

**Ministry of Finance
Gaming Policy and Enforcement Branch**

BRIEFING DOCUMENT

To: Honourable Michael de Jong, Q.C.
Minister of Finance

Date Requested: May 14, 2015

Date Required: May 15, 2015

Initiated by: John Mazure, ADM
Gaming Policy & Enforcement Branch

Date Prepared: May 14, 2015

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TITLE: June 4 2015 Anti Money Laundering Workshop
"Exploring Common Ground, Building Solutions"

(X) FOR INFORMATION

Executive Director approval: _____

ADM approval: _____

Associate DM approval: _____

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-with edits

DATE PREPARED: May 14, 2015

TITLE: June 4 2015 Anti Money Laundering Workshop
“Exploring Common Ground – Building Solutions”

ISSUE:

The Compliance Division of the Gaming Policy Enforcement Branch in (GPEB) in cooperation with the BC Lottery Corporation (BCLC) is hosting a workshop with subject matter experts and stakeholders on June 4, 2014, in Vancouver at the BCLC office.

The purpose of the workshop is to bring together individuals with expertise and background in money-laundering prevention and compliance to identify and explore collaborative strategies to enhance practices in BC gaming facilities.

This workshop is part of Phase 3 of the 2011 Anti-Money Laundering (AML) Strategy.

BACKGROUND:

- In 2011, government implemented an AML Strategy that focuses on minimizing the opportunity for money laundering. Phase 1 of the strategy involved the development and implementation of cash alternatives (substantially complete) and Phase 2 involved intervention by service providers to encourage use of cash alternatives by patrons. Phase 3 involves regulator guidance and where necessary intervention regarding customer due diligence.
- As part of Phase 1 and 2 of that strategy a number of improvements have been made including:
 - Patron gaming fund accounts allowing casino customers to transfer money from regulated banks and credit unions or add funds to their account via certified cheques, bank drafts, internet transfers, or verified win cheques;
 - The ability to electronically transfer money into patron gaming fund accounts through Canadian and U.S. chartered banks;
 - Customer convenience cheques clearly marked as verified win or as a “return of funds that are not gaming winnings”;
 - A “cheque hold” system for high-volume players where players can secure play against a personal cheque from an approved bank that will not be processed by a casino until an agreed upon period of time and any winnings or remaining funds are paid back to the player by casino cheque;
 - Debit withdrawals at the “cash cage”; and
 - ATM withdrawals inside gaming facilities.

- BCLC has also enhanced its AML policies and procedures, staff training and investigation and security and surveillance capacity and is developing new business intelligence software to identify and monitor high-risk patrons and activities.

DISCUSSION:

- Under Phase 3 of the AML Strategy, GPEB is investigating options for AML compliance, customer due diligence and regulatory intervention.
- In 2014 GPEB commissioned Malys Associates Ltd. to research customer due diligence standards used by financial institutions and other businesses when accepting cash deposits. The September 2014 report summarizes best practices based on experiences of businesses required to maintain an AML compliance regime and other AML compliance issues identified in the research.
- On June 4, 2015, GPEB in cooperation with BCLC is hosting a workshop of stakeholders and an invitation has been extended to interested parties including representatives from the Financial Transaction and Reporting Analysis Centre of Canada, law enforcement, financial institutions and financial intermediaries, service providers, and provincial and federal government departments.
- The goal of the workshop is to identify strength and weaknesses of the current AML strategy and framework for gaming facilities, increase awareness, and identify and develop possible options and approaches for enhancing AML policies, procedures and practices.
- The findings of the September 2014 Malys study and the information obtained from the workshop process will be used by the GPEB to complete Phase 3 of the AML Strategy. GPEB will develop recommendations for government to reduce risk concerning money laundering in casinos, which will include collaborative strategies intended to heighten awareness, increase compliance where necessary, reduce risk to the industry and respond to public concern.

Will these be brought
~~forward~~ forward
for Minister's consideration
if so when

