

<p>INFORMATION NOTE</p> <p>British Columbia Lottery Corporation</p> <p>Date: May 11, 2018</p>	<p>COMM-8669 Final Report</p>
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Background:

- COMM-8669 is the final report on an internal review that was initiated and completed by the Gaming Policy and Enforcement Branch (GPEB).
- The GPEB review examined reported incidents that alleged loan sharking or cash facilitation (passing someone unsourced cash to gamble). Specifically, it investigated the occurrence of provincially banned patrons engaging in cash facilitation in close proximity to a gaming facility, in areas visible to casino surveillance.
- The objective of the GPEB review, “was to quantify the dollar amount of buy-ins conducted from cash that [BC lower mainland gaming](#) sites acknowledged was obtained from or connected to individuals provincially banned for cash facilitation.”
- The scope of the GPEB review was limited to incidents between January 1, 2015 and December 31, 2015.
- COMM-8669 alleges that 46 reported incidents involved 8 provincially banned individuals facilitating a total of \$6.7 million in cash that led to buy-ins at the [cash](#) cage, to 25 patrons, in areas visible to casino surveillance.
- Within the conclusion, COMM-8669 states:

“Despite site surveillance monitoring the activities of banned individuals and documenting in iTrak that a patron obtained cash from them, the cage still accepted the funds as buy-ins. This indicates the sites knowingly accepted cash that they acknowledged was obtained from a banned individual and appeared of questionable source.”

Discussion:

- The conclusion made in COMM-8669 is serious in nature, as it implies lack of sufficient or effective due diligence by the Service Providers.
- The conclusion is not supported by factual information in COMM-8669, resulting in a misleading impression of the actual circumstances.
- [BCLC conducted a manual review of each of the 45 suspicious transaction reports \(STRs\) referenced by GPEB \(not 46 as alleged by GPEB\) and the supplemental reports, and found the following:](#)

Comment [JK1]: Trying to point out that we identified GPEB's error

Factual issue: Volume of unmitigated cash facilitation incidents

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• ~~The number of incidents reviewed by GPEB was 45, not 46 as stated in COMM 8669. This results in percentages stated in the report based on the number of incidents being incorrect.~~

- 40 (88%) of the incidents reviewed occurred between January 1, 2015 and September 5, 2015.
- In September 2015, BCLC implemented the Sourced Cash Condition Program, which involved placing High Risk patrons on cash conditions and conducting interviews, in order to determine source of cash/chips.
- 5 (11%) of the incidents reviewed occurred between September 5, 2015 and December 31, 2015.

• For the 5 incidents reviewed that had occurred between September 5, 2015 and December 31, 2015, the total cash buy-in equaled \$261,000.

Factual issue: Cash facilitated by a provincially banned individual

- In 40 (88%) of the incidents the provincially banned individual was not positively confirmed or checked by ID by staff during the incident. The provincially banned individual was assumed to be involved based on physical resemblance, similar vehicle description or registered owner information. reviewed did not contain a confirmed ID of the provincially banned individual.
- BCLC records license plate information of vehicles that have been confirmed to be associated with provincially banned individuals. In 28 (62%) of the incidents, the license plate identification of the vehicle was not confirmed, or did not match the records for the individual, and thus cannot be confirmed to be associated with the provincially banned individual. In a number of incidents, the vehicle was assumed to be associated with provincially banned individual based solely on vehicle type.
- ~~reviewed did not contain a confirmed license plate identification associated with the cash delivery.~~

Factual issue: Connection to money-laundering

- 19 (42%) of the incidents reviewed involved patrons who had, only days before, won amounts greater than the cash buy-in associated with the incident. The patron who allegedly bought in with cash facilitated to them by a provincially banned individual had won more cash on their own at the casino, very recently. Therefore, it is not possible to determine whether the source of the cash was suspicious or expected based on casino disbursements. Examples from the incidents reviewed by GPEB are outlined below:

	<u>Previous win date</u>	<u>Amount won</u>	<u>Date of incident reviewed by GPEB</u>	<u>Amount of cash buy-in</u>
<u>Example 1</u>	<u>February 8, 2015</u>	<u>\$256,800</u>	<u>February 8, 2015</u>	<u>\$100,000</u>
<u>Example 2</u>	<u>May 21-22, 2015</u>	<u>\$860,000</u>	<u>May 23, 2015</u>	<u>\$100,000</u>

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Comment [RK2]: Is this correct?

Comment [DT3]: The actual breakdown of the bills used that are cited and shown in % are correct as they are taken from all the reports they had, which was 45. In every instance however where they cite # of reports ie page 1 bottom ~~Redacted -~~ ~~Redacted - FINTRAC~~ are incorrect. Also where they have broken down % of cash accepted per site and are referenced by \$6.7 M and 46 incidents, I cannot confirm what data they used to get those results.

Comment [DT4]:

Comment [RK5]: Need to set out how we know/determined this.

Comment [DT6]: I went through every file and every supplement submitted within the file to determine if the identification of the subject was made, confirmed, or just based on similar vehicle/RO information but the driver was not seen or identified. Only 12% of the files contained information where the subject was positively identified on scene or checked by ID by staff during the incident.

Comment [RK7]: Need set out why this is relevant/important - for example we have license plates of vehicles confirmed to be associated to known cash facilitators and in the instances cited in the report the license plate was not obtained or did not match and thus it cannot be confirmed that the vehicle observed was one known to be associated to a cash facilitator.

Comment [DT8]: Rob's comment cover this point, just to add in many instances the suspect name linked to the file was based solely on them driving a similar vehicle where no plate was obtained. Typical example was a light-coloured Toyota Sienna. Because Jin was known to drive a similar vehicle at times, that comment was common to see in reports notwithstanding Siennas are very common rental vehicles and we have many players that own these vehicles aside from Paul Jin. A simple search in Itak under vehicles for Toyota Sienna provides 363 hits for current BCLC patrons driving Toyota Siennas.

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Example 3	May 28, 2015	\$500,000	May 30, 2015	\$150,000
Example 4	July 8, 2015	\$4,335,000	July 11, 2015	\$269,990

- 32 (71%) of the incidents reviewed resulted in zero casino disbursements. If the cash buys-ins were incidents of money laundering, one would expect to see minimal to no play, or small bets not commensurate with the level of buy-in to effectively kill time and give the illusion of a lengthy playing session prior to cash out. In cases of money laundering, the patron will not want to put the money at risk as the intention is to cash out with large bills and sustain as little loss as possible.

Comment [RK9]: Need to explain the significance of this. E.g. while there may be a concern that proceeds could have been provided to the player, in these instances money laundering is not likely to be occurring because the entire amount brought to the casino was wagered and lost - or something to this effect.

Factual issue: Real-time identification of cash facilitation before buy-in

- The conclusion drawn in COMM-8669 that, "sites knowingly accepted cash that they acknowledged was obtained from a banned individual" is based off a false assumption that Surveillance operators were live monitoring the arrival of patrons and cash delivery incidents, then immediately communicating this information to Cage Employees in advance of cash buy-ins, which in spite were allowed to proceed.
- In fact, the potential occurrence of cash facilitation was only discovered upon review of records by Surveillance Operators, after the fact. Therefore, COMM-8669 falsely assumes a sequence of events surrounding live monitoring, the cash deliveries and buy-ins that did not take place.
- The gap in information sharing was identified in late 2015 and Service Providers' surveillance staff were directed by BCLC AML Investigations to conduct a review of the arrival video footage of the patron leading up to and including during the buy-in process to enable them cage personnel to determine if the circumstances required a stop to the buy-in process before the patron started gaming, where appropriate.

Comment [DT10]: As per Rob's comments, this information was gathered specifically to illustrate how many instances the player bought in with a significant amount of cash and lost it all at the table in that session. If this was an ML attempt, one would expect to see minimal or no play, very small bets not commensurate with the level of buy-in to effectively kill time and give the illusion of a lengthy playing session prior to cash-out. The player would not want to put the money at risk as the intention is to cash out with large bills and as little loss as possible.

An example of one of the incidents reviewed by GPEB is detailed below:

Game date: Jan 31, 2015 | Incident File: 2015-5596 | Subject: PERSONAL INFORMATION (SID #100893)

1055hr

- PERSONAL INFO makes first cash buy-in at the VIP cage for \$100,000 with \$100 bills. These funds were previously received as a disbursement from River Rock Casino, and thus were not considered suspicious.
- PERSONAL INFO plays at table.

1102hr iTrak Entry

- Cage Employee records Large Cash Transaction (LCT) into iTrak for SID #100893.
- Table Tracking Sheet records significant game play.

Comment [IB11]: Maybe need to expand on this?

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1130hr

- [PERSONAL INFO] receives phone call and exits the VIP salon. He exits the east lobby of the casino and meets a white Toyota Sienna in the valet area. No BCLP obtained. The vehicle was driven by an unidentified bald Asian male. The driver and [PERSONAL INFO] go to the open rear hatch of the vehicle. [PERSONAL INFO] walks away from the vehicle carrying a black bag.

1134hr

- [PERSONAL INFO] enters the VIP salon and proceeds to cage. He uses the content of the black bag to conduct a buy-in for \$190,000; \$180,000 with \$20 bills, \$10,000 with \$100 bills.

1154hr

- Cage Employee records an LCT into iTrak for SID #100893.
- [PERSONAL INFO] receives the \$190,000 worth of chips at gaming table in the VIP salon. He continues play at table.
- [PERSONAL INFO] loses all \$290,000 by 12:15hr.

1349hr iTrak Entry

- Surveillance Operator reviews the video footage, triggered by the two LCTs.
- An Incident File is opened in iTrak regarding multiple suspicious buy-ins. The Surveillance Operator records the details of [PERSONAL INFO] arrival, game play and activities surrounding the cash drop-off.
- Surveillance Operator submits an 86 Form to GPEB and saves the relevant video footage.

1550hr

- [PERSONAL INFO] receives a phone call on his cellphone. He exits the VIP salon empty-handed. He exits the east lobby and proceeds to the valet area. [PERSONAL INFO] enters the rear passenger side of a waiting black Mercedes Sedan, BCLP: AK986C.

1555hr

- [PERSONAL INFO] exits the vehicle carrying a tan colored bag.

1558hr

- [PERSONAL INFO] enters the VIP salon, sits at a gaming table and removes \$150,000 worth of \$5K chips from his jacket pocket. He places one wager for \$100,000 and loses. [PERSONAL INFO] leaves the remaining \$50,000 of chips on the table and gets up from the table carrying the tan bag.

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1600hr

- ^{PERSONAL INFORM} uses the contents of the tan coloured bag to conduct a buy-in for \$150,000 with \$20 bills at the VIP salon.

1620hr iTrak Entry

- Cage Employee records the LCT into iTrak for SID #100893.
- Table Tracking Sheet records significant game play over the following six hours.

1720hr iTrak Entry

- Surveillance Operator is made aware of ^{PERSONAL INFORM} most recent suspicious cash buy-in. They review the video footage and record details of ^{PERSONAL INFORM} activities over the duration of the day.
- Surveillance Operator submits an 86 Form to GPEB and the relevant video footage is saved.

February 4, 2015 902hr iTrak Entry

- BCLC Investigator reviews the Incident File and video footage.
- A Suspicious Transaction Report (STR) is submitted to FINTRAC.

February 4, 2015 907hr iTrak Entry

- BCLC Investigator forwards a copy of the STR to the Vancouver IPOC and GPEB Investigators, including a chronological summary of the suspicious incident on Jan 31 and a list of all parties and vehicles involved.

Temporal Misinterpretation Issue

Need to explain how on review GPEB assumed surveillance was live monitoring the arrival of the player, cash hand off and buy in when in fact the hand off was discovered on review — so GPEB has the timeline backwards. We need to go into some detail to prove how we know this — maybe use one incident as example where the iTrak time stamps show the hand off was discovered on review and was not live monitored and allowed to proceed as written in the report. Then need detail on when we first noted that this was occurring and changed procedures to require SPs to conduct reviews prior to allowing the transaction to complete.

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