

**8.7.8. MANAGEMENT REPORT – CORPORATE SECURITY & COMPLIANCE**

The Audit Committee has reviewed information for the following areas for the Quarter ended September 30, 2015:

- Operational Gaming Compliance
- Information Privacy & Security
- Material Litigation

**Investigation (CASINO)**

- Total number of Suspicious Financial Transaction Reports: 363
- Total number of Consumer Complaints investigated: 127

**Redacted -  
Relevance**

**License Plate Recognition (LPR)**

LPR Total Captures: 493

- VSE Patrons: 396
- Provincially Barred: 55
- Site Barred: 42

**iKiosk (ID Scanner)**

251,954 patrons had their ID scanned

**PGF Accounts** (River Rock, Edgewater, Boulevard, Starlight, Boulevard and Hard Rock)

Total Number of New Accounts Opened: 69  
Total Active PGF Account: 515  
Total Dollars held on all accounts: \$668,235

Reducing Reliance on Cash Figures

Convenience Cheques: 29 cheques for \$188,263  
Debit at Cash Cage: \$15,088,333

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## AML & OPERATIONAL ANALYSIS

### Player Conditions

As of October 15, 2015 there are currently 43 Casino Patrons who are prohibited from buying in with un-sourced cash or un-sourced chips. These conditions are in place as a result of credible information provided by law enforcement to BCLC as to the origin of the funds as well as information from BCLC's own reviews. Most of these players frequent the River Rock Casino Resort and are high limit table players. Three (3) of the 43 Players were already banned at the time the information was received.

As an additional requirement the above noted patrons have been requested to be interviewed by BCLC Investigators to provide expectations and clarify source of funds.

As of October 15, 2015, 13 patrons have been interviewed and many have stated that the cash/chips are "borrowed" from unknown sources and paid back via bank transactions in China and/or Canada. In some cases the patron has stated they are unaware as to whom they are paying the gambling debt.

An investigator from the Casino Investigations Department has been seconded to the AML Unit to assist in file management around Player Conditions.

### AML & Operational Analytics Unit

The AML Unit analysts continue to conduct reviews on high risk patrons to confirm that none of these patrons have been subject of any adverse media, terrorist, sanction or politically exposed person's lists.

The AML Unit continues to collaborate with law enforcement agencies such as RCMP Real Time Intelligence Centre (RTIC), Federal Serious Organized Crime Unit (FSCOC), Combined

Federal Serious Enforcement Unit (CFSEU), Canada Border Services Agency (CBSA) and police of jurisdiction. These alliances support BCLC's ongoing efforts to increase the safety of our gaming facilities for all patrons and employees. As of October 15, 2015 there were 105 subjects classified as "undesirable" based on the following three criteria:

1. public safety risk;
2. charged or suspected of proceeds of crime related offences; or
3. gang member or associated with a gang.

Persons meeting one or more of these criteria are banned for up to 5 years.

### **External Factors**

The AML unit continues to monitor local and foreign political current events which impact BCLC specifically with our Asian based VVIP players.

Examples:

- Stock market losses in China
- Proposed Canada/China repatriation treaty
- Alleged Chinese police operations in BC
- Operation Fox Hunt (Top 100 Chinese fugitives)
- Decrease in gambling revenue in Macau in part due to increased Chinese pressure on flight of capital.
- Increase in Interpol warrants for Chinese nationals for alleged bribery & corruption
- Arrests in Macau for UnionPay fraud (Oct 2015)
- RCMP investigation related to sources of cash and illegal gaming

### **AML Training**

In September 2015, 3 members of the AML & Operational Analytics Unit attended the ACAMS 14th Annual AML & Financial Crime Conference. The conference was of tremendous value and had considerable gaming related content.

### **Audits**

Ernst and Young have been engaged to conduct the mandatory (by FINTRAC) bi-annual independent AML audit. Final report is expected by end of October 2015.

### **GPEB**

1. GPEB completed a review of STR reporting processes on September 9-10, 2015. BCLC has not been provided with a copy of any findings.
2. BCLC were informed on September 28, 2015 that GPEB had engaged a company MNP to do a review of BCLC's AML practices for the period of September 2013 – September 2015.

BCLC have provided (on request) to GPEB an up to date list of players with conditions and all intelligence BCLC have around alleged illegal gaming houses.

### **Chip Swap**

A Chip Swap for \$5K chips was proposed for the River Rock Casino Resort on September 8, 2015. The operation was suspended on the 7<sup>th</sup> September on request from law enforcement (via GPEB) due to a current criminal investigation related to gaming. A briefing note was provided to Government over the Chip Swap.

### **Cash Alternatives**

Changes to PGF policy related to bank drafts have been completed. BCLC have also put into policy requirements for better chip tracking by Service Providers. BCLC have been asked by GPEB to provide a more detailed concept paper around offering credit to VVIP players. BCLC are still waiting approval from GPEB for delimiting the convenience cheque.

### **AML Enhancement Project**

The SAS AML project remains in the development phase and although there are a few outstanding issues to resolve the "GO LIVE" date is still scheduled for March 2016.