

Ministry of Finance

BRIEFING DOCUMENT

To: John Mazure
Assistant Deputy Minister

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TITLE: Table Limits in Casinos

PURPOSE:

(X) DECISION REQUIRED

DATE PREPARED: December 13, 2013

TITLE: Table Limits in Casinos

ISSUE: BCLC has requested a policy change to increase the table aggregate limit in casinos.

BACKGROUND:

The British Columbia Lottery Corporation (BCLC) has requested that the Gaming Policy and Enforcement Branch (GPEB) approve three primary changes to the policy for Table Games, Private and High Limit Room Aggregate Limits¹.

1. Manage table limits by a maximum table aggregate, instead of betting spot limits;
2. Increase the maximum allowable bet from \$90,000 to \$100,000; and
3. Broaden the definition of a “private table.”

These changes will enable casino service providers to enhance the gaming experience for primarily out-of-country gamblers who are accustomed to gambling in jurisdictions such as Macau or Las Vegas with limits similar to those proposed by BCLC. Currently, out-of-country gamblers account for approximately XX% of BCLC’s high limit and table game business.

BC has five high limit rooms in total. High limit tables are located as follows:

- Two high limit Blackjack tables located at Edgewater Casino, Vancouver.
- 63 high limit Baccarat tables, distributed in the five high limit rooms at the following properties: River Rock Casino, Richmond; Boulevard Casino, Coquitlam; Grand Villa Casino, Burnaby; Edgewater Casino, Vancouver; and Starlight Casino, New Westminster.

No other table games are currently played in high limit rooms, as availability is based on player demand. Under the *Gaming Control Act* (GCA), the Lottery Corporation may set rules of play for any class of lottery scheme that they conduct, manage or operate².

DISCUSSION:

Proposed Policy Changes

1. Manage Table Limits by a Maximum Table Aggregate

Under current BCLC policy, gaming service providers in BC may determine the allowable bet limits in high limit rooms up to a maximum of \$10,000 per betting spot. This was increased from a \$5,000 limit per betting spot in December of 2012. If a player wants to wager more than \$10,000, the player must place a bet on another betting spot. The current maximum allowable

¹ BCLC Casino and Community Gaming Centre; Standards, Policies and Procedures. Section: 5-1.1 Table Games – General Rules and Regulations

² *Gaming Control Act*, section 7 (g).

total bet on a high-limit Baccarat table is \$90,000. If a player wants to bet the \$90,000 maximum, the player must place nine separate bets of \$10,000.

The proposed policy change would enable one player to wager up to the table maximum on *one* betting spot, as opposed to making separate wagers at each betting spot. This change is intended to increase player convenience and assist with operations.

2. Increase the Maximum Allowable Bet

BCLC would like to increase the maximum table allowable bet from \$90,000 to \$100,000.

3. Broaden the Definition of a Private Table

Private tables are currently only located in high limit rooms and have minimum posted bets of \$1000 per betting spot. This proposed change would remove the \$1000 betting minimum. It would also define a private table as one that is segregated from other tables and marked with signage noting the table limit, which means that a private table would now be allowed on the main casino floor, and not just in a private room, as long as there is enough staff and adequate camera surveillance to cover the area. It would also allow the guests of high limit players to participate in table games and wager a smaller amount than the \$1000 minimum.

Impact of Proposed Policy Changes

Blackjack

Blackjack tables have seven seats with betting limits of up to \$10,000 per seat. If a player wants to wager more than \$10,000 they have to play more than one hand of Blackjack at once – up to seven hands. A \$100,000 table aggregate for Blackjack enables a significantly increased betting limit, from the current \$10,000 to \$100,000 per hand.

Risk

- While cash play is not permitted, money laundering potential increases exponentially for Blackjack, as players would be allowed to wager an extra \$90,000 per hand, or \$30,000 more than the current table limit of \$70,000. Chips may be purchased at the gaming table with Canadian currency;
- The Provincial Health Officer's (PHO) 2013 report noted that gaming policies must consider and recognize the potential for harms, and seek to minimize risks to individuals and communities. With this policy change, stakes are significantly increased for players who may wager and potentially lose large sums of money in one hand.

Baccarat

Baccarat is a chance-based card game wherein the bettor can wager on the "player-hand" or the "banker-hand" to win. Baccarat tables have nine seats. The betting structure is different from Blackjack, as the player is betting on only one outcome even if they bet on multiple

betting spots. Therefore, the player can bet up to \$10,000 on each open spot at the table - currently up to \$90,000 in one hand. See Appendix A for the past 12 month's revenue.

Risk:

- Money laundering potential would increase by \$10,000 per hand;
- Player risk increases by \$10,000 per hand;
- There is no significant RG risk for Baccarat as the type of players involved have considerable discretionary wealth.

BCLC has requested approval for this change because the current setup, which requires players to make separate wagers to bet the table maximums of \$70,000 for Blackjack and \$90,000 for Baccarat, is not player friendly, and may impact gaming revenue in a negative way. With this change, casinos and gaming centres would have the discretion to allow a limit of up to \$100,000, depending on their relationship with the player, the player's gaming history and finances.

High Limit Rooms in Other Jurisdictions

Alberta, Saskatchewan, Manitoba and the Atlantic provinces do not offer high limit tables in their casinos. In Alberta and Manitoba, players may wager a maximum of \$1,000 for table games per betting spot. Alberta is considering introducing high limit tables. In Saskatchewan there is a \$1000 limit per betting spot for Blackjack and Baccarat, and a \$2000 limit for Texas Hold'em.

There are two casino models in Ontario. Five casinos are managed by the Ontario Lottery and Gaming Corporation and are limited to \$100 table wagers. There are no high limit tables. Ontario also has four Resort Casinos operated by private organizations which are full service hotel/casino complexes. Each Resort Casino independently submits requests for table game wager limits to the Alcohol and Gaming commission of Ontario for approval. The highest table limits in these casinos is up to \$50,000 for Craps and Roulette, \$25,000 for Blackjack and \$15,000 for Pai Gow and Baccarat.

OPTIONS:

Recommended Option: Option One

Option One: Approve Baccarat Table Aggregate Increase but not other Table Games

Pros:

- Addresses the issue of player convenience for Baccarat;
- Has potential to increase revenue from high limit Baccarat;
- Prevents other table games, with potentially higher risk, from increasing their limits.

Cons:

- Does not address player convenience for other table games;
- Increases the risk potential for money laundering by \$10,000 per hand.

Option Two: Approve Table Aggregate Increase for all High Limit Table Games

Pros:

- Addresses the issue of player convenience for high limit table games;
- Increases the potential for gaining revenue.

Cons:

- Increases the ability to launder large sums of money for current high limit games;
- Leaves the door open for other table games to become high limit games;
- Does not align with the Problem Gambling strategy or the PHO's recommendations.

Option Three: Status QuoPros:

- Aligns with current anti-money laundering practices;
- Supports the PHO's suggestion to consider potential harms of policy changes.

Cons:

- May limit revenue generated by high limit table games;
- Does not address the issue of player convenience.

Conclusion

As a consideration for option one,

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BCLC did

not seek GPEB's approval to increase the table limit from \$5,000 to \$10,000 in Dec 2012. There does not appear to be any written policy from GPEB to BCLC indicating that mutual involvement in determining table limits is required. Although it is thought that at one point these matters were discussed between former ADM, Derek Sturko and the former BCLC CEO.

It is the role of the General Manager (GM) under section 27(2) (a) and (b), to advise the Minister on broad policy, standards and regulatory issues, and it is under the Minister's direction to develop, manage and maintain the government's gaming policy. Therefore it would be appropriate for the GM to advance the argument that GPEB may provide advice regarding any increase in table limits, and the rationale in support of the increases, as such changes may impact on the integrity of gaming. However, if the GM chooses option one it is possible that BCLC will not accept this proposal as there is no definitive section that grants this authority to GPEB.

As a going forward solution, GPEB may want to consider developing written policy between GPEB and BCLC that states that BCLC should request consideration and approval to alter, change or increase table betting limits. Or alternatively, a written directive may also be considered outlining this requirement of BCLC.

APPROVED / NOT APPROVED

John Mazure
Assistant Deputy Minister

Date

Appendix A – Last Twelve Months Revenue Performance for High Limit Baccarat in BC

Calendar Month Desc	Calendar Month Offset Continuous	Product	Net Win Amt
November	-12	Midi Baccarat	\$8,991,734
December	-11	Midi Baccarat	\$13,658,716
January	-10	Midi Baccarat	\$12,735,219
February	-9	Midi Baccarat	\$17,954,772
March	-8	Midi Baccarat	\$13,546,848
April	-7	Midi Baccarat	\$9,741,911
May	-6	Midi Baccarat	\$15,297,532
June	-5	Midi Baccarat	\$10,983,309
July	-4	Midi Baccarat	\$14,082,897
August	-3	Midi Baccarat	\$19,290,110
September	-2	Midi Baccarat	\$12,198,833
October	-1	Midi Baccarat	\$13,483,474