

# MEETING

## NOTES

### FINTRAC AUDIT JAN 1-JUN 30, 2012 FOR SFT'S EXIT MEETING

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**Meeting Date:** December 14, 2012

**Attendance:** John Karlovcec, Robby Judge (Fintrac), Mike Fowler(Fintrac, Marc Lalonde(Fintrac), Sandro Slavkovic(Fintrac)

**Notes:** Lyn Prasad

**Via Conf call:** Bryon Hodgkin

**Notes:**

The scope of this meeting is the exit discussion for the audit review for the SFT's from Jan 1, 2012 to June 30, 2012.

Robbie Judge thanked the BCLC Vancouver/River Rock office for their assistance with providing the access to the relevant information for this examination.

Robby made reference to the last meeting with Terry Towns, Bryon Hodgkin and John Karlovcec on Tuesday December 11, 2012 to confirm the scope of this examination and BCLC's role in this process.

Robby's group reviewed the SFT's from Jan 1, 2012 to June 30, 2012 with three criteria's, Data, Timing and Volume.

Here's the breakdown:

**Data (Quality)**

Overall the data provided was very good and completed.

**Timing**

No issues with timing all of the SFT's that were filed was done within the allotted time.

**Volume**

There were six incidents identified by John Karlovcec and provided to Fintrac that were not filed and after a review they were filed in OCT 2012. Robby Judge provided the following the iTrak incident numbers identified by John Karlovcec: Redacted - FINTRAC

Redacted - FINTRAC

In the findings letter from Fintrac this information will be reflected as "not reported", however it will be noted that these were subsequently filed by BCLC in Oct 2012 after being identified by BCLC Investigator Daryl Tottenham during the course of a BCLC pre Fintrac Audit compliance review.

There were two additional incidents identified by Fintrac that were not filed and Fintrac felt should have been filed. The to iTrak incident numbers are Redacted - FINTRAC

Redacted - FINTRAC

In the findings letter this will be noted. Fintrac asked that BCLC file these reports. BCLC acknowledged that we will file these reports immediately and will notify Fintrac in our response letter. Robby Judge also recommended that we ensure consistency from all Casino sites in applying SFT criteria and reporting. The two incidents that weren't reported speak to that.

Robby also informed us that BCLC should be receiving a findings letter in the next 30 days or so. This is an examination response as there are no monetary penalties associated at this time. The monetary process is separate.

The findings letter will provide BCLC an opportunity to respond within a designated time to Fintrac about their findings, which should include an action plan. We could either respond sending it via courier or mail. Please do not email any responses. The letter will be addressed to Bryon Hodgkin; cc'd to M Graydon and GPEB.

Mike Fowler provided an update after reviewing all of the SFT's during the period of Jan 1, 2012 to Jun 30, 2012.

Mike Fowler advised that he had read every SFT submitted by BCLC during the period of Jan 1, 2012 to Jun 30, 2012. Provided the group with a brief update of how this information is shared with their tactical unit for law enforcement disclosure purposes. In fact the information that BCLC has provided in their SFT reports has been frequently used due for disclosure purposed due to the excellent content of the reports. This has been most valuable. He also commented that the timing and the quality of the reporting by BCLC/Service Providers during the examination period was very good.

BCLC's reports rate right up there with the big 5 banks.

Improvements: Mike Fowler indicated that we could improve our Policy and Procedures documents as they do not accurately reflect the actual understanding of what's being practiced. He stated that we are not giving ourselves enough credit for the good work that we and the service providers are doing ie: we should add the additional criteria that we utilize for identifying attempted or completed SFT's.

1. It was recommended that we revise our Policy and Procedure documentation to reflect the good work that we are doing.
2. It was also noted that consistency for the reporting procedure, for example our internal reporting system has too many classifications in the drop downs and that they may not accurately reflect SFT classifications. We advised the Fintrac auditors that as of Nov 2012 we have made changes to the classifications and will be noted in our response to Fintrac.
3. BCLC and Service Provider should be mindful of those identified as criminals on the gaming floor. If these "criminal types" are on the gaming floor, the reporting of these types of incidents would be beneficial for Fintrac and Law enforcement.



4. It was also recommended that we have discussions with the Service Providers about making inquiries with casino patrons as to the source of their funds if the occupation doesn't match the income level. Service Provider should also be documenting their answers.
5. Pay attention to those who may be consistently buying in just under the reporting threshold.

John Karlovcec explained to Fintrac that BCLC regularly meets with Proceeds of Crime as well as Law enforcement in general and readily shares information with the Police.

Furthermore BCLC is already in dialogue with our Service Provider partners to action a plan in relation to the newly proposed regulation in regards to enhanced Customer Due Diligence.

John Karlovcec explained to the group that BCLC is working towards 100% compliance in all aspects of Fintrac guidelines as well as Federal legislation as it relates to Proceeds of Crimes and Terrorist Financing.

Bryon Hodgkin stressed that BCLC would love to collaborate with Fintrac and meet on a regular basis as a best practice to discuss any changes in legislation.

Robby Judge stated that he would take this back to his office for consideration.

Meeting concluded.

