

RE: COMM -8621 – GPEB audit of River Rock HL rooms

BCLC Feedback

The underlying theme of the report seems to be that potential refining may be occurring at River Rock Casino Resort on the basis the transfer of \$20 bills to the main vault and casino players generally are paid in \$100 bills. However the report stops short of giving any specific examples of refining or gaps in the process. There are also a number of major underlying assumptions made to draw the conclusions, however there is no indication as to how, or if those assumptions, were validated. For example, the fact that bank notes forwarded to the vault precludes payment in smaller denomination notes.

BCLC has never mandated that a Service provider must return funds to a player in the same denomination. That is why it is not in policy. If it was determined that a player did not engage in reasonable play, which is an indicator of suspicious activity, then the service providers have been asked to return any funds back in the same denomination and preferably the same bills. This practice has occurred at a number of casinos including RRCR previously.

When players are paid by casinos in cash, they generally receive \$100 bills. Although the report stated that information was not available for the review, it is available through surveillance footage however the time period chosen to review was outside the video retention period. Unfortunately no play was actually reviewed to ascertain what was “reasonable” and therefore the report does not provide an example of where unreasonable play was detected.

The report does not discuss that most high limit players generally lose and that generally the transfer to the vault could occur many hours after play has concluded. This is where reviewing specific transactions and procedures would have provided better context rather than overall cash movement. The report also does not mention existing policy requirements and procedures such as the requirement for the initial buy to be isolated. *(As per as per the Casino and Community Gaming Centre Standards, Policies and Procedures Section: 3-8.2 Cage – Large Table Buy-Ins: 3.3.5 Sealed bag shall be secured in Cashier’s drawer until transferred to Vault;)*

It is also unclear whether the report considered winnings at the table. For example, a player may have bought in for \$50,000 and won \$200,000 at the table, and requested cash. This would warrant movement from the vault to the high limit cage which would require more bills from the vault than what is held at the cash cage. High limit cages simply cannot store huge amounts of quantities of bills therefore sending \$20’s rather than \$100’s to the vault makes sense from a storage perspective. It also makes more sense to retain more \$100’s in the cage than \$20’s, especially in a high limit area for customer service. If a player won \$200K and was given \$20 bills he would likely require a large bag and possibly assistance to carry that out. There are safety considerations as well as similar to a bank, a teller would generally keep a limited amount of cash on hand however larger amounts would go to and come from the vault which is far more secure.

The review included interviews of Service Provider (SP) staff. While the Casino Staff are the front line to identify ‘reasonable play’ this is perhaps not as completely discretionary as portrayed in the report. There are indicators identified in the CCGCSPP

3.1.17 “Client has made large table buy-ins with small bills, with minimal play, and no cash out before leaving the site”

3.1.28 “Client requests to exchange small denomination bank notes for large denomination bank notes

The FinTRAC guidelines are not prescriptive when it comes to reasonable play. While there could always be interpretation, the online and in person AML training provided by BCLC covers a number of scenarios. In previous instances we have seen suspected insufficient play identified by SP staff including at RRCR. The Surveillance Staff in particular at RRCR are well versed in identifying unusual activity in the High Limit rooms

and will escalate to AML trained BCLC Investigators. This includes any instances where there is uncertainty over what is "reasonable." It was not mentioned in the report that as well as the staff observations there is also table and cage tracking documentation required for all LCT's and CDR. This indicates how much actual play has occurred. The staff members interviewed appeared well aware of the expectation regarding and identifying bill refining which is a positive.

The review period for this report was July 1, 2015 – December 31, 2015 which is 8-12 months old and so therefore may not be as relevant today. Additionally since July 2015 BCLC have placed approximately 100 High Limit players on cash conditions.

Based on BCLC's experience there is very little evidence of the prevalence of "bill refining" in the RRCR High limit rooms. While we know that players have received small denomination bills from deliveries, analysis through STR reports has shown that almost exclusively the deliveries were for the purpose of actual "reasonable" play and gambled by the player.

Intelligence suggests that the providers of the funds may be in the business of "refining", however the players receiving the funds are not. It is believed that any suspected refining would generally take place at a later date, outside of casino operations, when these monies are paid back after the player has conducted 'reasonable' play. The report does not mention the other aspects of the AML program which have greatly mitigated players who may try to refine including educational player interviews and cash conditions.

Overall while this was an interesting angle to look at possible gaps in the AML process there were opportunities for a deeper review which would have brought more value. Statements and assumptions in the report made on the analysis appear based on limited information and did not provide any specific examples of where "reasonable play" was not conducted.

It would be beneficial for both BCLC and GPEB to discuss the scope of an audit such as this prior to it being conducted to ensure that all available information is utilized. Similarly a joint review of the findings could also be conducted to examine and qualify statements which could be taken out of context by a reader not familiar with gaming operations (for example in a Freedom of Information Request.) An example of this would be the unqualified statement (in BCLC's opinion) in the "Closing Remarks" which states, "***The notion that nearly all patrons were paid out with \$100 bills regardless of the denomination that they bought in with, in part suggests that the controls in place to prevent a patron from refining bills may not be functioning as intended.***"

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