.8 M	(88%)
# of STR Reports	1,013	291	(71%)

- Of the total \$2.2 M STR amount for Q2 (July-September 2018) \$775K pertains to one incident at s.15.s.21 (IN20180053937) in September.
- Of the total \$1.5 M STR amount for Q4 (January-March 2019) \$983,570 pertains to two historical STRs filed which included all of the patron's associated play (IN20190017396 for \$337,250 and IN20190017397 for \$646,320).

LCT Submissions to FINTRAC

For the Period January 1, 2015 - March 31, 2019

Figures Obtained from BCLC and iTrak FINTRAC Tab



Large Cash Transaction (LCT) Report - Required to be submitted to FINTRAC within 15 days when the casino receives \$10,000 or more in cash either in a single transaction or in multiple transactions within a 24-hour period.

Note 1 FINTRAC Examination - Effective July 20, 2016, all transactions involving transfers of funds to and from a PGF for gaming (withdrawal of funds to table, redeposit of funds and winnings etc.) are not to be reported on an LCT. As the original source of funds into a PGF account is not cash there is no regulatory requirement to report a LCT for that original deposit, or any subsequent gaming transactions involving that initial deposit. The main purpose of this change is to eliminate the over reporting of non-cash transactions between a PGF account and a gaming table.

Note 2 Source of Funds Declaration (SOFD) Directive - Effective January 10th, 2018, all cash and bearer monetary instruments (bank drafts/certified cheques) of \$10,000 or more will require a source of funds receipt by the patron prior to acceptance for buy-in at all BCLC service provider locations.

Key Highlights

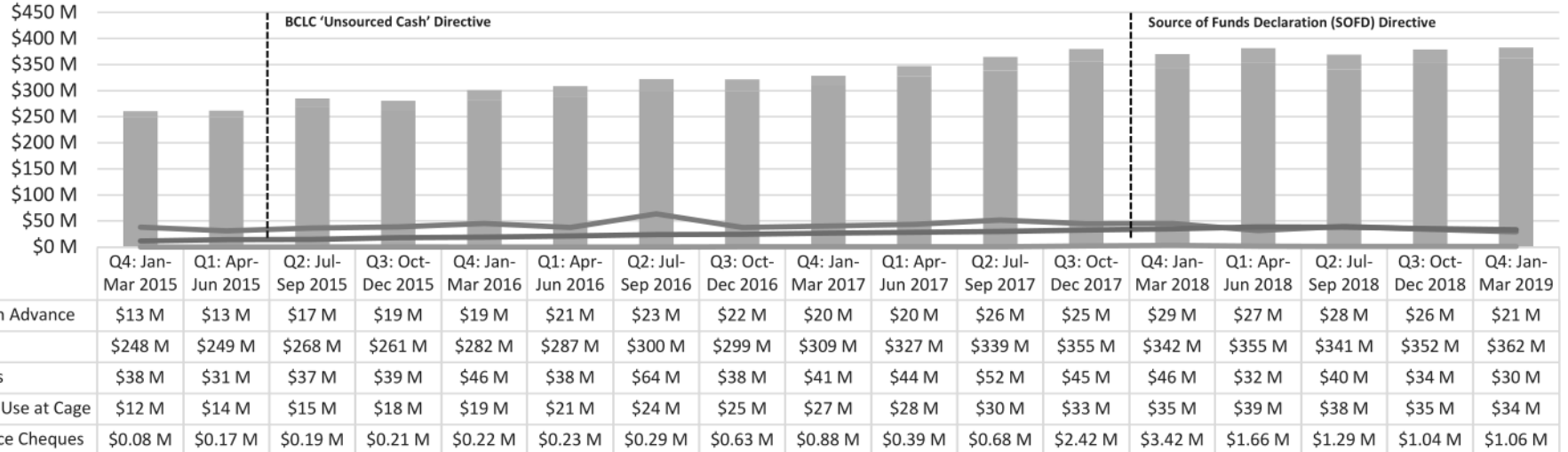
12 Month Pre and Post SOFD Directive Comparison			
	Pre-Directive (January – December 2017)	Post Directive (January – December 2018)	% Change
LCT Buy-In Dollar Amount	\$541 M	\$176 M	(68%)
# of LCT Reports	36,617	13,512	(63%)

- The first notable decline in LCTs ins was due to the July 20, 2016, FINTRAC Examination changes which eliminated the reporting of PGF buy-ins on LCTs. The second significant decline in LCTs was after the SOFD Directive, from January 2018 onwards. The SOFD Directive resulted in:
 - Sites not being permitted to accept unsourced cash over \$10,000.
 - Sites encouraging their patrons to transition to non-cash alternatives, including PGF accounts.
 - Change in behavior of some high limit gamblers. Through our audit work, we identified incidents where service providers had identified and reported to BCLC patrons intentionally avoiding or circumventing the SOFD receipting requirements, often withholding cash at buy-ins to be just under the \$10K threshold.
 - Some cash gamblers staying away and /gambling less. Over time, the true gamblers with sourced funds will likely return, as they realize the SOFD requirements are Province wide. A possibility exists, that those patrons that gambled significantly prior to the SOFD Directive and have not returned (or their gambling has dropped significantly) may have had access to questionable funds.

Cash Alternative Usage

For the Period January 1, 2015 - March 31, 2019

Figures Obtained from BCLC Dashboards and BCLC Reports



Existing Methods (ATM and Global Cash Advance) - Service providers currently make use of ATM machines and Global Cash Advance. These methods provide other options for patrons who do not wish to carry cash into gaming facilities.

Bank Drafts - Bank drafts can only be accepted from Patron Gaming Fund (PGF) account holders. Bank drafts must be from a regulated financial institution (Canadian, U.S. and international regulated financial institutions are defined by the Office of the Superintendent of Financial Institutions [OSFI] at <http://www.osfi-bsif.gc.ca/Eng/Pages/default.aspx>) with the payee being the patron, the casino or the casino company.

Debit Card Use at Cage - Debit card use at the cash cage is intended for transactions in amounts above ATM limits.

Key Highlights

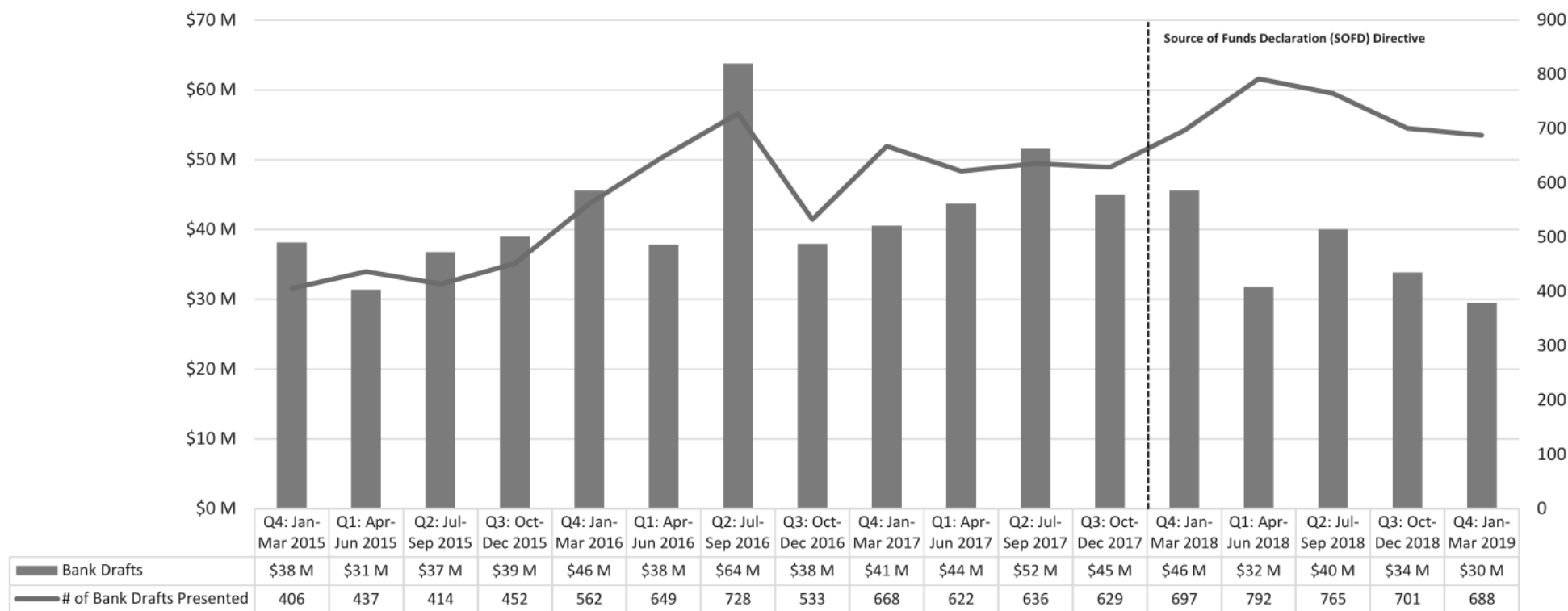
12 Month Pre and Post SOFD Directive Comparison			
	Pre-Directive (January – December 2017)	Post Directive (January – December 2018)	% Change
Global Cash Advance	\$91 M	\$110 M	+21%
ATM	\$1.33 B	\$1.39 B	+4%
Bank Drafts	\$182 M	\$152 M	(17%)
Debit Card Use at Cage	\$118 M	\$147 M	+25%
Convenience Cheque	\$4.37 M	\$7.40 M	+69%

- ATM withdrawals are the dominate cash alternative, comprising of 78% (\$5.2 B) of the total cash alternative amounts since January 2015. ATM withdrawals were recorded at their highest amount for the most recent quarter ended March 31, 2019 (\$362 M).
- Debit card use at the cage has shown a gradual increase, recording its 5 highest quarterly amounts post the SOFD Directive.
- Bank drafts continue to be a viable option with the dollar amounts being significant; however, the amounts have been trending downwards the past few quarters.

Bank Drafts

For the Period January 1, 2015 - March 31, 2019

Figures Obtained from BCLC Dashboards and PGF Trust Ledgers



Source of Funds Declaration (SOFD) Directive - Effective January 10th, 2018, all cash and bearer monetary instruments (bank drafts/certified cheques) of \$10,000 or more will require a source of funds receipt by the patron prior to acceptance for buy-in at all BCLC service provider locations.

Bank Drafts - Presently, bank drafts can only be accepted from Patron Gaming Fund (PGF) account holders. Bank drafts must be from a regulated financial institution (Canadian, U.S. and international regulated financial institutions are defined by the Office of the Superintendent of Financial Institutions [OSFI] at <http://www.osfi-bsif.gc.ca/Eng/Pages/default.aspx>) with the payee being the patron, the casino or the casino company.

Key Highlights

12 Month Pre and Post SOFD Directive Comparison			
	Pre-Directive (January – December 2017)	Post Directive (January – December 2018)	% Change
Bank Draft Deposits	182 M	\$152 M	(16%)
# of Bank Drafts	2,555	2,955	+15%
Average Bank Draft Deposit	\$70,858	\$51,216	(28%)

\$20 Bills Coming into Lower Mainland Casinos From Table Games

For the Period January 1, 2015 - December 31, 2018

Figures Obtained from GMS (Report Drop Reconciliation)

s.15,s.21

Note 1 BCLC 'Unsourced Cash' Directive - In the summer of 2015 BCLC started issuing directives to certain high risk patrons advising them they are no longer permitted to buy-in with 'unsourced' cash. Unsourced cash is defined as cash without a bank or ATM withdrawal slip; however, patrons under the directive may buy-in with cash they received as payouts from the same casino. Patrons that received the directive were those conducting buy-ins with primarily \$20s. The nature of the cash they presented often suggested the money did not come from a financial institution and may be of questionable source.

Note 2 Source of Funds Declaration (SOFD) Directive - Effective January 10th, 2018, all cash and bearer monetary instruments (bank drafts/certified cheques) of \$10,000 or more will require a source of funds receipt by the patron prior to acceptance for buy-in at all BCLC service provider locations.

Key Highlights

12 Month Pre and Post SOFD Directive Comparison

	<u>Pre-Directive</u> (January – December 2017)	<u>Post Directive</u> (January – December 2018)	<u>% Change</u>
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s.15,s.21

- The BCLC 'Unsourced Cash' Directive had the most notable (and predominantly at the s.15,s.2) impact in the drop in \$20 bills.

Lower Mainland Casino Table Drop Revenue
For the Period January 1, 2015 - December 31, 2018
Figures Obtained from GMS (Report Table Drop Listing Summary)

s.15,s.21

Note 1 BCLC 'Unsourced Cash' Directive - In the summer of 2015 BCLC started issuing directives to certain high risk patrons advising them they are no longer permitted to buy-in with 'unsourced' cash. Unsourced cash is defined as cash without a bank or ATM withdrawal slip; however, patrons under the directive may buy-in with cash they received as payouts from the same casino.

Note 2 Source of Funds Declaration (SOFD) Directive - Effective January 10th, 2018, all cash and bearer monetary instruments (bank drafts/certified cheques) of \$10,000 or more will require a source of funds receipt by the patron prior to acceptance for buy-in at all BCLC service provider locations.

Key Highlights

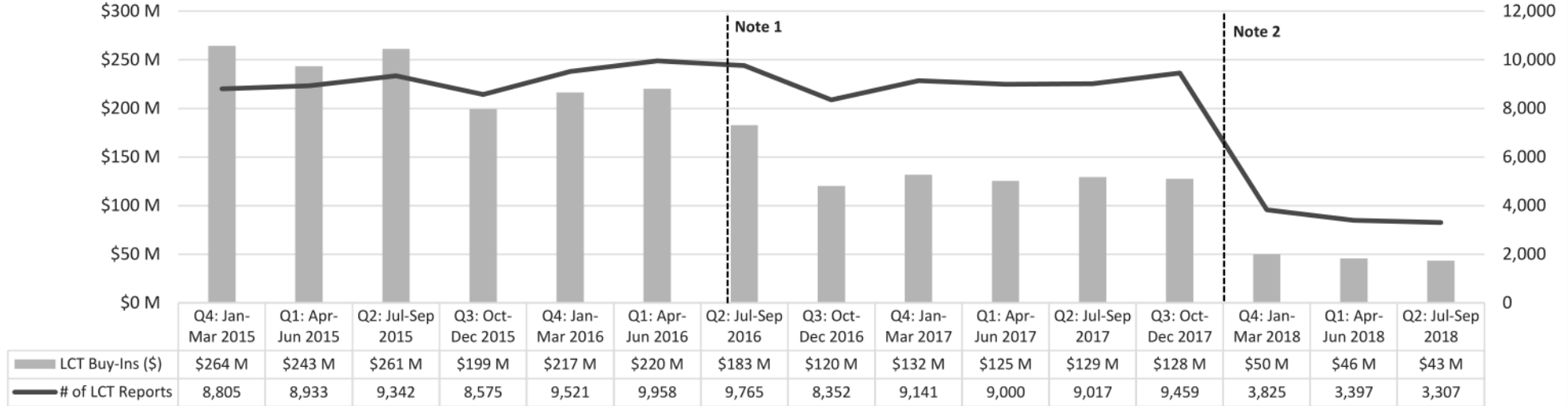
12 Month Pre and Post SOFD Directive Comparison			
	<u>Pre-Directive</u> (January – December 2017)	<u>Post Directive</u> (January – December 2018)	% Change
s.15,s.21			

- Table revenue at s.15,s.2 has been trending downward from September 2017 onwards, around the time of significant attention from news media on money laundering at BC Casinos. The media coverage focused predominantly on activities at s.15,s.2 Table revenue at s.15,s.2 has also been adversely impacted by the opening of s 15 s.15,s.22 and has declined further in 2018 since the introduction of the SOFD.
- Table revenue at s.15,s.2 was impacted in 2018 by a labour dispute. The union went on strike on May 11 and returned to work on July 25, 2018.

LCT Submissions to FINTRAC

For the Period January 1, 2015 - September 30, 2018

Figures Obtained from BCLC and iTrak FINTRAC Tab



Large Cash Transaction (LCT) Report - Required to be submitted to FINTRAC within 15 days when the casino receives \$10,000 or more in cash either in a single transaction or in multiple transactions within a 24-hour period.

Note 1 FINTRAC Examination - Effective July 20, 2016, all transactions involving transfers of funds to and from a PGF for gaming (withdrawal of funds to table, redeposit of funds and winnings etc.) are not to be reported on an LCT. As the original source of funds into a PGF account is not cash there is no regulatory requirement to report a LCT for that original deposit, or any subsequent gaming transactions involving that initial deposit. The main purpose of this change is to eliminate the over reporting of non-cash transactions between a PGF account and a gaming table.

Note 2 Source of Funds Declaration (SOFD) Directive - Effective January 10th, 2018, all cash and bearer monetary instruments (bank drafts/certified cheques) of \$10,000 or more will require a source of funds receipt by the patron prior to acceptance for buy-in at all BCLC service provider locations.

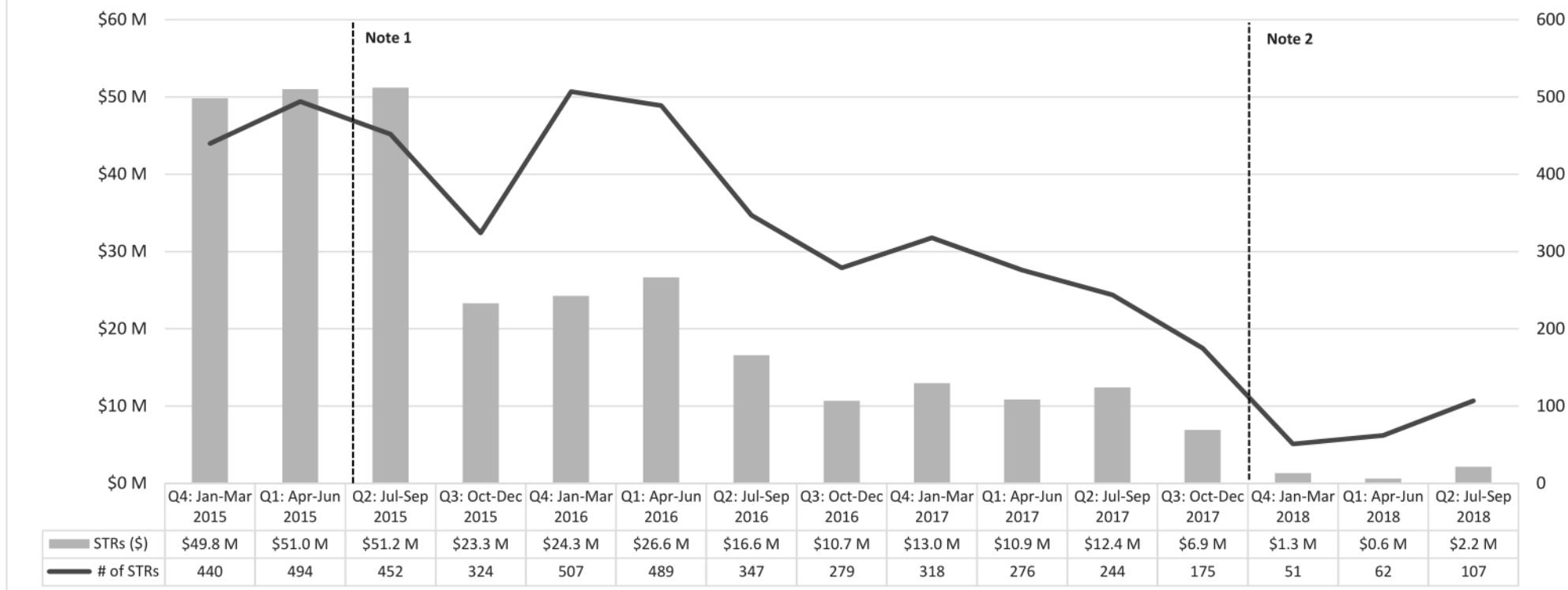
Key Highlights

- 9 month pre (April – December 2017) and post (January – September 2018) SOFD Directive impact on LCTs:
 - LCT Buy-In Dollar Amount: 64% decrease (\$382M compared to \$139M).
 - # of LCT Reports: 61% decrease (27,476 compared to 10,609).
- The first notable decline in LCTs ins was due to the July 20, 2016, FINTRAC Examination changes which eliminated the reporting of PGF buy-ins on LCTs. The second significant decline in LCTs was after the SOFD Directive, from January 2018 onwards. The SOFD Directive resulted in:
 - Sites not being permitted to accept unsourced cash over \$10,000.
 - Sites encouraging their patrons to transition to non-cash alternatives, including PGF accounts.
 - Change in behavior of some high limit gamblers. Through our audit work, we identified incidents where service providers had identified and reported to BCLC patrons intentionally avoiding or circumventing the SOFD receipting requirements, often withholding cash at buy-ins to be just under the \$10K threshold.
 - Some cash gamblers staying away and /gambling less. Over time, the true gamblers with sourced funds will likely return, as they realize the SOFD requirements are Province wide. A possibility exists, that those patrons that gambled significantly prior to the SOFD Directive and have not returned (or their gambling has dropped significantly) may have had access to questionable funds.

STR Submissions to FINTRAC

For the Period January 1, 2015 - September 30, 2018

Figures Obtained from BCLC



Suspicious Transaction Report (STR) - Required to be submitted to FINTRAC within 30 days of determining that there are reasonable grounds to suspect that a transaction or an attempted transaction is related to the commission or attempted commission of a money laundering or terrorist activity financing offence.

Note 1 BCLC 'Unsourced Cash' Directive - In the summer of 2015 BCLC started issuing directives to certain high risk patrons advising them they are no longer permitted to buy-in with 'unsourced' cash. Unsourced cash is defined as cash without a bank or ATM withdrawal slip; however, patrons under the directive may buy-in with cash they received as payouts from the same casino.

Note 2 Source of Funds Declaration (SOFD) Directive - Effective January 10th, 2018, all cash and bearer monetary instruments (bank drafts/certified cheques) of \$10,000 or more will require a source of funds receipt by the patron prior to acceptance for buy-in at all BCLC service provider locations.

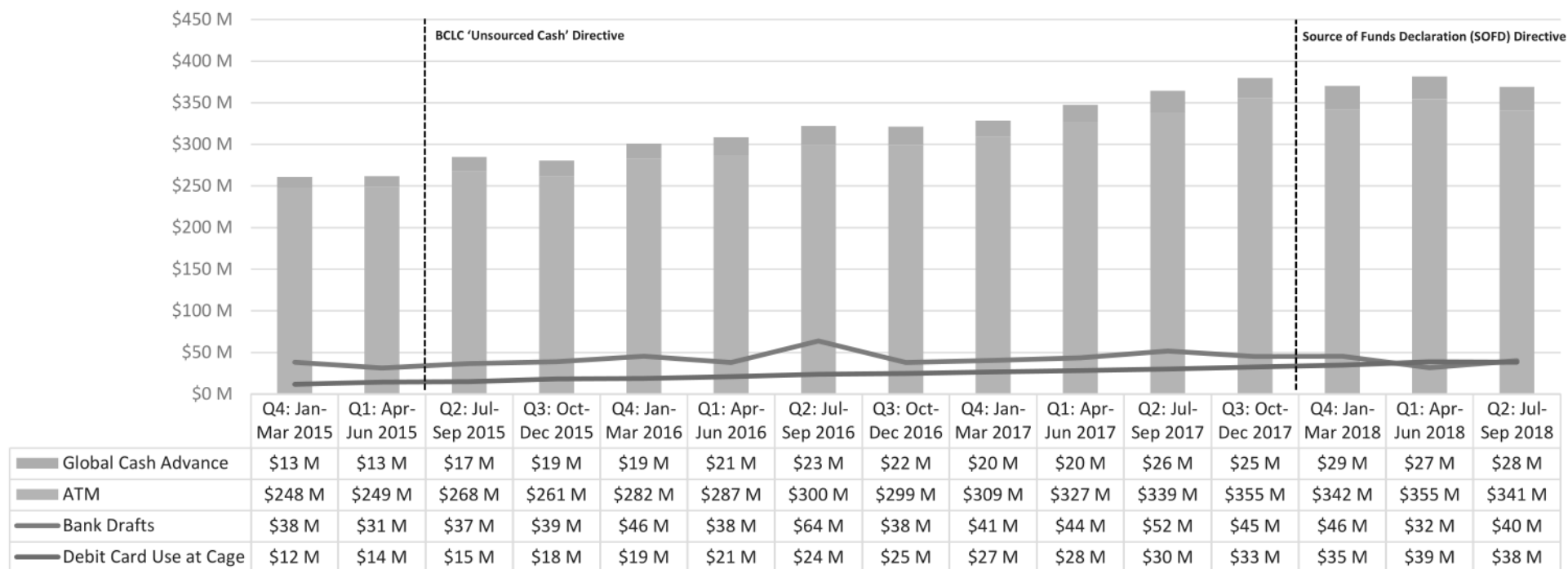
Key Highlights

- 9 month pre (April – December 2017) and post (January – September 2018) SOFD Directive impact on STRs:
 - STR Amount: 86% decrease (\$30.2M compared to \$4.1M).
 - # of STRs: 68% decrease (695 compared to 220).
- Of the total \$2.2M STR amount for September 2018, \$775K pertains to one incident at [s.15,s.21](#)
- STRs per fiscal quarters have been trending downward. Fiscal: 2015/2016 STRs 1,777 (\$149.8M); 2016/2017 STRs 1,433 (\$66.9M); 2017/2018 STRs 746 (\$31.5M).

Cash Alternative Usage

For the Period January 1, 2015 - September 30, 2018

Figures Obtained from BCLC Dashboards and BCLC Reports



Existing Methods (ATM and Global Cash Advance) - Service providers currently make use of ATM machines and Global Cash Advance. These methods provide other options for patrons who do not wish to carry cash into gaming facilities.

Bank Drafts - Bank drafts can only be accepted from Patron Gaming Fund (PGF) account holders. Bank drafts must be from a regulated financial institution (Canadian, U.S. and international regulated financial institutions are defined by the Office of the Superintendent of Financial Institutions [OSFI] at <http://www.osfi-bsif.gc.ca/Eng/Pages/default.aspx>) with the payee being the patron, the casino or the casino company.

Debit Card Use at Cage - Debit card use at the cash cage is intended for transactions in amounts above ATM limits.

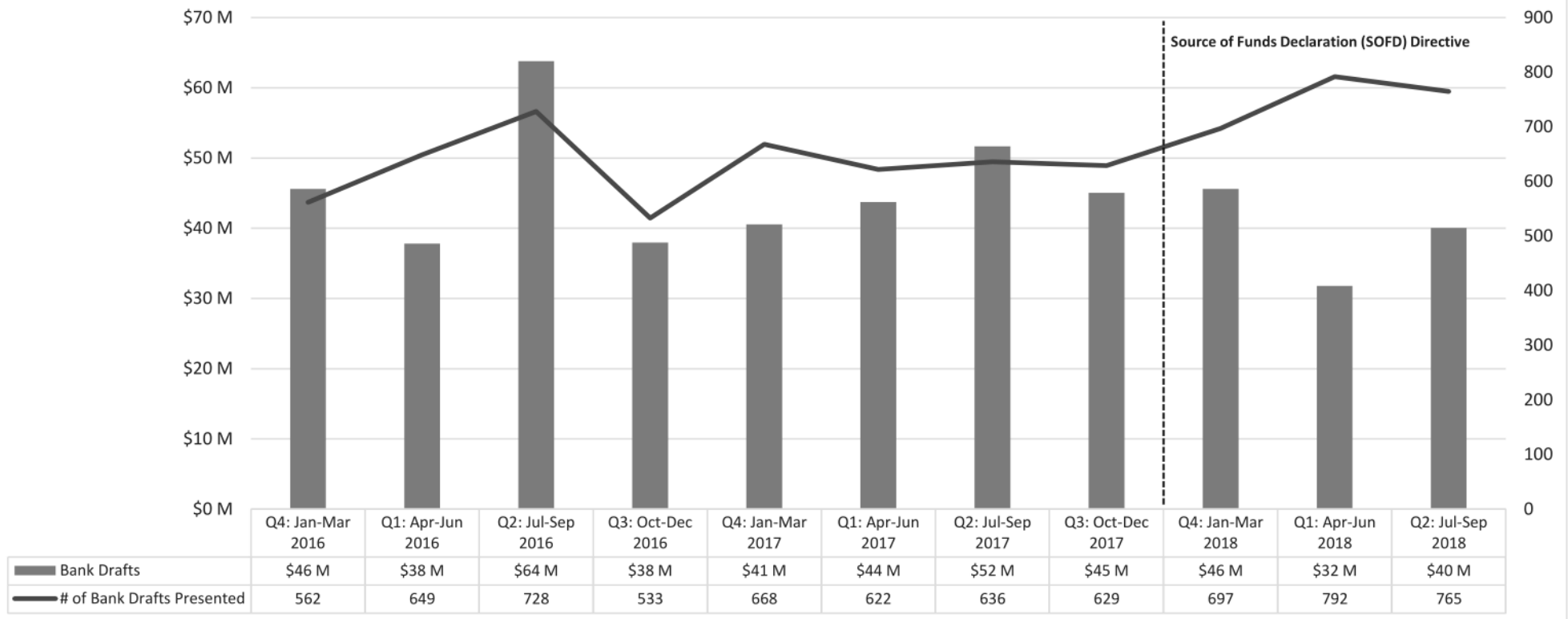
Key Highlights

- ATM withdrawals are the dominate cash alternative, comprising of 77% (\$4.5B) of the total cash alternative amounts since January 2015.
- Global cash advance usage has steadily increased, particularly post the SOFD Directive, recording its three highest quarterly amounts in 2018.
- Debit card use at the cage has shown a gradual increase each quarter. Q2 2018/2019 is the first quarter since inception that the option has recorded its first decline, albeit by a small percentage.
- Bank drafts continue to be a viable option for patrons, with the dollar amounts being significant each quarter.

Bank Drafts

For the Period January 1, 2016 - September 30, 2018

Figures Obtained from BCLC Dashboards and PGF Trust Ledgers



Source of Funds Declaration (SOFD) Directive - Effective January 10th, 2018, all cash and bearer monetary instruments (bank drafts/certified cheques) of \$10,000 or more will require a source of funds receipt by the patron prior to acceptance for buy-in at all BCLC service provider locations.

Bank Drafts - Presently, bank drafts can only be accepted from Patron Gaming Fund (PGF) account holders. Bank drafts must be from a regulated financial institution (Canadian, U.S. and international regulated financial institutions are defined by the Office of the Superintendent of Financial Institutions [OSFI] at <http://www.osfi-bsif.gc.ca/Eng/Pages/default.aspx>) with the payee being the patron, the casino or the casino company.

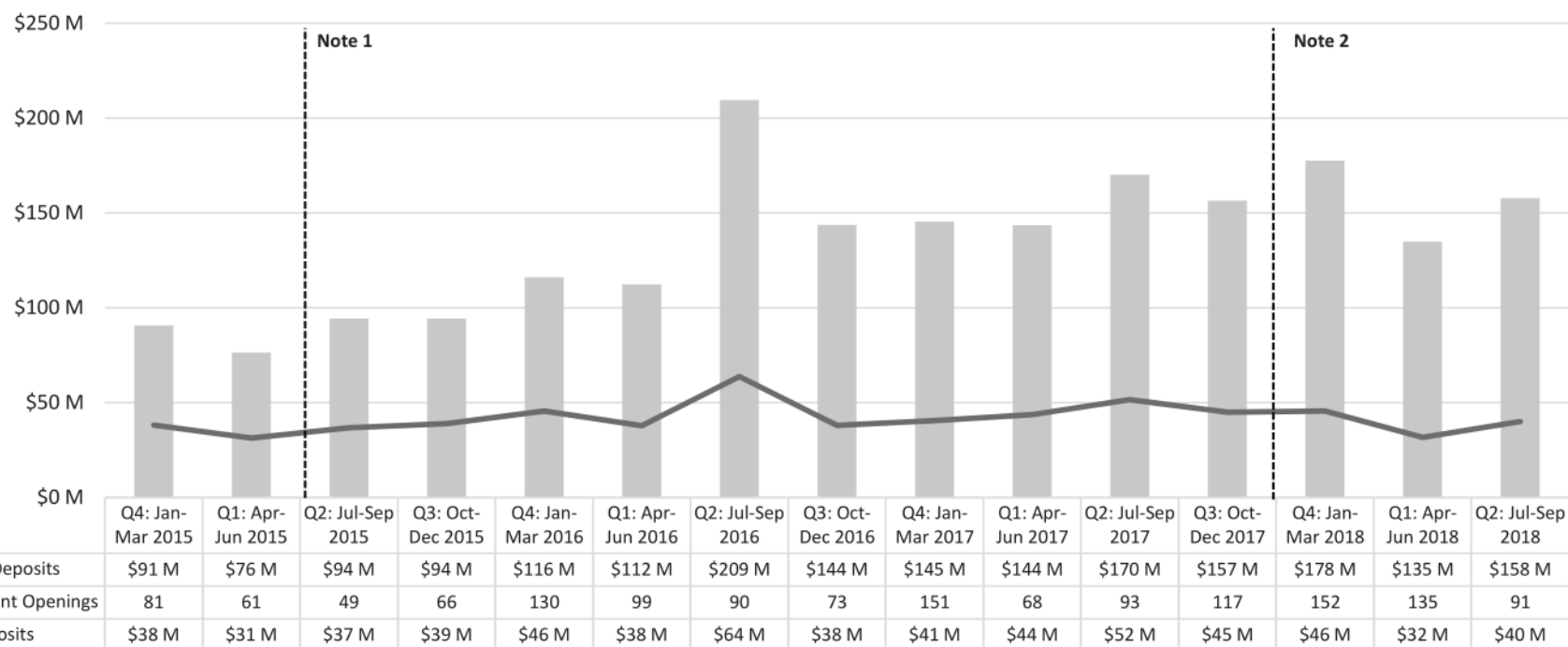
Key Highlights

- Bank drafts continue to be a viable option for patrons, with the dollar amounts being significant each quarter.
- 9 month pre (April – December 2017) and post (January – September 2018) SOFD Directive impact on bank drafts:
 - Bank Draft Amount: 16% decrease (\$141M compared to \$118M).
 - # of Bank Drafts: 19% increase (1,887 compared to 2,254).
 - Average Bank Draft Amount: 30% decrease (\$75K compared to \$52K).

PGF Deposit and New Account Openings Analysis

For the Period January 1, 2015 - September 30, 2018

Figures Obtained from BCLC Dashboards and PGF Trust Ledgers



Note 1 BCLC 'Unsourced Cash' Directive - In the summer of 2015 BCLC started issuing directives to certain high risk patrons advising them they are no longer permitted to buy-in with 'unsourced' cash. Unsourced cash is defined as cash without a bank or ATM withdrawal slip; however, patrons under the directive may buy-in with cash they received as payouts from the same casino.

Note 2 Source of Funds Declaration (SOFD) Directive - Effective January 10th, 2018, all cash and bearer monetary instruments (bank drafts/certified cheques) of \$10,000 or more will require a source of funds receipt by the patron prior to acceptance for buy-in at all BCLC service provider locations.

Key Highlights

- PGF deposits for the first nine months of 2018 were \$471M, which is greater than comparable periods for 2017 (459M); 2016 (337M); and 2015 (261M).
- Overall, from January 1, 2015 – September 30, 2018, bank drafts comprised of 31% of all PGF deposits.
- s.15,s.21 and s.15,s.21 held a PGF account opening promotion in the month of March 2018, which is linked to the increase in account openings in Q4.
- 1,456 New PGF accounts have been opened since January 2015.
- 742 PGF accounts have had some form of activity (i.e. deposit/withdrawal) during the period January 1, 2018 – September 30, 2018.
- PGF accounts are currently available at River Rock, Parq Vancouver, Grand Villa, Starlight, Hard Rock, Elements Surrey, Cascades (Langley) and the two casinos located on the island - Elements Victoria and Casino Nanaimo.

Bank Draft Financial Institution Breakdown
For the Period January 1, 2018 - September 30, 2018

*Data Obtained from PGF Trust Ledgers
 Total Bank Draft Amount \$113.5M
 Total # of Bank Drafts: 2,206*

\$40 M s.15,s.21

\$35 M

\$30 M

\$25 M

\$20 M

\$15 M

\$10 M

\$5 M

\$0 M

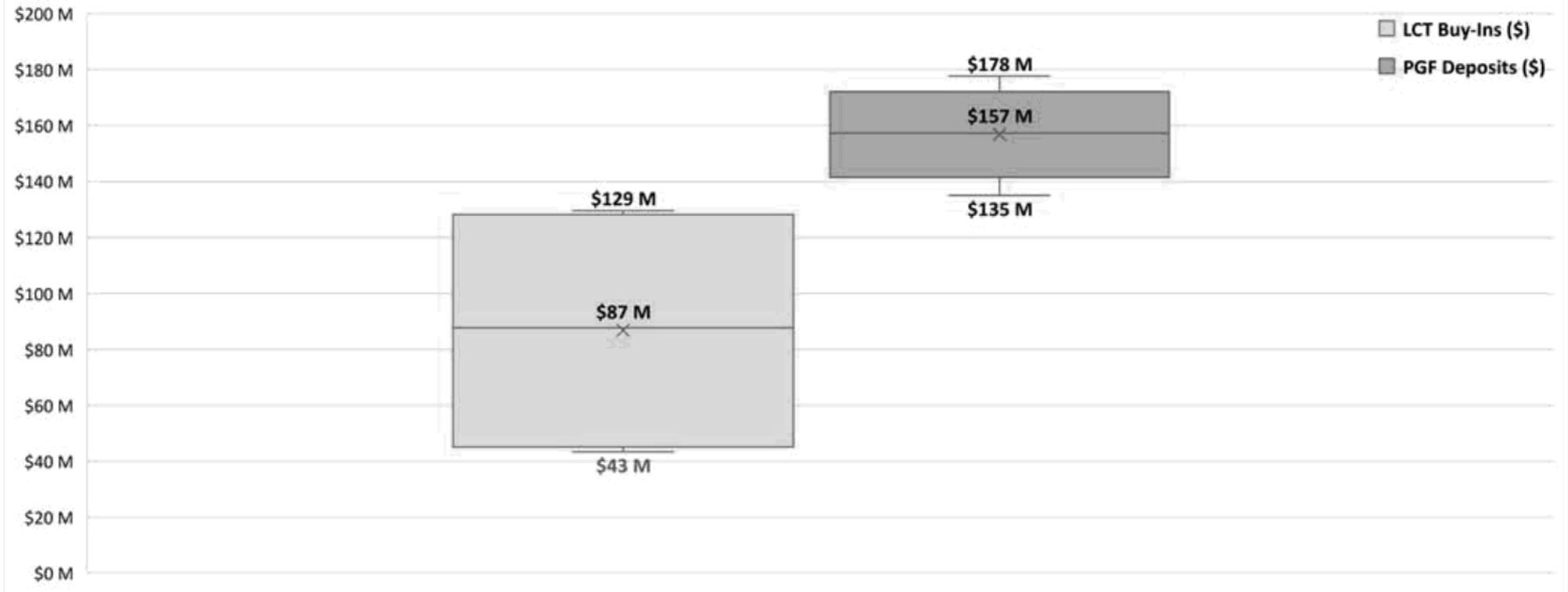
Bank Draft Volume	568	763	343	343	75	63	5	5	16	15	7	1	1	1
Bank Draft \$	\$36.83 M	\$34.51 M	\$17.34 M	\$14.43 M	\$4.79 M	\$2.22 M	\$1.35 M	\$0.59 M	\$0.55 M	\$0.46 M	\$0.33 M	\$0.06 M	\$0.03 M	\$0.01 M

Bank Drafts - Presently, bank drafts can only be accepted from Patron Gaming Fund (PGF) account holders. Bank drafts must be from a regulated financial institution (Canadian, U.S. and international regulated financial institutions are defined by the Office of the Superintendent of Financial Institutions [OSFI] at <http://www.osfi-bsif.gc.ca/Eng/Pages/default.aspx>) with the payee being the patron, the casino or the casino company.

Key Highlights

- s.15,s.21
- s.15

Box and Whisker Plot
LCT Buy-In and PGF Deposit 9 Month Pre and Post SOFD Directive Comparison
For the Period April 1, 2017 - September 30, 2018



The box-and-whisker plot above shows the distribution of the LCT buy-ins and PGF deposits for the 9 month period prior (April – December 2017) and post (January – September 2018) the SOFD Directive. For our dataset, there were no outliers.

Results

- **LCT Buy-Ins**
 - Maximum Amount: \$129M (Q2 2017/2018, July - September 2017).
 - Minimum Amount: \$43M (Q2 2018/2019, July - September 2018).
 - Medium Amount: \$87M.
- **PGF Deposits**
 - Maximum Amount: \$178M (Q4 2017/2018, January – March 2018).
 - Minimum Amount: \$135M (Q1 2018/2019, April - June 2018).
 - Medium Amount: \$157M.

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Withheld pursuant to/removed as

s.15;s.21