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## Internal Memo

**To:** Len Meilleur, Executive Director, Compliance Division, GPEB

**CC:** Anna Fitzgerald, Director, Compliance Division, GPEB  
Doug Mayer, A/Manager of Audit, Compliance Division, GPEB

**From:** Parminder Basi, Commercial Gaming Auditor, Compliance Division, GPEB

**Date:** December 15, 2015

**Subject:** Cash Flow Review of River Rock Casino High Limit Rooms (COMM-8514)

### EXECUTIVE SUMMARY

This review provides analysis of the cash flows at River Rock Casino; with the focus on the site's high limit rooms. The objective is to understand the volume of cash by denomination flowing through the high limit rooms. This information will assist GPEB in evaluating the extent patrons are buying in with smaller denomination bills, and if possible, the associated risk of refining (colouring up). The scope is limited to a review of the cash buy-ins conducted at the cages for the period January 1, 2015 – June 30, 2015.

### Key Observations for Period Reviewed January 1, 2015 – June 30, 2015

- Total cash buy-ins conducted at the cage amounted to \$140,997,590 over the six month period. Of this amount: 78% of the cash buy-ins occurred with \$20s; 16% with \$100s; and 6% with \$50s, \$10s and \$5s.
- Majority of the patrons conducting cash buy-ins at the cage are playing in the VIP high limit rooms.
- 482 different patrons conducted cash buy-ins at the cage during the six month period, of which 66% were PGF account holders. This indicates that many PGF account holders are conducting buy-ins, with cash, outside of their PGF accounts.
- BCLC is aware of the patrons that most often conduct cash buy-ins at the cage. At the time of testing, of the 33 patrons that conducted cash buy-ins at the cage of \$1 million or more:
  - 28 are on BCLC's "watched" status, due to unusual or suspicious activity.
  - 16 of the 33 patrons, including eight of the top 10, have been issued directives by BCLC stating that the patron is not permitted to buy-in with "un-sourced" cash (all cash without a bank or ATM withdrawal slip).
- A review of cash transfers between the VIP cages and vault indirectly shows that patrons buying-in with smaller denomination bills are cashed-out with \$100s. Our analysis was further corroborated through discussions with cage personal at River Rock who indicated that patrons will be paid out in large denomination bills; if the site deems the patron had reasonable play or reasonable net gaming losses.

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## PART 1: INTRODUCTION

### BACKGROUND

In 2013 the audit team conducted analysis of cash by denomination flowing through River Rock Casino. Our analysis focused on cash buy-ins for table games and slot play. The analysis highlighted areas of concern, specifically the denomination of currency used for table play in the high limit rooms. Reserved for high stakes betting, red flags arose when significant amount of large cash buy-ins with small denomination bills were conducted at the high limit cage. Our work also showed that the risk of patrons using slot machines to launder money was not high. This review revisits our prior work on cash flows at River Rock Casino; however, with the lens focused on the high limit rooms. River Rock was selected based on past concerns, and because it generates the highest table game revenue in the Province. River Rock is a hot spot for high limit gamblers, and being in close proximity to the Vancouver International Airport, it attracts visits from wealthy tourists, particularly those from Asia.

### OBJECTIVE

The objective of the review is to understand the volume of cash by denomination flowing through the high limit rooms at River Rock Casino. This information will assist GPEB in evaluating the extent patrons are buying in with smaller denomination bills, and if possible, the associated risk of refining (colouring up).

### SCOPE

The scope is limited to a review of cash buy-ins conducted at the cages of River Rock Casino for the site's five high limit table rooms (Salon Privé, Salon Premium, Phoenix Room, Dogwood Room, and Maple Leaf Room) for the six month period January 1, 2015 – June 30, 2015.

### TERMINOLOGY

*Cash Buy-In* – Purchase of casino chips with cash for table play.

*Cashier Drop Buy-In Tracking Sheet*- Tracking sheet used by River Rock Casino to document cash buy-ins for tables that occur at the cage. The following information pertaining to each cash buy-in is documented: Time, cash desk, table number, patron name, subject ID, and total cash buy-in by denomination.

*Patron Gaming Fund (PGF) Account* – Program created to offer patrons at participating lower mainland casinos a viable option to transport money into the gaming facility. The program allows patrons to deposit funds into their accounts at the casino, which can then be withdrawn for gaming, re-deposited for subsequent play or returned to the patron.

*Table Drop Revenue* – Total revenue from table games.

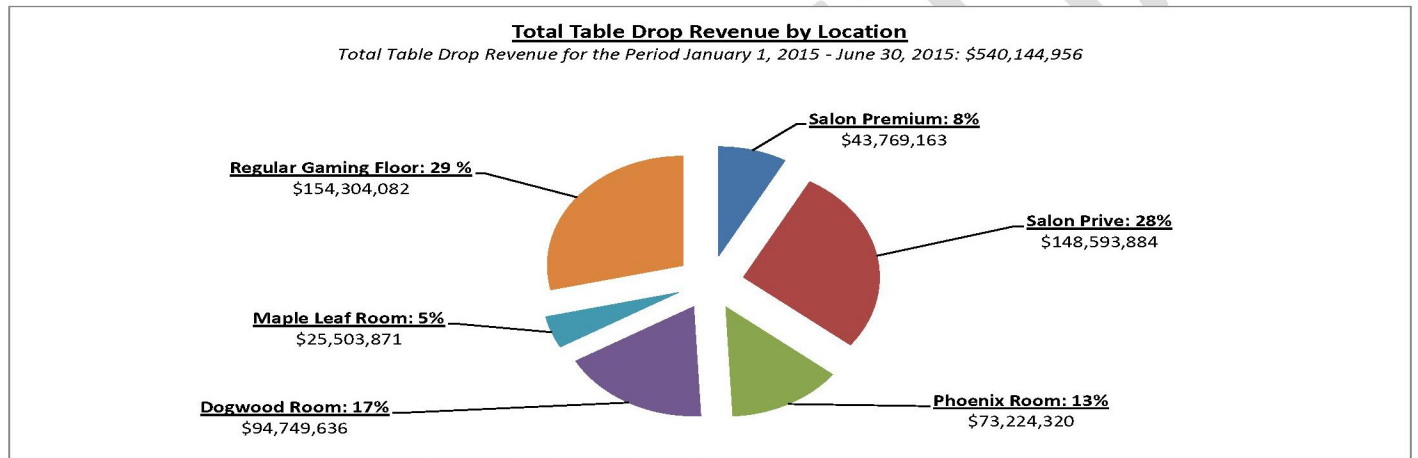
*Table Net Win Revenue* – Table revenue net of prizes paid.

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## PART 2: ANALYSIS OF TABLE DROP REVENUE

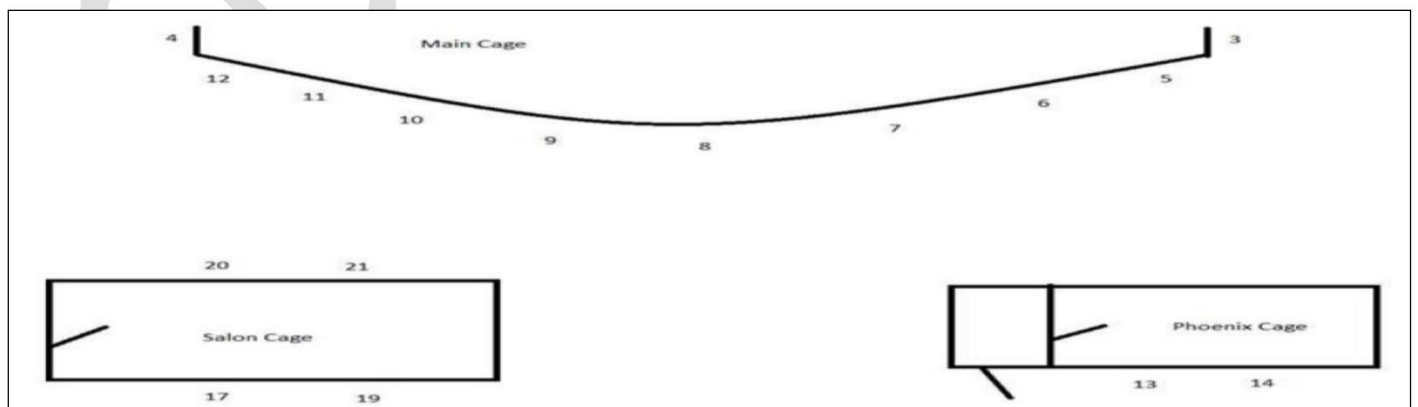
River Rock Casino has a total of 121 tables. The casino has five high limit rooms. The five high limit rooms consist of the Salon Privé (21 tables), Phoenix Room (18 tables), Salon Premium (10 tables), Dogwood Room (10 tables) and the Maple Leaf Room (six tables). The Salon Privé, Salon Premium and the Phoenix Room are VIP access high limit rooms. The Salon Premium opened in February 2015, and is the site’s newest VIP baccarat room and is the gaming area of choice for players who seek discretion and privacy.

For the period January 1, 2015 – June 30, 2015, the total table drop revenue at River Rock Casino was \$540,144,956, of which the table net win revenue was \$118,649,612. The chart below provides a breakdown of the total table drop revenue by location. As shown, 49% of the table drop revenue was from the casino’s three VIP high limit rooms (Salon Privé, Salon Premium, and Phoenix Room), 29% was from table games on the regular gaming floor, and 22% from the Dogwood and Maple Leaf high limit rooms.



## PART 3: ANALYSIS OF CASH BUY-INS CONDUCTED AT THE CAGE

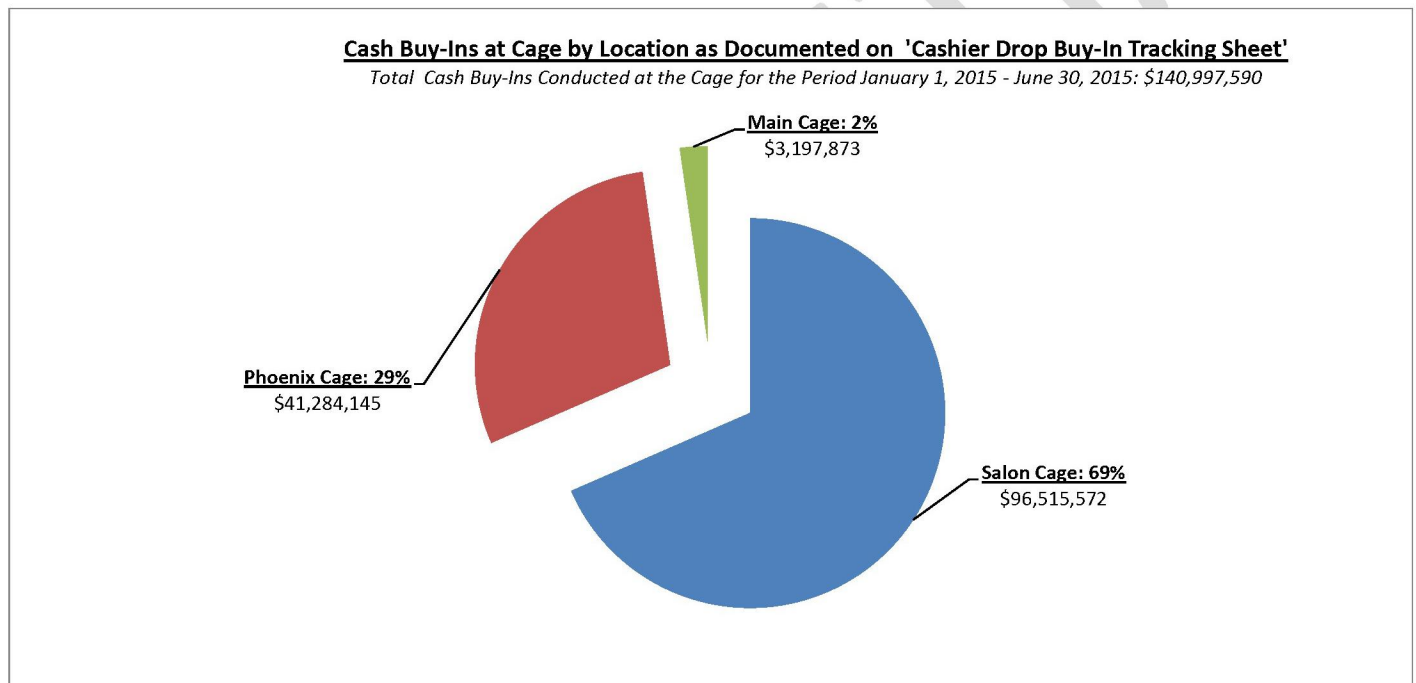
The cage is the focal point for majority of activities and transactions on the gaming floor. River Rock Casino has three cages, as shown in the diagram below. The main cage services all patrons playing on the regular gaming floor, Maple Leaf and Dogwood high limit rooms. The Salon and Phoenix cages service VIP patrons playing at the Salon Privé, Salon Premium and Phoenix Room.



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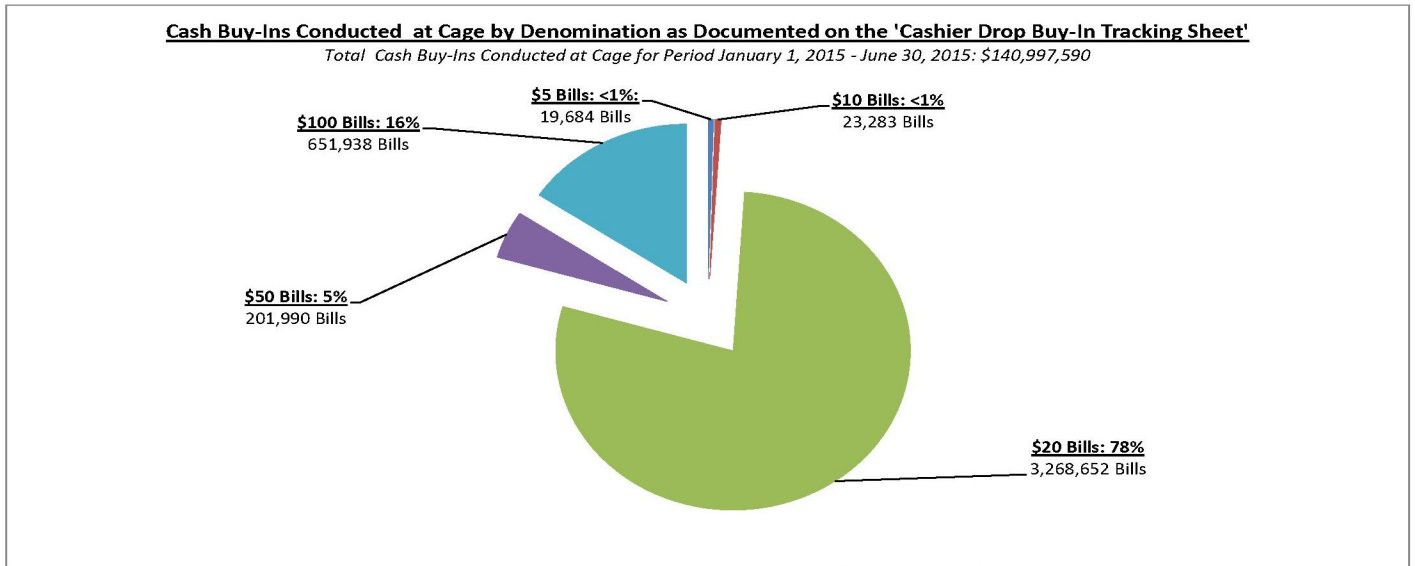
For table play, patrons may purchase chips directly at the table or at the cage. On the regular gaming floor, the cash buy-in is smaller and often occurs at the table. In the high limit rooms, the cash buy-ins are larger, and often occur at the cage, but may also occur at the table, dependant on the buy-in amount, and environment (i.e. empty table, little table action etc.). Cash buy-ins which occur at the cage, are for large dollar amounts, mixed denominations, or because the patron approached the cage to conduct the buy-in.

At River Rock Casino, cash buy-ins which occur at the cage, are documented manually on a 'Cashier Drop Buy-In Tracking Sheet.' The Cashier Drop Buy-In Tracking Sheets were reviewed for the period January 1, 2015 – June 30, 2015. During this period the total cash buy-ins conducted at the cages amounted to \$140,997,590, as shown below. As can be seen, 69% of the cash buy-ins occurred at the Salon cage, 29% at the Phoenix cage and the remaining 2% at the main cage. This indicates that majority of the patrons conducting cash-buys at the cage are playing at the Salon Privé, Salon Premium or Phoenix Room, which are the casino's three VIP high limit rooms.



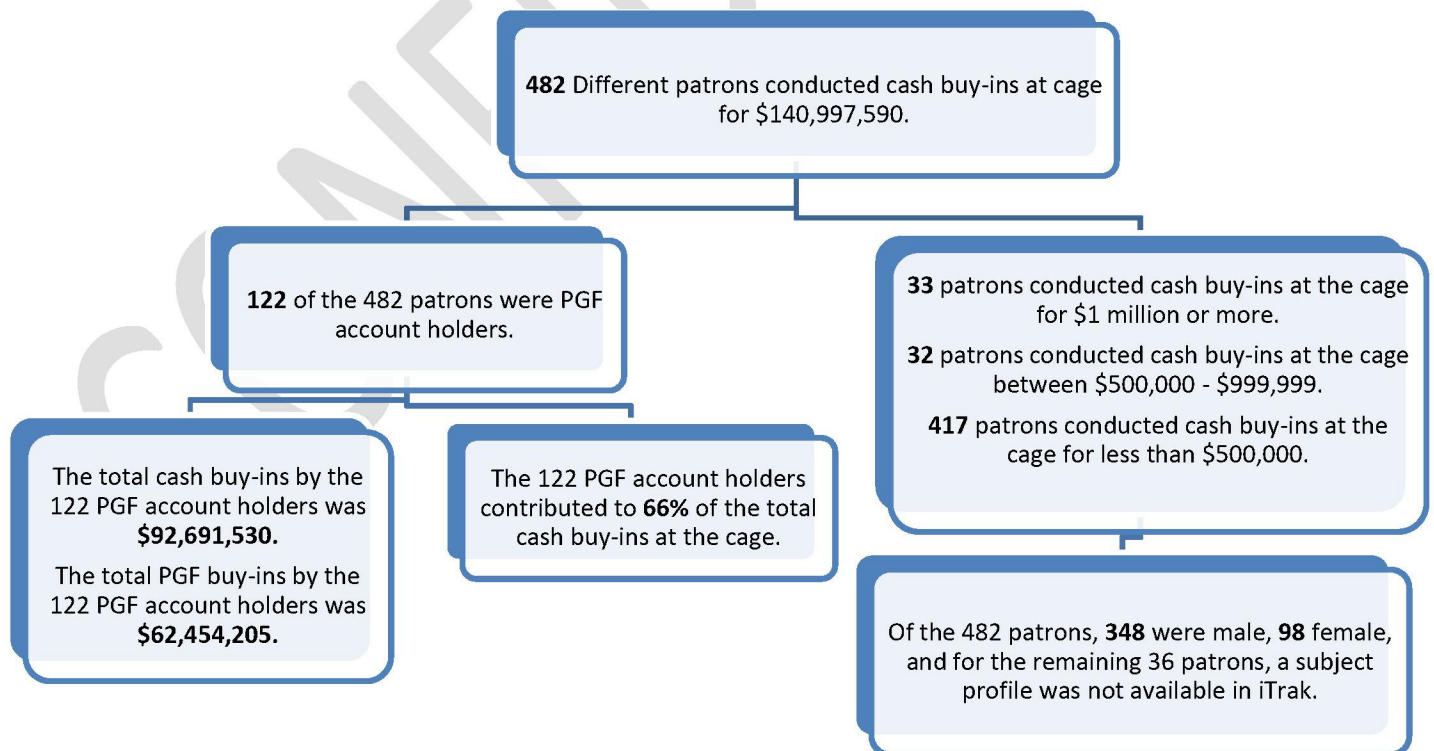
The following chart provides a detailed denomination breakdown of the cash buy-ins which occurred at the cage. As shown, 78% of the cash buy-ins at the cage occurred with \$20s, 16% with \$100s, and the remaining 6% with \$50s, \$10s and \$5s. Together with the previous chart, this indicates that majority of the cash buy-ins are conducted at the VIP cages and with small denomination bills, which corroborates the discussions we have had with cage managers and cashiers working in the Salon and Phoenix VIP cages.

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**PART 4: SNAPSHOT OF PATRONS CONDUCTING CASH BUY-INS AT THE CAGE**

A total of 482 different patrons conducted cash buy-ins at the cage for \$140,997,590, for the period January 1, 2015 – June 30, 2015. The chart below provides a snapshot of the 482 patrons that conducted the cash buy-ins. As shown, 66% of the cash buy-ins was conducted by PGF account holders, which indicates that many account holders are choosing to conduct buy-ins, with cash, outside of their PGF accounts. In addition, of the 482 patrons that conducted cash buy-ins at the cage, 33 conducted buy-ins totaling \$1 million or more.



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## Cash Buy-Ins at the Cage for the Top 33 Patrons

Of the total \$140,997,590 cash buy-ins conducted at the cage, 33 patrons conducted cash buy-ins totaling \$1 million or more. Together, the total cash buy-ins for these 33 patrons was \$83,555,215, which amounts to 59% of the total cash buy-ins conducted at the cage. The chart below provides a snapshot of the top 33 patrons conducting cash buy-ins at the cage. A detailed listing of patrons that conducted cash buy-ins at the cage of \$250,000 or more is provided in the appendix to this report.

### *Snapshot of Top 33 Patrons Conducting Cash Buy-Ins at the Cage*

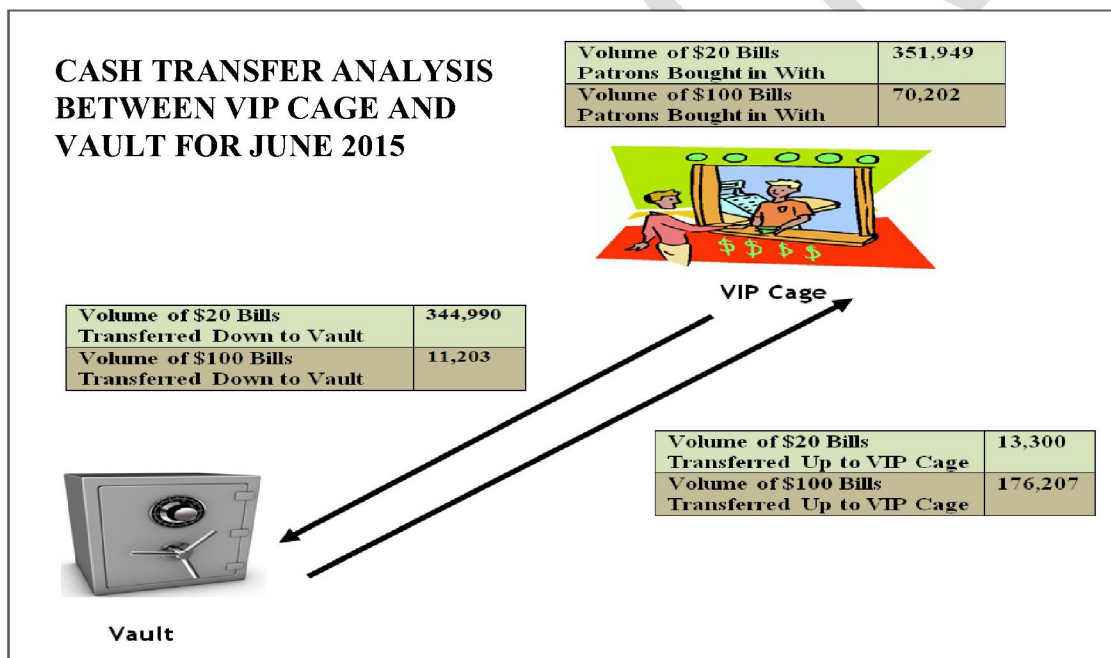


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## PART 5: CASH TRANSFERS BETWEEN THE VAULT AND VIP HIGH LIMIT CAGES

As part of our analysis of cash flows, we wanted to gain an understanding of the denomination of cash that patrons are buying in and cashing out with at the cage. This information would assist in evaluating the associated risk of refining (colouring up). With the data that is tracked by River Rock Casino, we were able to analyze the cash buy-ins conducted at the cage by denomination type, as detailed in part three. However, River Rock does not document the denomination of cash pay outs. To work around this restriction, we analyzed the daily transfers of cash between the two VIP high limit room cages (Salon and Phoenix) and the main vault. This analysis would indirectly show, which denomination patrons are likely paid out with.

The graphic below shows the total number of \$20s, and \$100s that patrons bought in with at the Salon and Phoenix VIP cages for the month of June 2015. Only the month of June was analyzed due to changes in the tracking process of cash transfers at River Rock Casino. The analysis for the month of June shows that the majority of \$20s that patrons bought in with were transferred down to the vault; while majority of the \$100s that patrons bought in with were retained by the cage. We then analyzed the volume of \$20s and \$100s that were brought up from the vault to the VIP cages. As can be seen, the high limit cages are primarily requesting \$100s from the vault, as opposed to \$20s. This in part shows that River Rock is likely requesting the \$100s to pay out patrons.



Our analysis of the cash transfers between the VIP cages and the vault is corroborated through discussions with cage management and cashiers working at River Rock. Site personal indicated that the majority of the \$20s that come in from cash buy-ins at the cage are sent to the vault, and \$100s are then requested from the vault to pay out patrons. River Rock will pay-out patrons with large denomination bills, if the site deems that the patron had reasonable play or reasonable net gaming losses.

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## PART 6: CLOSING COMMENTS

The denomination of currency used to conduct cash buy-ins at the cage, is of concern. Cash buy-ins were mainly with smaller denomination bills, specifically \$20s, and primarily occurred at the Salon and Phoenix cages, which service patrons playing in the VIP high limit rooms. Many of River Rock's PGF account holders chose to conduct buy-ins with cash, outside of their PGF accounts. This indicates that although the site is encouraging patrons in the high limit rooms to open PGF accounts, getting them to use their accounts more frequently is a challenge. Our analysis, corroborated through discussions with cage personal working at River Rock, showed that the site does not pay out patrons in the same denomination of bills that they bought in with. Their practice is subject to discretion, particularly if the patron had reasonable play or reasonable net gaming losses. Our analysis also shows that BCLC is aware of the patrons that most often conduct cash buy-ins at the cage, as most are on BCLC's "watched" status, and many have been issued directives, which state that the patron is not permitted to buy-in with "un-sourced" cash.

## APPENDIX: DETAILED LIST OF CASH BUY-INS CONDUCTED AT CAGE

The table below provides the total cash buy-ins of \$250,000 or more, conducted at River Rock Casino cages, by patron, in ascending order (most cash buy-ins to least) for the period January 1, 2015 – June 30, 2015.

Rank	Patron Name	Sex (M/F)	Subject ID	Occupation	Company Name	Total Cash Buy-In at Cage January 1, 2015 - June 30, 2015
1	[REDACTED]	M	130874	Trading Company Owner	Sheng Yang Tai Ying Food Industry	\$7,971,710
2	GAO, Jia Gui	M	142378	Real Estate Development President	Nanjing Laxingna Development Ltd.	\$6,277,680
3	[REDACTED]	M	74341	Petroleum Company Owner	Shi You Corporation Ltd.	\$4,508,565
4	[REDACTED]	M	99395	Realtor	Rong Tian Group	\$4,392,200
5	[REDACTED]	M	100893	Property Developer	Gold Bay Construction Group	\$4,320,240
6	[REDACTED]	M	25566	Import/Export Paper Material	Fu Lin Enterprise	\$3,974,250
7	[REDACTED]	M	109940	Import/Export Logistics	Fortune Transportation	\$3,635,085
8	[REDACTED]	M	111325	Trading Company Owner	Heng Wei Co.	\$2,751,800
9	[REDACTED]	M	90767	Steel Company Owner	Bo Hua Industry Company	\$2,743,390
10	[REDACTED]	M	20497	Winery Owner		\$2,706,020
11	[REDACTED]	M	10241	Telecom Company Owner	Nanjy Telecommunications Company	\$2,594,200
12	SHA, Li Lin	M	22868	Coal Mine Owner	Yi Li Mining Co	\$2,506,990



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13	[REDACTED]	M	43366	Construction Company Owner	Harbin Construction Company	\$2,502,940
14	XU, [REDACTED]	M	115965	Restaurant Manager		\$2,443,960
15	[REDACTED]	M	88248	Real Estate Company Owner	Han Jiang Industries	\$2,430,150
16	[REDACTED]	M	14033	Real Estate Company Owner	Dong Sheng Real Estate Company	\$2,366,880
17	[REDACTED]	M	25239	Property Developer	Jiangsu You Li Construction Company	\$2,028,220
18	[REDACTED]	M	107757	Construction Company (CEO)	China Heng Jing Chun Construction	\$2,000,025
19	[REDACTED]	M	95916	Real Estate Manager	Beijing Real Estate Company	\$1,906,950
20	CAO, Binshun	M	11435	Hotel Owner	Black Swan	\$1,904,000
21	[REDACTED]	M	121068	Vice President Pharmaceutical Company		\$1,759,840
22	[REDACTED]	F	71083	House Wife		\$1,654,010
23	[REDACTED]	F	144809	House Wife		\$1,579,670
24	[REDACTED]	F	115177	Manager Medical Company	Beijing Chang Cheng Pharmaceutical	\$1,578,130
25	[REDACTED]	M	10226	Real Estate Manager	Kai Yang Corp.	\$1,439,910
26	[REDACTED]	M	100474	Manager Construction Material Sales		\$1,364,000
27	[REDACTED]	M	114152	Manager Energy Company	Hui Feng Energy Corp.	\$1,320,000
28	[REDACTED]	M	26564	Financial Investor	Shang Hai Shang Dao Investment Company / China	\$1,254,040
29	[REDACTED]	M	58336	Physician	Yi Kang Nutrition Inc. (China)	\$1,210,520
30	CHEN, [REDACTED]	M	88040	Shoe Factory Owner	Fushida Shoes and Plastics Co Ltd.	\$1,185,755
31	[REDACTED]	M	10128	Winery Import/Export	Lulu Ice Wine Co.	\$1,184,085
32	[REDACTED]	M	663	Real Estate Board Chairman		\$1,060,000
33	[REDACTED]	M	40443	Hotel Owner	Golden Phoenix (Hong Kong)	\$1,000,000
34	XU, [REDACTED]	M	107059	Clothing Importer/Exporter	Canadian Global Trading Co.	\$993,060
35	[REDACTED]	M	30853	Construction Company Owner	C.I. Construction Company	\$948,600
36	[REDACTED]	M	77247	Farmer/Rancher	Lawrence Farm in Chilliwack	\$926,450
37	[REDACTED]	M	165503	Company Manager	Data Group Inc.	\$880,100

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38		M	175028	Mining Company Owner		\$875,060
39		F	131623	House Wife		\$868,160
40		M	83756	Flower Shop Owner	Fu Zhou Floral and Bird Market	\$853,000
41		M	36465	General Manager	Haicheng Haifang Textile Co.Ltd.	\$835,750
42		F	11822	Construction Company Owner	Sumitono Car Rental Ltd.	\$823,630
43		M	86709	Restaurant Owner	Zhing Hong Restaurant	\$807,120
44		M	124162	Real Estate Investor		\$805,900
45	XU, [REDACTED]	F	141503	House Wife		\$770,745
46	[REDACTED]	M	170270	Electrical Engineer	IEM	\$767,020
47	[REDACTED]	M	133281	Construction Travel Agent	Wan Ke Real Estate Company	\$766,050
48	[REDACTED]	M	10455	Restaurant Owner	Peaceful Restaurant	\$751,040
49	[REDACTED]	M	75408	Truck Driver	Pahl Trucking	\$710,430
50	[REDACTED]	M	31644	Land Development Company Owner	Ray Fung Construction	\$675,110
51	[REDACTED]	M	42924	Construction Company Owner	Meijing Construction	\$668,040
52	[REDACTED]	M	43209	Stock Trader	Zhen Jiang Industrial Co. Ltd.	\$660,010
53	[REDACTED]	M	165304	Exporting Manager - Sewing Company		\$659,990
54	[REDACTED]	M	107764	Stock Trading Company Manager		\$650,050
55	[REDACTED]	M	174570	Investment Company Owner	Laide Investment Co.	\$618,815
56	[REDACTED]	M	67404	Real Estate Developer		\$614,960
57	[REDACTED]	M	90440	Real Estate Agent		\$596,940
58	LIU, Chang Hu	M	24307	Mining Company Owner		\$570,000
59	[REDACTED]	M	10248	Sales Manager	Chang Le Car Co.	\$557,580
60	[REDACTED]	M	131920	Auto Sales Manager		\$550,550
61	[REDACTED]	M	140770	Construction Company Owner	Shanghai Construction	\$530,060
62	[REDACTED]	M	141909	Mining Company Owner	Sha Bei Luo Mining	\$530,020

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63		M	57040	Stock Investor		\$524,180
64		M	124914	Clothing Store Owner	Night Market Vendor Stand	\$504,000
65		M	110107	Realtor		\$500,000
66		M	102258	Import/Export Agent	Cowry Cabinets	\$460,000
67		F	67255	House Wife		\$453,740
68	LO, Tsui Hua (Amy Lo)	F	9921	House Wife		\$450,400
69		M	110647	Construction Home Builder	Jianze Construction Company	\$440,000
70		M	21822	Import Export Company Owner	Hua Shun Xin Ltd.	\$440,000
71		M	12611	Manager Transportation Company	Beijing Yu Yang Group Corp.	\$430,090
72		F	10841	House Wife		\$428,400
73		M	25148	Oil Company Owner	Peijing Yin Di Company	\$425,980
74		M	28212	Real Estate Agent		\$420,000
75		F	32654	House Wife		\$419,020
76	XU,	M	84950	Shoe Factory Owner	Shen Yan Bing Wei Shoe Store	\$415,830
77		M	52499	Real Estate President		\$414,980
78		M	30304	Real Estate Developer		\$410,050
79		M	13222	Restaurant Owner	Dragon King Restaurant	\$402,020
80	RONG, Jian Qiu	F	16985	House Wife		\$387,780
81		M	120576	Clothing Manufacturer	Light Sea Construction Investment	\$376,060
82		M	47784	Trading Company Owner	Long Champ Trade Co.	\$370,050
83		M	19384	Longshoreman		\$350,000
84		M	56671	Real Estate Company Owner	Heng Yu	\$348,060
85		M	139536	Real Estate Investor	He Nan Xin Xiang Advertisement Ltd.	\$347,070
86		M	11495	Building and Selling Houses		\$344,040
87		M	161500	Construction Company President	Hua Fei Construction Group	\$334,700

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88		M	129352	Construction Company Owner		\$331,620
89		F	93226	Import/Export Company	Han Lee International	\$330,050
90		M	140113	Automotive Service Provider	Hua Xing Simon Auto sales Ltd.	\$328,050
91		M	103060	Real Estate Investor	Zhong Hua Fu Development Ltd.	\$325,000
92		M	64240	Real Estate Manager		\$317,500
93		M	11065	Insulation Installer	GC Insulation Inc.	\$311,600
94		M	170278	Executive Assistant	Viceroy Investment Group	\$307,000
95		M	118300	Real Estate Company Manager	Jia Hong Developments Corp.	\$290,040
96		F	141493	House Wife		\$288,900
97	CHEN, [REDACTED]	M	85608	Construction Company Owner	Feng Feng Construction Co.	\$283,140
98	[REDACTED]	M	174914	Manufacture Electronics (CEO)	Dalian Pacific Electronics Co. Ltd.	\$280,000
99	XU, [REDACTED]	F	147935	Office Clerk	Dongsheng Investment Holding Ltd.	\$280,000
100	[REDACTED]	M	111273	Real Estate Company Owner	Dan Long Real Estate and Development Ltd.	\$280,000
101		M	16445	Chef	Tsikiji Japanese Restaurant	\$279,940
102		M	98922	Construction Developer		\$279,700
103		M	71311	Real Estate Developer	Xintai Real Estate Development Ltd.	\$273,580
104		M	86158	Clothing Manufacturer		\$270,000
105		M	66318	Construction Home Builder	Long Mei Realty Co.	\$265,000
106		M	112727	Hotel Manager	Jun Guan Hotel	\$256,640
<b>Total Cash Buy-Ins at Cage of \$250,000 or More</b>						<b>\$120,793,665</b>