



The Best Place on Earth

Know your limit, play within it.

14 April, 2010

CONFIDENTIAL

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

Dear Mr. Morrison:

Re: Loan Sharking/Suspicious Currency and Chip Passing Activity in Lower Mainland Casinos

Dealing with loan sharking and money laundering issues are two of the main priorities of the Gaming Policy and Enforcement Branch, Investigations Division. Over the past several months we have observed a number of incidents involving Large Cash Transaction (LCT) patrons at Lower Mainland Casinos and their continued involvement in chip passing, money exchanging and loan sharking activities.

There are many individuals with these types of histories, however, we have conducted a review of four specific LCT patrons that are chronic violators to determine if there is an on-going problem that needs to be addressed and what strategies, if any, need to be considered to ensure the integrity of gaming is being protected. The patrons identified and their activities are shown as noted. The histories of each of these individuals is well documented in BCLC's own Itrac system.

[REDACTED]

In October 2006 [REDACTED] was prohibited by BCLC for one year as a result of transferring value chips to another casino patron. Since 2008, [REDACTED] has been involved in seven suspicious cash transactions and chip passing incidents, including associating with a known loan shark. No sanctions have been imposed.

[REDACTED]

Since 2008 [REDACTED] has been involved in six suspicious cash transactions and chip passing incidents. [REDACTED] has also been involved in two incidents where she was observed associating with a known loan shark. In one of these incidents the BCLC Investigator wrote in the Itrak report,

"This incident is deemed suspicious by the writer as it appears that both [REDACTED] and [REDACTED] are running chips/cash for BCLC prohibited [REDACTED]"

No sanctions have been imposed.

[REDACTED]

Since 2008 [REDACTED] has been involved in twelve suspicious cash and chip passing incidents. On two occasions she was observed associating with known loan sharks. In one of these incidents

PII - FINTRAC

No sanctions have been imposed.

[REDACTED]

Since 2009 [REDACTED] has been involved in six suspicious cash transactions and chip passing incidents. [REDACTED] was involved in one incident

PII - FINTRAC

PII - FINTRAC

No sanctions have been imposed.

Section 92 of the Gaming Control Act (GCA) states;

If the lottery corporation or a person acting on its behalf has reason to believe that the presence of a person on the premises of a gaming facility is undesirable, the lottery corporation or person acting on its behalf may

- (a) request the person to leave the premises of the gaming facility immediately, or**
- (b) by written notice delivered to the person, forbid him or her to enter the premises of the gaming facility at any time during a period specified in the notice**

This section of the GCA empowers BCLC to remove and forbid entry into any gaming facility of any person that is deemed to be "undesirable". We believe that any patron associating with, or engaging in loan shark activity, is by definition undesirable.

PII - FINTRAC

PII - FINTRAC

PII - FINTRAC

In the past the service providers and BCLC have been vigilant in dealing with loan sharks operating within the casinos. They have, for the most part, been removed from the gaming floors and out of the venues. However, there are still numerous documented instances where loan sharks have adapted their tactics and are still very active within the casinos. We believe the next step in dealing with loan sharks is to target the patrons using the services of loan sharks and operating on behalf of loan sharks.

We are of the opinion that permitting any patron to engage in these types of behavior is a serious threat to the integrity of gaming and that an aggressive attitude needs to be adopted by the service providers, BCLC and GPEB to stop this undesirable behavior which is ultimately fostering the loan sharks' abilities to operate within casinos. One of the tactics available to BCLC, that we believe should be utilized, is to toughen their stance in these types of policy violations and prohibit any patron found to be engaging in undesirable behaviors' involving associating with loan sharks and particularly, engaging in loan sharking activity.

A secondary issue that has also surfaced is the volume of chip passing incidents being reported to GPEB by way of Section 86, GCA. Most of these incidents are rightfully being identified as "not suspicious", however, the same violators are appearing in these reported incidents over and over again. Despite being warned by the service provider and by BCLC personnel, they continue to openly flaunt the BCLC chip passing policy. It is obvious that these warnings are not having any influence on the offending patrons to correct their undesirable behaviors'. We are of the opinion that BCLC needs to impose meaningful sanctions on the chronic violators in an effort to stem the tide of chip passing in all gaming facilities.

Over the past number of months, these issues have been brought to the attention of the service provider staff as well as BCLC Corporate Security investigators at different sites. Very little, if any, changes in procedures have resulted. As such, this matter is now being brought to your attention with the hope that strict actions be undertaken to curtail what we believe are serious concerns.

We trust that these matters will be addressed in the near future. Should you require any further particulars on any of the persons or circumstances identified in this correspondence, please do not hesitate to contact the writer direct.

Yours truly,

Derek Dickson
Director, Casino Investigations LMD

CC: Mr. Terry Towns, Vice President, Corporate Security and Compliance
Larry Vander Graaf, Executive Director, Investigations and Regional Operations, Gaming Enforcement
Joe Schalk, Sr. Director, Investigations and Regional Operations, Gaming Enforcement