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Gaming Policy Enforcement Branch - Intelligence Unit

Current Intelligence Report (CIR 17-009) August - September 2017



(U) Introduction

(U) The following report is prepared with information provided by Lower Mainland (LMD) casino Service Providers (SPs); namely the seven casinos operating in the area. The information collected comes directly from the casinos in raw format and has not been audited by GPEB for accuracy. With that said, the intention of GPEB Intel is to use this information to provide a snapshot of the current situation based on SP reporting. Please be advised that the objective of this document is one of awareness. The information is not to be scrutinized as evidence and is not guaranteed to be completely accurate (See Appendix 1 Intelligence Concepts for details). The analysis and assessment of the information - the Intelligence – is meant to provide timely insight into the activity in casinos as it relates to Suspicious Cash Transactions (SCTs).

(U) Dollar amounts presented herein will likely not match figures reported to FINTRAC. The reason for this discrepancy is that Suspicious Transaction Reports (STRs) are prepared by BCLC which do not always match the SCTs reported to GPEB by the SP. This report identifies trends within LMD casinos relating to SCT activity as well as the facilitation of cash and/or chips to patrons.

(U) Trends

August

(UFOUO¹) Compared to July figures the amount of \$20 bills used for buy-ins is down as are the total bills which saw July figures of \$5,467,940 drop to August figures of \$4,887,250. The percentage of \$20 bill buy-ins amounted to almost half of all the buy-ins for August. Total August buy-ins with \$20-dollar bills was \$2,032,240 of the total for all bills of \$4,874,450. (See charts below)

Files where elastic bands are used at the time of buy-in continue to be reported. Of the files reported by the SP in August 89 of 149 noted \$20 bills wrapped in elastic bands. This number is gaining more accuracy as investigators inquire about each report where the currency used is \$20 bills. (Source: JIGIT-GPEB)

(UFOUO) During the reporting period there were 8 files with 4 different patrons identified as students. It is worth noting that in July and August many students return home for the summer break. Additionally, one student attended three different casinos with a buy-in history that includes 83 Large Cash Transactions (LCTs). (Source: JIGIT-GPEB)

(UFOUO) There were 7 incidents where several patrons visit the hotel side of the casino, prior to entering, to conduct a buy-in. The patrons are followed by a group of associates on the way to the salon carrying paper bags containing cash; all seven incidents occurred outside of banking hours. No further information provided. (Source: JIGIT-GPEB)

¹ **UFOUO Defined:** Information that is unclassified but which the government does not believe should be subject to Freedom of Information Act requests is often classified as U//FOUO—"Unclassified—For Official Use Only". UFOUO was originally an American security classification that was adopted by the Five Eyes (FVEY) Intelligence Community - Canada, Australia, Great Britain, New Zealand, United States. (CAN/AUS/GBR/NZL/USA).

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(UFOUO) There were 3 incidents of cash buy-ins where the patrons use their Player Gaming Fund (PGF) accounts to supplement the cash buy-in. These patron's PGF accounts showed a substantial amount of cash being used to supplement buy-ins. JIGIT believes PGF accounts should be explored further to better understand this phenomenon. **Please note that PGF accounts are not mentioned with any regularity in SP reporting. (Source: JIGIT-GPEB)

September

(UFOUO) Total bills used for buy-ins in September were \$3,560,848 with \$1,330,220 of that in \$20 bills. This is a decrease, from the August total bills, of \$1,326,240. Less than half of the total bills were twenties. The reduction in cash buy-ins continues to trend significantly downward from July to August to September. (Source: JIGIT/GPEB AML Spreadsheet)

(UFOUO) **GPEB INTEL Comment:** Without receiving any reporting on PGF activity/buy-ins, GPEB is unable to assess whether there is a reduction in overall buy-ins. In the last audit conducted on PGF it was observed that a large number of the top patrons that were sanctioned for unsourced cash moved their action over to PGF accounts. The result of this change is that GPEB does not receive reporting on PGF activity. This degradation in GPEB's capability to monitor patron activity limits the oversight and analysis that is required to maintain situational awareness of suspicious activity and patrons known to be connected to criminal entities.

(UFOUO) SP reporting indicates that 77 of 107 Unusual Financial Transaction (UFT) reports contained buy-ins conducted using elastic bands to bundle cash. There were 22 passes of chips and/or cash in September for approximately \$207,000, and there were 5 cash buy-ins denied by SPs.

Significant Activities

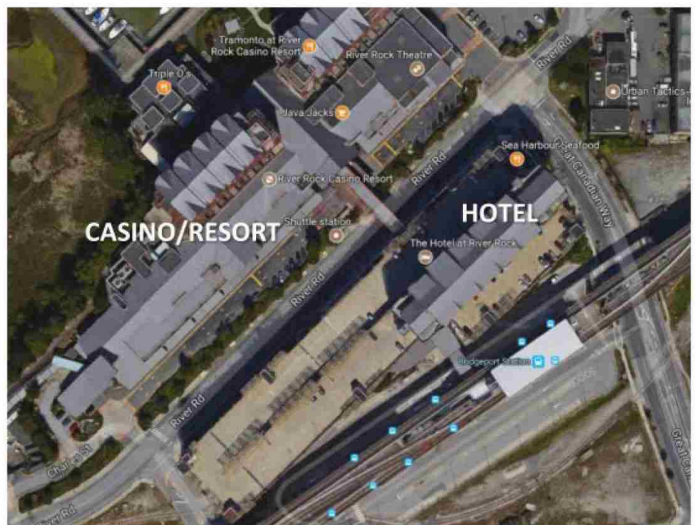
(UFOUO) There was a large third-party buy-in this month where a brand new patron walked in with \$200,000 in \$100 bills and waited to receive chips. Once the chips were delivered the patron left the casino without any play. This incident is being investigated for regulatory infractions as the RRCR ~~VIP Director~~ came in on her day off to facilitate this transaction. Moreover the buy-in was made on behalf of a banned patron, who, according to the VIP Director, was using his assistant to acquire the chips for 4 guests visiting from China. (JIGIT/GPEB)

(UFOUO) **GPEB INTEL Note:** This incident is highly suspect and the ongoing GPEB investigation into this matter is the first step in identifying the correlation of connections between SP staff, local patrons, foreign patrons and illicit activity.

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Key Observations

(UFOUO) SP reporting states that there are players attending the River Rock Casino Hotel and walking in to the East and West side towers of the hotel and going to various floors. After they go to a hotel room, the patrons are then observed buying-in with cash wrapped in elastic bands, some of which are Large Cash Transactions (LCTs).



ICOD: 25 October 2017

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(UFOUO) On 8 separate occasions, many patrons were dropped off as passengers from an SUV. This appears to be a service provided to the patrons, however, the connection to illicit activity remains unknown at this time. It is noteworthy that patrons were observed making calls on their cell phone in the smoking area or at a table and conduct a meet some distance away from the casino. These patrons are then observed being dropped off carrying sums of cash they use for buy ins. (JIGIT GPEB)

(UFOUO) SP reporting states that a casino employee has shown up on two occasions, at the Hard Rock and Elements respectively, where buy-ins were wrapped \$20 bills x 500 for a total of \$10,000. The funds were held together with an elastic band which is an indicator for proceeds of crime and cause for suspicion. (JIGIT GPEB)

(UFOUO) Reporting indicates that a patron conducted a buy-in for over \$112,000 in chips and when they lose the total amount they go to their vehicle for more cash and buys in for \$77,000. Soon after losing the \$77,000 the patron meets up with another patron and obtains an additional \$20,000. (JIGIT GPEB)

(UFOUO) During the month of September there was a buy-in of over \$227,000 using \$50 and \$100 dollar bills. Later the same day, casino surveillance was advised that the same patron was buying in for \$110,020 in \$20 dollar bills. This activity prompted an Unusual Financial Transaction (UFT) to be opened due to the large amount of small bills. This incident is being reviewed. (JIGIT GPEB)

(UFOUO) There is patron of interest to JIGIT and who is continually showing up with \$10,000 to \$20,000 all in \$20 bills bundled with elastics bands. This patron is being reviewed by JIGIT at this time. Another patron of interest is facilitating cash to other patrons in the tens of thousands of dollars. This patron will leave the casino to meet a contact and receive a cash delivery and then deliver the cash to the end user patron in the casino. (JIGIT GPEB)

(UFOUO) Eighteen students bought in this month with two students conducting buy-ins for \$30,000 all in \$20 bills. (JIGIT GPEB)

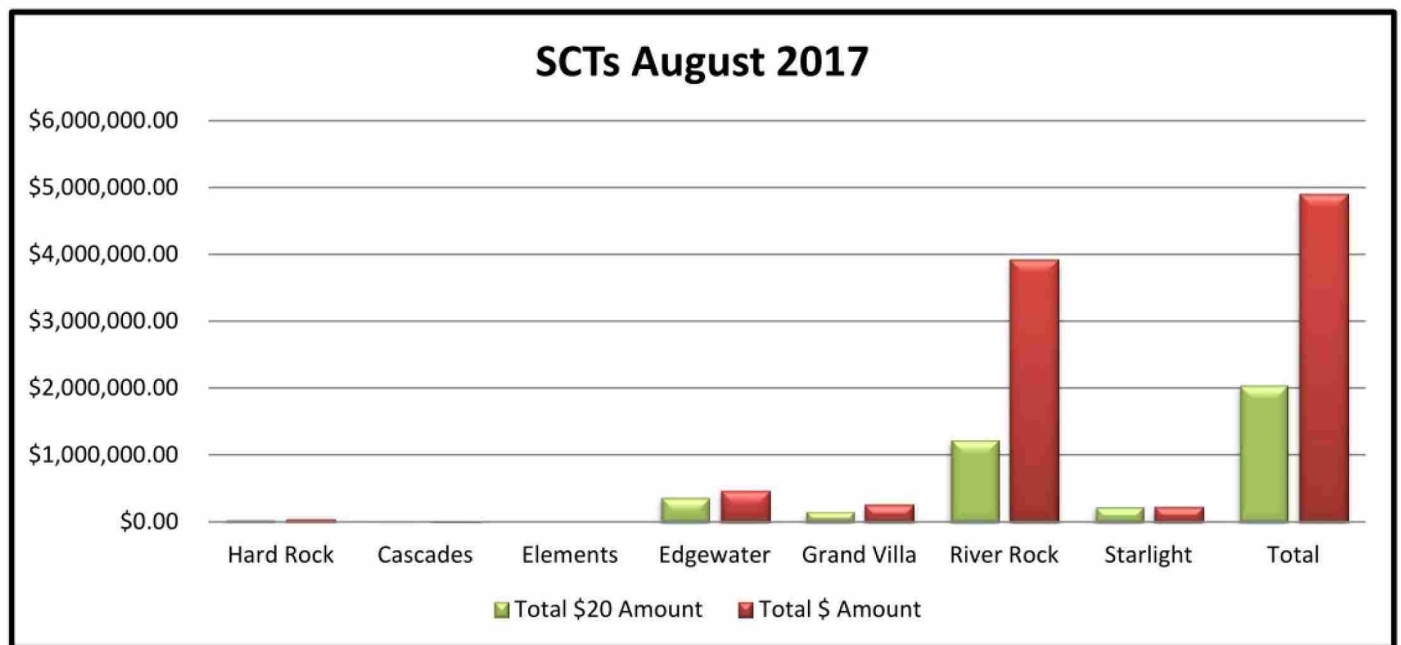
(UFOUO) Suspicious buy in - On the afternoon of 2017-SEP-22 a male casino patron conducted a total of \$130,000 in buy-ins for purchase of chips at River Rock casino. The patron initiated 2 different buy-in types at the same time. \$30,000 in unsourced cash as well as a \$100,000 TD Bank Draft that was used to open a PGF account. This is the first date that patron has been attached to a record of any kind in a BC Casino. It seems unusual that the patron, who resides locally as per casino records, would buy in for such a significant amount on his first time given the patron's occupation as a supermarket employee. (JIGIT GPEB)

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Suspicious Cash Transactions

(UFOU) Suspicious Cash Transactions² (SCTs) for the period August to September 2017 continue to occur in BC casinos.

AUGUST



² Statistical information derived from GPEB data as received from service providers.

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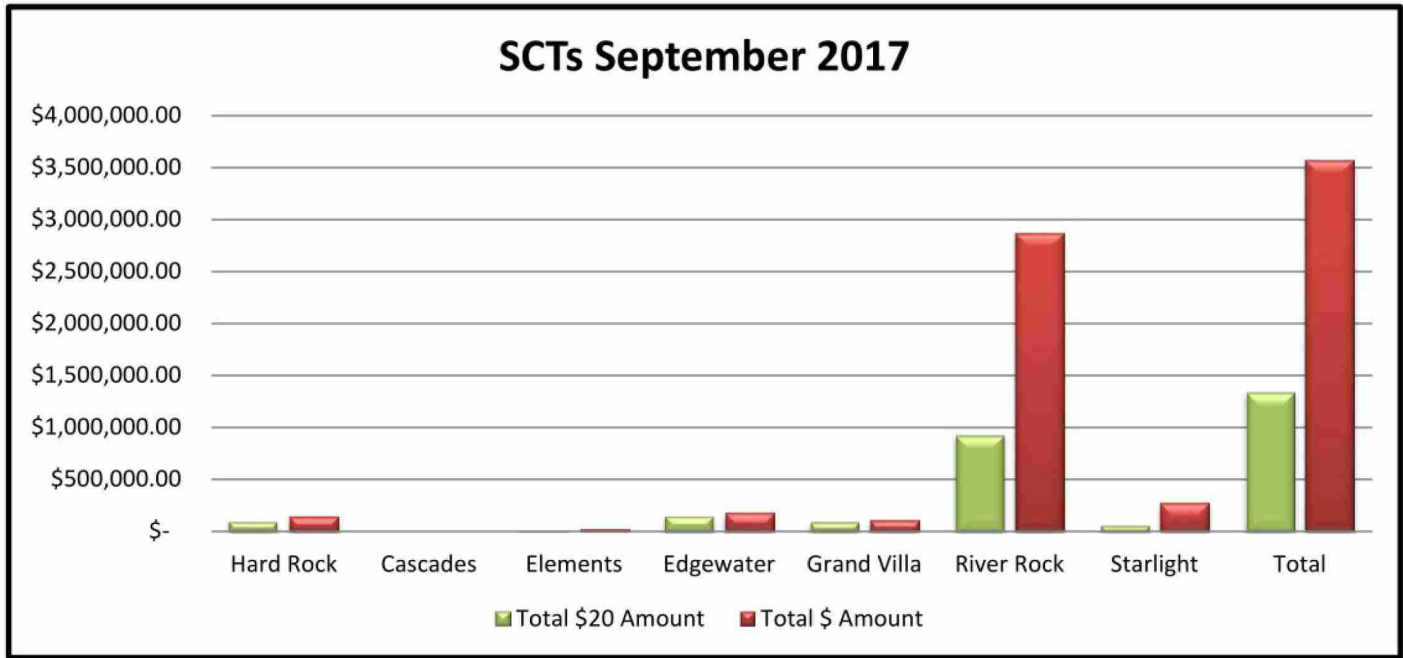
Casino	Twenty Dollar Bills	All Denominations
Hard Rock	39,420.00	39,420.00
Cascades	4,000.00	4,000.00
Elements	-	-
Edgewater/Parq	369,820.00	458,320.00
Grand Villa	165,000.00	251,000.00
River Rock	1,225,780.00	3,906,290.00
Starlight	228,220.00	228,220.00
Total	2,032,240.00	4,887,250.00

There were **179** Suspicious Cash Transactions (SCTs) at Lower Mainland (LMD) Casinos in August.

SEPTEMBER



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Casino	Twenty Dollar Bills	All Denominations
Hard Rock	98,000.00	139,500.00
Cascades	-	-
Elements	10,000.00	16,075.00
Edgewater/Parq	150,300.00	172,700.00
Grand Villa	93,380.00	105,040.00
River Rock	918,540.00	2,857,933.00
Starlight	60,000.00	269,600.00
Total	\$ 1,330,220.00	\$ 3,560,848.00

There were **143** Suspicious Cash Transactions (SCTs) at Lower Mainland (LMD) Casinos in September.

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GPEB Intelligence Analyst's Note:

(UFOUO) Media Reporting: A number of media reports were released regarding a major LE investigation into illicit activity that had a direct nexus to the gaming industry in the LMD. (See Appendix 1 for links to these articles)
The activity identified in the media confirms the assessments made by GPEB INTEL over the last year and a half; most notably the fact that criminal activity is occurring in and around BC casinos.

(UFOUO) The wide scale impact of the media releases, and subsequent RCMP Federal and Serious Organized Crime laying of charges, is evidenced by the continued decrease in unsourced cash buy-ins at LMD casinos. However, GPEB INTEL continues to have concerns over the scope and depth of illicit penetration into LMD casinos. This concern is rooted in the sheer volume of SCTs occurring monthly and the correlation to LE Intelligence reporting.

(UFOUO) It is assessed that the spotlight placed on illicit activity will have an adverse effect on the overt nature in which Asian Organized Crime (AOC) conducts business and will drive money laundering practices towards more technical and sophisticated operations. This change will require LE to adapt its methods of detecting illicit activity in order to disrupt and/or mitigate emerging criminal efforts. It is further assessed that a potential for violence will increase as emerging criminal entities cope with issues related to debt repayment and are forced to resort to primitive collection means. This violent activity is already being reported by LE but has thus far been external to casinos.

**** Please note** that at this time there is no specific Intelligence or information to suggest the threat of violence will manifest in a BC casino.

Previous Assessment Remains Valid

(UFOUO) The information collected from SPs and provided by JIGIT identifies a significant number of SCTs persist in BC casinos, most notably \$20 bills being accepted at the River Rock Casino. The trend involving students gambling with cash also continues to be of significant concern to LE and GPEB Intelligence. The correlation between students gambling at casinos as well as in illegal gambling dens is being investigated by LE and is believed to have direct connections to illicit funds.

(UFOUO) It is assessed as very likely that a large portion of the currency identified in SCT reports is illicit in nature and very likely connected to proceeds of crime. This assessment is made in conjunction with input from E-Division RCMP Federal and Serious Organized Crime who are the Subject Matter Experts on Financial Integrity and Proceeds of Crime as they relate to money laundering and alternate remittance. It is further assessed that patrons conducting SCTs are connected to known criminal networks operating in the LMD and have connectivity with Transnational Organized Crime networks.

Intelligence Analysis Probability Chart

almost no chance	very unlikely	unlikely	roughly even chance	likely	very likely	almost certain(ly)
remote	highly improbable	improbable (improbably)	roughly even odds	probable (probably)	highly probable	nearly certain
01-05%	05-20%	20-45%	45-55%	55-80%	80-95%	95-99%

UNCLASSIFIED - FOR OFFICIAL USE ONLY**APPENDIX 1 – Intelligence Concepts****Intelligence Vs Evidence**

https://www.unodc.org/documents/organized-crime/Law-Enforcement/Criminal_Intelligence_for_Analysts.pdf

It is important to emphasize that a state's national legislation will dictate the way intelligence can be used for law enforcement purposes. The process of intelligence gathering in relation to a specific investigation is usually a prelude to any evidence gathering phase. Legislation will also dictate whether intelligence material gathered during an investigation is protected from disclosure in criminal proceedings. (2011)

Evidence: Data From Which To Establish Proof

Intelligence analysis aids investigations by helping to target available resources and identifying information gaps to focus the investigation more clearly. It also helps to avoid duplication of effort and prevent straying into areas of no relevance.

The Difference Between Intelligence and Investigations**Law Enforcement**

Identify the elements of a crime
Investigative direction
Gather evidence
Documentation and Trial Prep
Prosecution

Intelligence

Identify collection requirements
Assess the domain/environment
Collect and Collate Information
Assess and Report Intelligence
Intelligence informed action

1. Information = raw collected data
2. Evidence = data used for Law Enforcement (LE) purposes with intention of enforcement proceedings
3. Intelligence = data that has been processed through the intel cycle
4. Intelligence is kept separate from evidence
5. Intelligence is not always correct and is provided on a scale of probability

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The Intelligence Cycle



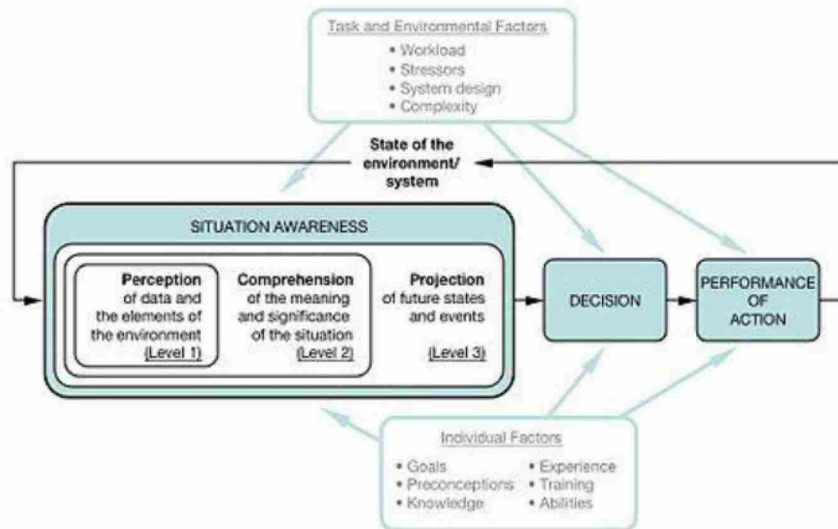
Best Practices for Intelligence Analysts³

Aide Memoire on Intelligence Analysis Tradecraft

1. Reflect on the problem, determining possible approaches.
2. Be resourceful and systematic when collecting information, documenting sources and noting caveats on usage.
3. Critically evaluate the quality of all information.
4. Develop multiple hypotheses / explanations.
5. Challenge assumptions, mindsets and biases.
6. Build collaborative networks.
7. Use structured analytic techniques.
8. Write clear, concise, well-documented, and client focused reports.

Situational Awareness

The majority of Intelligence reporting provided to a non-Law Enforcement audience is for situational awareness. This awareness is intended to enhance decision maker and stakeholder understanding of situations or activity in a given environment.



³ Developed by John Pyrik for use in the Canadian interdepartmental Intelligence Analyst Learning Program.

UNCLASSIFIED - FOR OFFICIAL USE ONLY**APPENDIX 2 - Media Reporting**[The Money Laundering Scam That Turns Drug Cash into Real Estate ...](#)

Oct 24, 2017 - If you've read a headline about Metro Vancouver recently, chances are it was about drug ... It's well known that Asian organized crime figures like the Big Circle Boys have been ... In the RCMP terminology they're transnational crime groups.

[Illegal gaming unit killed in 2009 due to BCLC 'funding pressure'](#)

B.C.'s illegal gambling task force was shut down in 2009 due to urgent "funding pressure" on the B.C.

[River Rock-BCLC meetings in 2014 show depth of concern over big-cash gamblers](#)

Executives with Great Canadian Gaming Corp. met B.C. Lottery Corp. managers in 2014 to discuss safety concerns presented by a high-stakes gambler who bought chips at River Rock Casino after ...

[Charges laid in probe of alleged B.C. money laundering](#)

Criminal charges have been laid against Silver International Investment, a money-transfer business that RCMP allege was involved in money laundering, had ties to underground banking and used suspected drug cash ...

[B.C. casinos knowingly accepted 'banned' cash: report](#)

River Rock Casino in Richmond knowingly accepted millions in suspicious cash that was provided to VIP gamblers by lenders who were banned from B.C. casinos, an internal audit obtained by ...

[Highest proportion of high-rollers at River Rock Casino are real estate professionals: internal audit](#)

A background review of hundreds of VIP gamblers at Richmond's River Rock Casino in 2015 found that the highest proportion of players involved in large and suspicious cash transactions worked ...

[Organized crime a 'viable threat to public safety' in B.C. casinos: 2017 gov't report](#)

The presence of organized criminals in casinos is "a viable threat to public safety," the B.C. government was warned in an April internal memo obtained by Postmedia.

[RCMP casino money laundering probe uncovered alleged 'terrorist financing' links](#)

An RCMP investigation into underground banking and alleged laundering of drug cash in B.C. casinos revealed suspicions of "terrorist financing," a B.

['Whale' gamblers also placed bets on B.C. real estate](#)

Paul King Jin, the alleged suspect at the centre of a major RCMP probe into money laundering and underground banking, is connected through big B.

[How B.C. casinos are used to launder millions in drug cash](#)

On Oct. 15, 2015, a Mountie burst through the front door of an office in Richmond, carrying a battering ram and with a rifle slung on his back.

[Big cash flowing into River Rock Casino sparks money-laundering probe](#)

Revelations that B.C. casinos may have been used by Chinese high-rollers to launder massive wads of cash that could be "proceeds of crime" come as no surprise to Sandy Garossino.

UNCLASSIFIED - FOR OFFICIAL USE ONLY**Glossary of Terms**

Banned: A disciplinary measure that restricts a patron's access or ability to gamble in a licensed venue/casino for a given time.

Reasons for banning a patron include but are not limited to:

1. Chip passing
2. Cash passing
3. Cheating at play
4. Using un sourced cash
5. Facilitating un sourced cash to patron(s)
6. Loan sharking
7. Third party buy-in
8. Attempts to undermine the Anti-Money Laundering safeguards and protocols set forth by FINTRAC and BCLC
9. Refusing to provide identification
10. Causing a disturbance such as assaulting a patron or employee, acts of violence, harassment, or uttering threats.

The reason(s) for a patron being banned may cite violations of the Gaming Control Act, Criminal Code of Canada, SP policy or BCLC policy.

A patron may be banned for a specific time frame and/or from a venue.
A patron may also be banned from buying in using un sourced cash.

Prohibited: ** See Banned above

Types of Reporting

LCT: Large Cash Transaction

SCT: Suspicious Currency Transaction

STR: Suspicious Transaction Report

UFT: Unusual Financial Transaction

LMD: Lower Mainland

SP: Service Provider

BCLC: British Columbia Lottery Corporation

ICOD: Intelligence Collection Cut-Off Date

GCA: Gaming Control Act

CCC: Criminal Code of Canada

VPD: Vancouver Police Department

RCMP: Royal Canadian Mounted Police

POJ: Police of Jurisdiction