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**From:** Vander Graaf, Larry P HSD:EX  
**Sent:** Friday, February 25, 2011 12:31 PM  
**To:** McCrea, Bill J HSD:EX; Van Sleuwen, Terri HSD:EX; Birge, Sue HSD:EX; Saville, Rick HSD:EX  
**Cc:** Schalk, Joe HSD:EX  
**Subject:** RE: Patron Gaming Fund Accounts Pilot - BCLC Report

I have reviewed the entire BCLC document and will offer some comments in general and make one recommendation,

It is being insinuated that the PGF Accounts are cumbersome and are not readily accepted by most patrons, especially high limit Asian gamblers. I disagree that the process is cumbersome but do agree that high level players do not like to use the PGF Account due to a number of reasons. These reasons include cultural acceptance, (they like cash), the fact that PGF Accounts are reconcilable and traceable, and they cannot place large amounts of cash (\$20.00 bills) into a Canadian Financial Institute to ultimately EFT to PGF Account with the Service Provider. You have to ask yourself, "why wouldn't a legitimate millionaire type high level gambler not want to use a PGF Account"? It provides security to the player and funds, it eliminates **(if PGF Account has proper controls)** money laundering, and clearly reduces or eliminates loan sharking. With the recent publicity and high level scrutiny in the media on money laundering and loan sharking, which will continue, coupled with the fact that BCLC and the Service Provider as "good corporate citizens" want to provide a secure, safe, gaming environment that has integrity and the perception of integrity in the eyes of the public, you then must ask yourself, "why wouldn't BCLC and the Service Provider strongly encourage and in some instances demand the player use the PGF Account"?

I am not going into the details of the entire BCLC Report but I will make some comments on the Conclusions. BCLC states, "Although the idea of PGF accounts is technically a good one, it is clear that without modification to the current processes the account use will not become successful or become widely accepted and used by high limit patrons as was its intended purpose."

I must first state that the Branch has generally maintained and has not diluted the controls to facilitate the pilot being categorized, by whomever as "successful", so far. The statistics reflect that there are only 8 active accounts. Agreed the PGF Account is not being used extensively but that can mean that the controls are appropriate to discourage the wrongful use of this dangerous and risky mechanism. We as the regulator must ensure that process is beyond approach by unscrupulous persons. Can it be used to prevent wrongdoing? That is how I measure success.

BCLC is recommending the following changes to current policy and extending the trial a further six months from implementation of the proposed changes.

1. Allowing patrons to use personal cheques and debit cards. This provides an avenue to move away from the issue of patrons carrying large sums of cash into the casino to game with. In regards to the use of personal cheques, the service providers would have to establish their own cheque-clearing waiting periods as any financial institution does.

**Response: Only in PGF Account, Personal Cheque written to oneself on Bone fide Canadian Financial Institute. Debit Card only into PGF Account of Debit Card Holder only.**

2. No signature required on CMS slip.

3. ID being shown only once in a gaming day.
4. Allowing international funds transfer from a major Canadian chartered bank with an international office (e.g. RBC Shanghai). Funds would be transferred to Service Provider, head office PGF accounts. Remove the restriction that the EFT must come from a Canadian bank.  
**Response: Absolutely No, this is too dangerous. EFT outside Canada directly into the PGF Account? Dangerous. The controls (due diligence) of cash in some foreign jurisdictions is not even close to that of Canada. If this is problem BCLC customer service should help player open an account in Canadian Bank. EFT from the foreign bank to Canadian Bank to PGF Account is not difficult.**
5. Allow patrons to EFT funds from their PGF account back to their own bank account at a different financial institution. This could be an account at a different financial institution, other than the one in which the EFT was originally received. For example, the patron EFTs funds from their Scotia bank account into their PGF account and later EFTs the funds from their PGF account to an account they have with the Bank of Montreal. As long as the patron is identified as the owner of both bank accounts, this should not be an issue.  
**Response: No, this is too dangerous and quite frankly, why? Keep it simple and easy to audit and monitor.**

Recommendations 4 and 5 have full audit trails and do not differ in nature to the current large cash transaction (LCT) procedures which require full patron identification and recording of relevant transactions separately.

6. Accept EFTs from other Canadian financial institutions besides Canadian banks (such as Credit Unions).
7. Triplicate forms are no longer necessary if the CMS slip is available for each transaction.
8. Patron profile card is required upon opening of account only. May be updated with patron gaming information (such as types of games played) however does not need to be updated on a daily use basis.

#### **RECOMMENDATION:**

The PGF Account is intended to provide security for the patron and funds as well as deter money laundering and loan sharking.

I recommend a "Ministerial Directive" that any patron using (\$20.00 bills cash) (in a 24 hour period) over 10K - 20K be forced to deposit those funds in a Canadian Financial Institute.

The patron can then use the PGF Account process to access those funds. BCLC and Service Provider customer service could assist these patrons to use the PGF Account and may even give an incentive.

My initial thoughts.

*Gaming Enforcement  
Gaming Policy and Enforcement Branch  
Ministry of Public Safety and Solicitor General*

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**From:** McCrea, Bill J HSD:EX  
**Sent:** Friday, February 18, 2011 1:47 PM  
**To:** Birge, Sue HSD:EX; Van Sleuwen, Terri HSD:EX; Saville, Rick HSD:EX; Vander Graaf, Larry P HSD:EX; Burke, Lisa HSD:EX; Johnson, Eugene HSD:EX  
**Subject:** Patron Gaming Fund Accounts Pilot - BCLC Report

Good Afternoon,

As discussed yesterday here is BCLC's review of the PGF pilot project. The report contains feedback and recommendations from the casino Service Providers (SP's) and BCLC, with page 9 and 10 providing a list of eight recommended changes to the program. BCLC, SP's and certain patrons have expressed the desire to continue PGF accounts. What we need to understand is, can requested modifications be made to the program to help it be more attractive to patrons and SP's while maintaining the necessary high degree of integrity.


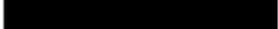
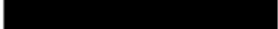
Your input is important to GPEB's next steps. Please review the report and provide me with comments. I'm interested in understanding each of your perspectives given your skills, expertise and experience. I would like to hear your comments on each of the specific recommendations and overall what making such changes would mean to the integrity of the program. I'm not looking at the list of recommendations as a package but rather each on its own merit.

Thank you for being involved in this review. Once all of the input is in I will compile it and call a meeting to discuss our next steps, as the regulator of gaming. May I please have your input by Monday February 28. Thanks.

Bill

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