

Know your limit, play within it.

November 24th, 2010

Confidential

Mr. Gordon Friesen Manager, Casino Security and Surveillance British Columbia Lottery Corporation 10760 Shellbridge Way Richmond, B.C. V6X 3P8

Re: Money Laundering in Casinos

Dear Gord,

Recently we have begun to see a dramatic increase in the amounts of small denomination Canadian currency used for large buy-ins by LCT patrons within Lower Mainland Casinos. Although there have been numerous similar suspicious currency transactions, one particular LCT patrons play over a 4 week period at the Starlight Casino illustrates the magnitude of this situation. This Division, the Branch, and the RCMP are very concerned about the potential money laundering by BC casinos.

10-08-31

Buys in with \$200,000 in Canadian currency, \$198,000 of which is in \$20 denominations.

10-09-01

uys in with \$100,000 in Canadian currency, \$94,000 of which is in \$20 denominations.

10-09-01

buys in with \$190,000 in Canadian currency, all in \$20 denominations.

10-09-01

uys in with \$200,000 in Canadian currency, all in \$20 denominations.

10-09-02

buys in with \$100,000 in Canadian currency, all in \$20 denominations.

10-09-03

buys in for \$150,000 in Canadian currency, all in \$20 denominations.

10-09-03

buys in for \$250,020 in Canadian currency, \$227,020 which is in \$20 denominations.

10-09-04

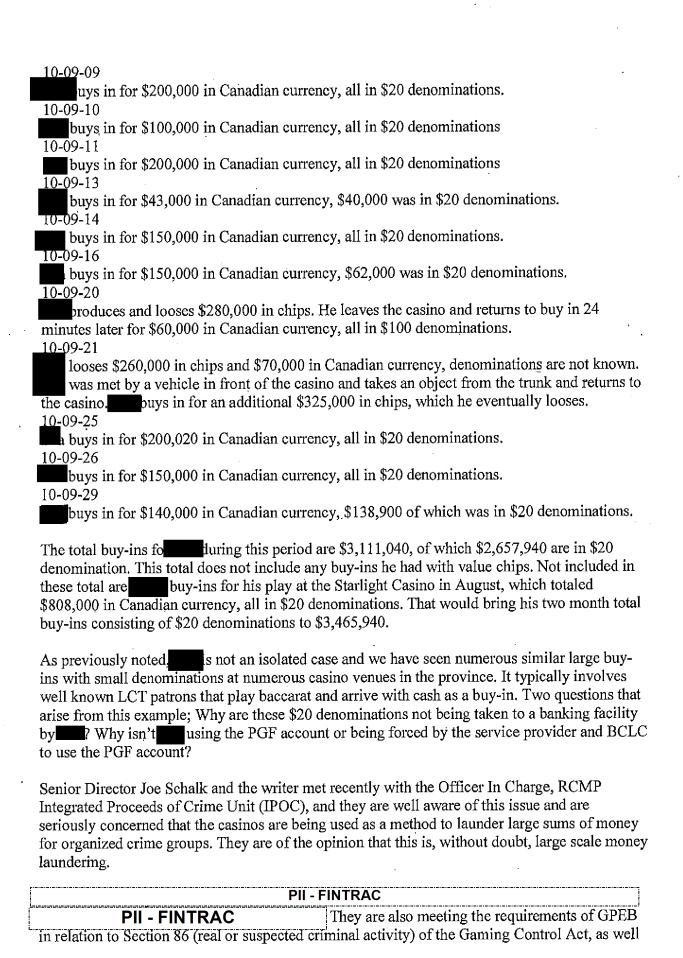
buys in for \$100,000 in Canadian currency, all in \$20 denominations.

<u>10-0</u>9-06

buys in for \$200,000 in Canadian currency, the denominations are not known.

10-09-08

buys in for \$158,000 in Canadian currency, all in \$20 denominations.



as advising IPOC of these suspicious cash transactions. However, although identifying the suspicious nature of these transactions and complying with the legal requirements to report suspicious criminal activity (money laundering) to the regulatory authorities, the service providers continue to take these large amounts of \$20 denominations in duffle bags, paper bags, etc. to be used for gambling in the casinos. BCLC is responsible for the conduct and managing of casino gaming in British Columbia through standard operating procedures and we believe, at a minimum, as a good corporate citizen you should re-assess your corporate responsibility in allowing these large amounts of \$20 denominations to enter the casino gaming environment. A restriction of allowing a maximum of \$10,000 in \$20 denominations could remedy the situation.

The conduct and manage mandate of BCLC has a direct correlation to maintaining the integrity of gaming in the province. We believe that BCLC needs to seek solutions to the obvious, increasing, and continuous money laundering threat that is occurring, particularly involving the flood of small denomination currency, within BC casinos.

Sincerely.

Derek Dickson

Director, Casino Investigations, LMD Gaming Policy and Enforcement Branch

Gaming Enforcement

Ministry of Public Safety and Solicitor General

CC: Derek Sturko, Assistant Deputy Minister and General Manager Terry Towns, Vice President, Corporate Security and Compliance Larry Vander Graaf, Executive Director, Investigations and Regional Operations, Gaming Enforcement Joe Schalk, Senior Director, Investigations and Regional Director LMD, Gaming Enforcement