



UNCLASSIFIED FOR OFFICIAL USE ONLY

Current Intelligence Report (CIR 16-005)

Gaming Policy Enforcement Branch - Intelligence Unit

08 November 2016

October 2016 - Chip/Cash Passing in Lower Mainland Casinos

The following report is prepared with information provided by the casino service providers and BCLC. This information has not been audited by GPEB.

GPEB's intention is to provide an awareness of trends within Lower Mainland casinos as they pertain to facilitation of cash and/or chips to patrons.

Please consider this report in conjunction with the CIR 16-004 Cash Trends in LMD Casinos as many buy-ins result in immediate chip passes and many cash passes result in immediate buy-ins.

Trends

Note: Unsourced cash within this document may be defined as cash presented without documentation from an accredited financial institution or traced to previous gaming activity.

The BCLC initiative to issue Source of Funds (SOF) Directives on patrons with a history of suspicious activity is resulting in *sanctioned*¹ patrons using *unsanctioned* players to conduct their play. Typically an unsanctioned patron will buy in and play at the direction of the sanctioned patron with no objection by the Table Games Staff. If the activity is obvious enough to be caught, action is taken to discontinue the activity and chip/cash pass policies engaged.

This activity is compounded when the sanctioned patron receives chips from another patron(s). The sanctioned patron is allowed to use the chips to play until a review has been completed to confirm the pass in order to declare the chips as 'unsourced'. It is critical to note that the delay often allows the chips to be gambled away prior to any approach by casino staff. In essence the casino gains from the patron's loss; and, this gain was made with unsourced funds (chips and/or cash).

In some cases the Casino Staff may not be aware of the SOF sanctions and subsequently allow smaller table buy-ins (under \$10,000). This allows the possibility for the Casino Staff to ignore the sanctions until a patron crosses the LCT reporting threshold.

GPEB Intel Analyst Note: *Casino Staff's lack of awareness and indiscretion has facilitated these illicit activities resulting in a large sum of unsourced cash being accepted into casinos in the LMD.*

¹ Sanctioned players are restricted from buying into a casino due to a history of using unsourced cash.

UNCLASSIFIED FOR OFFICIAL USE ONLY

Patron Activities

- There were approximately 70 chip/cash pass incidents recorded during the month of October in the Lower Mainland Casinos.
- There were 18 patrons who conducted multiple chip passes. (17 of whom passed with more than one patron)
- There were at least 20 incidents where one or both patrons involved were under the BCLC SOF Directive.
- Patrons under Directive were involved in multiple chip passes with multiple patrons including incidents that appear consistent with facilitating.
- There were numerous incidents where a patron played at the direction of a patron under Directive.

GPEB Intel Analyst Note: *Patron activities indicate a deliberate intent to undermine AML safeguards and present a viable threat to the integrity of gaming in BC Casinos.*

Cash Facilitation

- There were 18 incidents where it was concluded an exchange occurred in the washroom.
- At least 4 of the above washroom 'passes' were conducted after a patron arrived at the casino (cash delivery).
- One patron involved in a chip pass incident this month bought in and passed chips under the table to a sanctioned player who had exhausted his bankroll. She has an extensive history in Lower Mainland Casinos and has long been suspected of cash and chip facilitation. The patron was Provincially Prohibited by BCLC for inappropriate transfer of cash and chips. She was previously Provincially Prohibited in 2007 one year for the same reason and has been active in casinos during and after her initial Prohibition.

Conclusion

BCLC has made efforts to address the unsourced cash phenomenon occurring within Lower Mainland casinos; however, the effectiveness of these measures has not resulted in the very serious issue concerning ongoing use of unsourced cash at the time of transaction.

The unsourced cash directives are causing patrons without sourced funds to use other patrons to buy in and play at their direction and /or buy in and pass the cash/chips.

GPEB Intel Analyst Note: *This circumvention of the AML safeguards is being conducted by patrons with associations to known criminal entities who have the intent to undermine the policies and protocols BCLC is currently employing.*

BCLC Investigators are aware of this trend. They advise that the BCLC strategy is one of progressive reaction with patron prohibition a potential result if continually repeated.

GPEB Compliance Investigators are of the opinion that the number of prohibitions being issued by BCLC to these patrons does not reflect the degree of abuse of the BCLC SOF Directive that is occurring.