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**From:** McGregor, Scott FIN:EX  
**Sent:** Thursday, February 23, 2017 1:35 PM  
**To:** Henderson, Jeff FIN:EX  
**Subject:** Fwd: CIR\_17-003\_AML Month of December.docx  
**Attachments:** CIR\_17-003\_AML Month of December.docx; ATT00001.htm; CIR\_17-003\_AML Month of December.pdf; ATT00002.htm

Sent from my iPhone

Begin forwarded message:

**From:** "Stewart, Robert A FIN:EX" <[Bob.Stewart@gov.bc.ca](mailto:Bob.Stewart@gov.bc.ca)>  
**Date:** February 23, 2017 at 1:14:07 PM PST  
**To:** "McGregor, Scott FIN:EX" <[Scott.McGregor@gov.bc.ca](mailto:Scott.McGregor@gov.bc.ca)>  
**Subject:** Fw: CIR\_17-003\_AML Month of December.docx

Bob Stewart  
Manager, Intelligence Unit &  
Lower Mainland Investigations  
Gaming Policy Enforcement Branch

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**From:** Stewart, Robert A FIN:EX <[Bob.Stewart@gov.bc.ca](mailto:Bob.Stewart@gov.bc.ca)>  
**Sent:** Thursday, February 23, 2017 8:48 AM  
**To:** Fitzgerald, Anna FIN:EX  
**Cc:** McGregor, Scott FIN:EX  
**Subject:** FW: CIR\_17-003\_AML Month of December.docx

Hi Anna,

Approved for dissemination.

In addition to our regular LE list we have, in the past, sent these Intel reports to the following:

OADM, ADM, Michael Noseworthy – Superintendent of Real Estate, Flintrac Murray Duggan, Michele Jaggi-Smith, Tom Steenvorden (Police Services).

I recommend we continue to do so.

Bob Stewart  
Manager, Intelligence Unit

Lower Mainland Investigations  
#408-4603 Kingsway Avenue  
Burnaby, BC, V5H 4M4  
Gaming Policy and Enforcement Branch  
Office: 604-660-0271

**If you believe that you have received this email in error, please notify the sender and delete the email from your mailbox.**

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**From:** Scott MCGREGOR [<mailto:scott.mcgregor@rcmp-grc.gc.ca>]  
**Sent:** Wednesday, February 22, 2017 4:01 PM  
**To:** Stewart, Robert A FIN:EX; [scottt.mcgregor@gov.bc.ca](mailto:scottt.mcgregor@gov.bc.ca)  
**Subject:** CIR\_17-003\_AML Month of December.docx

As requested. Please check that this is for December 2016.

scott



UNCLASSIFIED FOR OFFICIAL USE ONLY

## Current Intelligence Report (CIR 17-003)

*Gaming Policy Enforcement Branch - Intelligence Unit*

22 February 2017

### December 2016 - Cash trends in Lower Mainland Casinos

The following report is prepared with information provided by Lower mainland casino service providers. This information has not been audited by GPEB.

This information is not intended to be absolutely accurate with regard to dollar amounts that match amounts reported to FINTRAC as those reports are prepared by BCLC. This report is intended to provide an understanding of trends within Lower Mainland (LMD) casinos relating to Suspicious Cash Transactions (STRs) as well as the facilitation of cash and/or chips to patrons.

**\*\* Please note:** BCLC has not provided the BCLC Investigator's Narrative portion of the STRs for the month of December. This is as a result of their recent change to their disclosure policies as they relate to GPEB. There will be some cash buy-ins that will not be captured by GPEB as a result of this review.

It must also be emphasized that prior to 2016, the service providers were not reporting STRs that amounted to less than \$50,000.00. They were also not reporting STRs unless \$20.00 bills were involved. The result of the previous underreporting is that it makes it very difficult to assess and analyze the trending of cash coming into BC casinos.

Since the beginning of 2016, the aforementioned threshold of under \$50,000.00 as well as all cash denominations were being reported to GPEB by the Service Providers in STR format.

### Trends

The amount of unsourced cash accepted at Lower Mainland casinos in December has increased from the month of November. In November there was approximately \$2,747,815 in buy-ins while the December amount was approximately \$3,813,430.00 with \$2,294,060.00 of the cash consisting of \$20.00 bills – a 38.7% increase.

There was a 57% increase in individual transactions from 79 in November to 124 in December. These transactions also tended to be smaller than previously reported, frequently in the \$10,000.00 - \$20,000.00 range.

*Unsourced cash within this document may be defined as cash presented without documentation from an accredited financial institution, or cash that cannot be traced to previous gaming activity.*

There were four incidents reported at the River Rock Casino Resort (RRCR) where Great Canadian Gaming Corporation (GCGC) refused to accept large cash buy-ins. Two of these incidents include surveilled cash deliveries to patrons in the VIP Room washroom, one of the incidents involved a patron refusing to produce identification to conduct the transaction, and one of the incidents involved the service providers responding to British Columbia Lottery Corporation (BCLC) "Source Of Funds" (SOF) directives.



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The BCLC initiative to issue SOF restrictions on patrons with a history of suspicious activity is continuing to result in sanctioned patrons using unsanctioned players to conduct their play. This is being recognized and reported by Surveillance personnel.

BCLC Investigators are aware of this trend and advise that the BCLC strategy is based on progressive reaction that may subsequently result in patron prohibition if repeated.

GPEB Compliance Investigators are of the opinion that the number of prohibitions being issued by BCLC to these patrons does not reflect the degree of abuse of the SOF sanctioning that is occurring.

A review of PGF activity was not conducted by the Compliance Division for the month of December; however, BCLC is reporting an ongoing increase in play through PGF accounts.

Chip/cash passing activities conducted to facilitate play also appeared to be higher this month. This may be due to a variety of factors including the Christmas holiday.

### Patron Activities

- There were 124 separate suspicious cash transactions captured during the month of December.
- There were 19 patrons who conducted multiple cash buy-ins (*between 2 – 9 transactions*).
- One player conducted **nine** suspicious cash transactions which amounted to \$262,000.00 in total.
- The single largest cash buy-in was for \$150,000.00. This is the same figure as last month.
- Although incidents have been reduced, there are still incidents reported in which patrons have been identified by the service provider as facilitating the play of other patrons who were under BCLC Directive regarding SOF.
- There were 4 transactions that were refused by service providers at the RRCR. One because of a failure to produce identification. Two as a result of observed cash deliveries to the patrons in the VIP washroom, and one in response to BCLC SOF Directive.
- There were 5 incidents in which various patrons conducted suspicious cash transactions and then did not place the buy-in money at risk and they subsequently left the casino with the chips.
- There were 8 incidents in which patron{s} passed chips or cash in a washroom either before or after a suspicious cash transaction. {As reported above, the service provider refused to process the transactions in 2 of these events because the patron activity was blatant}.
- There were 5 incidents in which patrons conducted multiple chip or cash passes which could not be directly connected to a suspicious cash transaction.

### Cash Facilitation

- There were 13 incidents in which cash was observed to be delivered to patrons at the RRCR and a subsequent suspicious cash transaction occurred. (A number of the cash deliveries resulted in the cash passing activity subsequently occurring in casino washrooms as reported above). There were also 2 cash deliveries in which the service provider refused to complete the transaction. *There were no cash deliveries reported by any other venue.*
- There were 7 incidents in which suspicious cash transactions occurred after cash was passed to a patron within a casino.
- There were 8 incidents where it was concluded that an exchange of chips or cash had occurred in a washroom, noted above. The incidents occurred either immediately before or after a suspicious cash transaction.

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## Conclusions

- The number of suspicious cash transactions during the month of December increased 57% to 124. This is a significant increase from November.
- The total dollar amount of suspicious cash transactions went up approximately \$1,000,000 from the month of November.
- The use of cash has been reduced since reaching a peak in July of 2015. However significant amounts of unsourced cash are continuing to be accepted in LMD casinos.
- The use of PGF accounts to facilitate gaming activity is replacing the use of cash to a significant degree.
- BCLC has made efforts to address the unsourced cash phenomenon occurring within LMD casinos; however, the effectiveness of these measures has not resulted in the problem of source of cash being verified at the time of transaction being brought under control.<sup>1</sup>
- The SOF questionnaire created by BCLC for Service Provider staff is not adequate to determine the origin of cash presented nor the manner in which it was obtained. There is no effort made on the part of service providers to try and verify or clarify the information within the source of funds questionnaire.

Venue	Total Amount of \$20.00 bills within transaction	Total amount of transaction
Hard Rock	50,000.00	65,000.00
Elements	16,000.00	22,000.00
Edgewater	408,240.00	742,940.00
Grand Villa	60,420.00	107,120.00
River Rock	1,719,400.00	2,835,620.00
Starlight	40,000.00	40,000.00
<b>Total</b>	<b>2,294,060.00</b>	<b>3,813,430.00</b>

## GPEB Senior Intelligence Analyst Comment:

The observations noted by the GPEB Investigator indicate a continuing trend in LMD casinos accepting unsourced cash. While there is a decrease in this activity it is assessed that the decrease is absorbed by the uptake in PGF account buy-ins. The same individuals identified as large scale unsourced cash patrons with significant STR activity have been accepted as PGF account holders. This raises concerns over the processes being applied when reviewing these patrons source of wealth and origin of the monies being deposited into the patron's PGF account. The original thinking was that a financial institution would take on the responsibility of ensuring funds were legitimate and would report any transactions over \$10,000 to FINTRAC. Unfortunately, the bank drafts addressed to casinos do not have the account owner's name on them – with the exception of the Canadian Imperial Bank of Commerce. LE reporting identifies that bank drafts are used in money laundering the proceeds of crime. Moreover, bank drafts have been purchased from money service businesses by third parties for a commission on the amounts. Money service businesses are currently under the scrutiny of LE and other regulatory bodies.

<sup>1</sup> These statistics have been gleaned from GPEB data as received from the service providers.





**UNCLASSIFIED FOR OFFICIAL USE ONLY**

## **Current Intelligence Report (CIR 17-003)**

*Gaming Policy Enforcement Branch - Intelligence Unit*

22 February 2017

### **December 2016 - Cash trends in Lower Mainland Casinos**

The following report is prepared with information provided by Lower mainland casino service providers. This information has not been audited by GPEB.

This information is not intended to be absolutely accurate with regard to dollar amounts that match amounts reported to FINTRAC as those reports are prepared by BCLC. This report is intended to provide an understanding of trends within Lower Mainland (LMD) casinos relating to Suspicious Cash Transactions (STRs) as well as the facilitation of cash and/or chips to patrons.

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It must also be emphasized that prior to 2016, the service providers were not reporting STRs that amounted to less than \$50,000.00. They were also not reporting STRs unless \$20.00 bills were involved. The result of the previous underreporting is that it makes it very difficult to assess and analyze the trending of cash coming into BC casinos.

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### **Trends**

The amount of unsourced cash accepted at Lower Mainland casinos in December has increased from the month of November. In November there was approximately \$2,747,815 in buy-ins while the December amount was approximately \$3,813,430.00 with \$2,294,060.00 of the cash consisting of \$20.00 bills – a 38.7% increase.

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## Conclusions

- The number of suspicious cash transactions during the month of December increased 57% to 124. This is a significant increase from November.
- The total dollar amount of suspicious cash transactions went up approximately \$1,000,000 from the month of November.
- The use of cash has been reduced since reaching a peak in July of 2015. However significant amounts of unsourced cash are continuing to be accepted in LMD casinos.
- The use of PGF accounts to facilitate gaming activity is replacing the use of cash to a significant degree.
- BCLC has made efforts to address the unsourced cash phenomenon occurring within LMD casinos; however, the effectiveness of these measures has not resulted in the problem of source of cash being verified at the time of transaction being brought under control.<sup>1</sup>
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