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## Current Intelligence Report (CIR 17-004)

*Gaming Policy Enforcement Branch - Intelligence Unit*

17 March 2017

### February 2017 - Cash trends in Lower Mainland Casinos

The following report is prepared with information provided by Lower Mainland (LMD) casino service providers. This information has not been audited by GPEB.

This information is not intended to be absolutely accurate with regard to dollar amounts that match amounts reported to FINTRAC as those reports are prepared by BCLC. **This report is intended to provide an understanding of trends within Lower Mainland (LMD) casinos relating to suspicious cash transactions as well as the facilitation of cash and/or chips to patrons**

**Please note:** *As was previous practise BCLC has not provided the BCLC Investigator's Narrative portion of the STR for the month of February and as a result some cash buy-ins will not be captured by GPEB. However, GPEB is currently working with BCLC on an information sharing protocol should alleviate this issue.*

### Trends

The amount of unsourced cash accepted at Lower Mainland casinos in February has increased significantly from the month of January. In January, there was approximately \$4,154,870.00 in buy-ins while the February amount was approximately \$6,246,585.00, a 33.5% increase, with \$2,963,800.00, or 47.4%, of the cash consisting of \$20.00 bills.

This is the third consecutive month with an increase in unsourced cash in Lower Mainland casinos after several months where the amount of unsourced cash had been reduced.

There was an increase in individual transactions from 140 in January to 159 in February. The trend of transactions with a lower dollar amount also changed with a noted increase in transactions in the \$100,000 range.

*Unsourced cash within this document may be defined as cash presented without documentation from an accredited financial institution, or cash that cannot be traced to previous gaming activity.*

There were eight incidents reported at Lower Mainland casinos where service providers refused to accept large cash buy-ins. Three of these incidents involved a cash delivery to patrons, two were denied transactions involving the service providers responding to BCLC "source of funds" directives, one was as result of failing to provide proper identification, and two failed to source the money they were presenting.

The BCLC initiative to issue Source of Funds (SOF) restrictions on patrons with a history of suspicious activity is continuing to result in sanctioned patrons using unsanctioned players to conduct their play. This is being recognized and reported by Surveillance personnel.

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.

Report provided by: Investigator Laurin Stenerson

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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 SOF sanctioning that is occurring.

A review of PGF activity was not conducted by the Compliance Division for the month of February however BCLC is reporting a continuing increase in play through PGF accounts.

Chip/cash passing activities conducted to facilitate play also appeared to be higher this month. This may be due to a variety of factors including the Chinese New Year celebration. As a reminder, chip and cash passing is against BCLC policy and often occurs in a covert manner usually in a washroom or under the gaming table.

### Patron Activities

The following are observations of Patron Activities:

- There were 159 separate suspicious cash transactions captured during the month of February, 26 of these involved chip or cash passes;
- There were 26 patrons who conducted multiple {between 2 and 9} suspicious cash transactions over \$10,000.
- The single largest cash buy-in was for \$199,980.00 (all \$20.00) at the Edgewater Casino.
- Although incidents have been reduced, there are still incidents reported in which patrons have been identified by the service provider as facilitating the play of other patrons who were under BCLC Directive regarding SOF.
- There were 8 transactions that were refused by service providers at Lower Mainland casinos. Three because of what appeared to be cash delivery, one for failure to produce identification, two in response to BCLC SOF Directive and two for un sourced funds.
- There were no incidents identified in which various patrons conducted suspicious cash transactions and then did not place the buy-in money at risk and they subsequently left the casino with the chips;

### Cash Facilitation

The following are observations of Cash Facilitation:

- There were approximately 26 suspicious chip/cash pass incidents captured during the month of February in Lower Mainland Casinos.
- There were 15 incidents in which patrons appeared to have had funds delivered to the casino(s) for the purpose of gaming.
- On 4 of these occasions the service provider refused to complete the transaction.

### Conclusions

During the review of data received for the month of February 2017 the following conclusions were derived:

- The number of suspicious cash transactions during the month of February increased to 159. This is significant as this is the third consecutive month in which un sourced cash amounts have increased after several months of reduced amounts of this cash.
- The total dollar amount of suspicious cash transactions increased by \$2,091,715 from the month of January.

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- Of note, a portion of this increase may be attributed to Chinese New Year's.
- The Edgewater Casino experienced a significant increase (\$1,487,760) in cash transactions from January.
- The use of cash has been reduced since reaching a peak in July of 2015. However significant amounts of unsourced cash are continuing to be accepted in LMD casinos.
- The use of PGF accounts continues to facilitate gaming activity and is replacing the usage of cash to a significant degree.
- There does not appear to be adequate controls (in terms of Client Due Diligence and Know Your Customer) regarding the source of the funds that are currently being deposited into PGF accounts.
- BCLC has made efforts to address the unsourced cash phenomenon occurring within LMD casinos however, the effectiveness of these measures has not resulted in the problem of source of cash being verified at the time of transaction being brought under control.<sup>1</sup>
- The source of funds questionnaire created by BCLC for Service Provider staff is not adequate to determine the origin of cash presented nor the manner in which it was obtained. There is not an effort on the part of the service providers to try to verify or clarify the information within the source of funds questionnaire.

<i>Venue</i>	<i>Total Amount of \$20.00 bills within transaction</i>	<i>Total amount of transaction</i>
Hard Rock	122,980.00	172,480.00
Elements	14,000.00	14,000.00
Edgewater	1,193,540.00	2,348,365.00
Grand Villa	106,440.00	179,540.00
River Rock	1,291,320.00	3,177,330.00
Starlight	235,520.00	368,870.00
<b>Total</b>	<b>2,949,800.00</b>	<b>6,246,585.00</b>

**Intelligence Analyst's Note:**

Based on corroboration of GPEB Intelligence with Law Enforcement (LE) it is assessed that entities conducting unsourced cash buy-ins are identified as associated to known criminals whose activity is directly related to organized crime and proceeds of crime. Unsourced cash increasing over the holiday season indicates that the safeguards being employed to mitigate the threat to the integrity of gaming in BC casinos are not being employed to the gaming industry standard identified in other jurisdictions. While the overall dollar amount has decreased, in the early stages, we now see an upward trend with regards to unsourced cash being brought into the casinos. This clearly identifies that the issue persists and is assessed to present a viable threat to public safety and the integrity of gaming.

<sup>1</sup> These statistics have been gleaned from GPEB data as received from the service providers.