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Current Intelligence Report (CIR 17-006)

Gaming Policy Enforcement Branch - Intelligence Unit

05 May 2017

April 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 LMD casinos relating to suspicious cash transactions as well as the facilitation of cash and/or chips to patrons**

Trends

The amount of un sourced cash accepted at LMD casinos in April continues to significantly drop from previous months. This trend began to emerge after Chinese New Year's.

There was also a decrease in individual transactions from 144 in March to 125 in April. The trend of transactions with a lower dollar (under \$20,000) amount continues.

During the month of April 6 patrons defined their occupation as students currently attending University. Total value of transactions conducted by these individuals was \$155,880. Of interest, the average buy in was \$10,000.00.

Un sourced 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 six incidents reported at LMD casinos where service providers refused to accept large cash buy-ins. Four of these incidents involved a cash delivery to patrons 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.

A review of PGF activity was not conducted by the Compliance Division for the month of April.

Patron Activities

The following are observations of Patron Activities:

- There were 125 separate Suspicious Cash Transactions (SCTs) captured during the month of April, 20 of these involved chip or cash passes;

Report provided by: Investigator Laurin Stenerson

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- There were 23 patrons who conducted multiple (between 2 and 4) SCTs over \$10,000;
- The single largest cash buy-in was for \$200,000 at the Edgewater;
 - Of note, there were also two other significant buy-ins (two different patrons) of \$158,370 and \$100,000 respectively; and
- There were 10 transactions that were refused by service providers at LMD casinos for attempting to buy in with unsourced funds.

Cash Facilitation

The following are observations of Cash Facilitation:

- There were approximately 7 suspicious chip pass incidents captured during the month of April in LMD Casinos; and 12 incidents involving cash passing/ delivery.

Conclusions

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

- The number of SCTs decreased, from 144 in March to 125 in April, with a total dollar amount of SCTs decreasing by \$640,960 from March;
- The Hard Rock, Starlight, and Cascades casinos experienced significant decreases (\$689,420 total) in cash transactions in April;
- 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;
- PGF accounts continue to facilitate gaming activity and are replacing the use of cash to a significant degree;
- The use of PGF accounts is trending upwards which raises concerns over the adequacy of controls (in terms of Client Due Diligence and Know Your Customer) regarding the SOF that are currently being deposited into PGF accounts;
- BCLC has made efforts to address the unsourced cash phenomenon occurring within LMD casinos, the effectiveness of these measures has resulted in a downward trend in unsourced cash, however the issue still persists;¹ and
- The SOF 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.

<i>Venue</i>	<i>Total Amount of \$20.00 bills within transaction</i>	<i>Total amount of transaction</i>
Elements		0
Hard Rock		32,000.00
Cascades	3580.00	3580.00
Edgewater	364,940.00	1,332,100.00
Grand Villa	67,000.00	106,000.00
River Rock	726,620.00	1,454,630.00
Starlight	10,000.00	53,000.00
Total	1,172,140.00	2,981,310.00

Intelligence Analyst’s Note:

A trend of decreasing unsourced cash and increasing PGF account use corresponds to a general change in protocol for patrons associated to or identified by LE as connected to organized crime. The same patrons with multiple Suspicious

¹ Statistical information derived from GPEB data as received from approved service providers.

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Currency Transactions (STRs) for bringing high volume and large amounts of unsourced cash to casinos are also the patrons with largest volume by amount of PGF activity. Illicit means of obtaining bank drafts, as most bank drafts do not identify the patron as the owner of the account where the bank draft is drawn, are being deposited by patrons in their PGF accounts. Based on LE intelligence reporting, it is assessed that illicit funds are used to purchase bank drafts from Money Service Businesses (MSBs) for a fee; or nominees are paid to deposit funds into an account and an associate or third party accesses a designated bank account to withdraw a bank draft from a recognized financial institution.

While the reduction in unsourced cash entering casinos is positive, the exploitation of PGF accounts through the use of alternative remittance (illicitly obtained bank drafts) is defeating the attempts at applying safeguard controls by BCLC and Service Providers. The issue persists further in that there is no reporting of these funds coming into patron PGF accounts at casinos (which each have a different method of managing and tracking) to the regulator (GPEB) or LE.