

Affidavit #1 of Anna Fitzgerald
made in this case
on March 3, 2021

**COMMISSION OF INQUIRY INTO MONEY LAUNDERING
IN BRITISH COLUMBIA**

The Honourable Mr. Austin F. Cullen, Commissioner

AFFIDAVIT #1 OF ANNA FITZGERALD

I, **Anna Fitzgerald**, of 220 - 4370 Dominion Street, Burnaby, British Columbia, Executive Director of the Compliance Division, AFFIRM THAT:

1. I am the Executive Director of the Compliance Division of the Gaming Policy and Enforcement Branch ("GPEB") within the Ministry of Finance. I became Executive Director of the Compliance Division in 2017 and have been employed by the Province since 2001. I have personal knowledge of the facts and matters in this affidavit. Where I include statements that are not within my personal knowledge, I have identified the source of that information and stated my belief that the information in this affidavit is true.
2. I affirm this affidavit to provide evidence to the Commission pursuant to a summons issued to me under the *Public Inquiry Act*, SBC 2007, c. 9.
3. I became a member of the Institute of Chartered Accountants of England and Wales in London, England. I then became a member of the Institute of Chartered Accountants of British Columbia in 2003 after meeting reciprocity requirements which included completing reciprocity exams. When the Institute of Chartered Accountants merged with two other accounting bodies my designation changed to

Chartered Professional Accountant (CPA). I have been a Certified Internal Auditor with the Institute of Internal Auditors since 2008.

Roles within BC Public Service

4. My first role with the Province was as a Charitable Gaming Auditor with the BC Gaming Commission. As a Charitable Gaming Auditor, I was responsible for conducting audits on charitable organizations or community groups that received gaming grants or licences to hold gambling events.

5. In 2004, I became a Commercial Gaming Auditor. Approximately a year later, I was promoted to Charitable Gaming Manager. As Manager, I was responsible for managing approximately 13 Charitable Gaming Auditors. I reported to Terri Van Sleuwen who at that time was Director of the Audit and Compliance Division, as it was then called.

6. In 2015 there was a reorganization within GPEB that resulted in several divisions merging to form the Compliance Division which was comprised of horse racing, audit and investigations. I will refer to the former Audit and Compliance Division as the Compliance Division for the purposes of this affidavit.

7. After the reorganization I became the Director of Compliance for the Lower Mainland audit team and the new intelligence unit. I became Senior Director of the Lower Mainland division in 2016 which added Lower Mainland Investigators to my portfolio.

8. In September 2017, I was promoted to Executive Director of the Compliance Division. As Executive Director of the Compliance Division I report to the Assistant Deputy Minister ("ADM") and General Manager ("GM") of GPEB. When I first became Executive Director, I reported to John Mazure. Currently, I report to Sam MacLeod.

9. In December 2018 Investigations and Intelligence were transferred to the new Enforcement Division.

GPEB's Compliance Division

10. The Compliance Division is one department within GPEB which is comprised of the horse racing and audit teams. Our current management team consists of Douglas Mayer, Timothy Storms, Dallas Smithson, Bill McNeill and myself. Mr. McNeill is the Director of Racing and does not have involvement in audit issues as described in this affidavit.

11. The Compliance Division oversees GPEB's audit and compliance program. The goal of the program is to ensure regulatory compliance with the *Gaming Control Act* and *Gaming Control Regulation*, as well as policies, directives and public interest standards set by GPEB and the British Columbia Lottery Corporation ("BCLC") to help protect the integrity and maintain public confidence in gambling in B.C.

12. As part of the audit and compliance program, the Compliance Division conducts audits and inspections of BCLC, gambling facilities, lottery retailers and recipients of community gaming grants and gaming event licences. The audit team also works with GPEB's Corporate Registration Unit to conduct reviews of the financial integrity of corporate registrants.

13. The Compliance Division self-identifies the audits and reviews to be conducted by evaluating risks in the gambling environment. The risks may be identified through discussions with stakeholders such as other GPEB divisions and the ADM, BCLC, service providers and other industry participants or information obtained through media, complaints, and other jurisdictions.

14. Once areas of work are identified, the Compliance Division utilizes a risk assessment process to prioritize the audit assignments. This allows for a dynamic audit plan responsive to emerging and changing risks. As the Compliance Division obtains new information, risk assessments may change which could result in a revision of priorities and identification of additional work. This approach gives the

Compliance Division the ability to allocate audit resources to the areas of greatest identified risk.

15. The Compliance Division is also often asked to provide feedback through the GPEB Policy team on both GPEB and BCLC proposals as they relate to gambling in the Province. Due to the experience of our auditors, the Compliance Division is well-equipped to provide subject matter expertise to GPEB and other stakeholders.

16. Compliance Division's staff have a variety of educational backgrounds including business degrees, accounting and audit qualifications/designations such as Chartered Professional Accountants, Certified Internal Auditors, Certified Anti-Money Laundering Specialists and Certified Information Systems Auditors.

17. GPEB auditors and management adhere to the principles of the IIA such as integrity, independence, proficiency, due professional care, and objectivity. The IIA standards, codes of ethics, principles and requirements for continuing education and development provide a framework which guides those in the Compliance Division to conduct our work in a consistent and professional manner.

Audits and reviews

18. The Compliance Division undertakes a variety of activities in furtherance of GPEB's mandate to ensure the integrity of gaming in the Province. This includes conducting audits, reviews, and other ad-hoc work depending on the issue to be evaluated. I describe the audit and review activities below.

Audit process

19. Our audits follow professional audit standards and techniques which involve three distinct phases: (a) the planning phase; (b) fieldwork; and (c) reporting.

A. Planning phase

20. A planning memo is prepared by the auditor and approved by a member of the Compliance Division's management team. The planning memo documents the purpose of the audit, provides a brief background of the area being examined, defines the scope, objective and approach, documents the risk assessment, and anticipated timelines of deliverables.

21. The number of staff assigned to an audit is dependent on the complexity of the assignment. One or more auditors will be assigned to the file by management depending on the scope, volume of data being analyzed and time frame.

22. Depending on the type of audit being performed, BCLC and the service provider may be notified in advance by the auditor(s) responsible for the audit. Advance notice of an audit typically consists of a notification letter and request for documentation.

23. Once planning is complete, the assigned auditor will carry out fieldwork or obtain data by way of interviews, sampling, review and observations. The procedures utilized by the particular auditor will depend, in part, on the objectives and scope.

B. Fieldwork

24. Fieldwork involves testing and evaluation that can be conducted at the gaming facility, BCLC offices or at a GPEB office. Audit fieldwork can include a combination of observation, inquiry, document review and analysis. The auditors analyze and test supporting documentation from BCLC or service provider records, data, and documentation. Auditors also interview staff at various levels within BCLC and service providers when applicable.

25. The duration of the fieldwork varies and typically ranges from three days during a compliance audit of a gaming facility to several months for reviews or audits involving large amounts of data.

26. The auditor completes formal working papers documenting the interviews, testing and analysis results.

C. Reporting

27. The auditor will analyze the materials gathered during the fieldwork and prepare a draft audit report. Managers within the Compliance Division will then conduct a review of the draft report.

28. When management conducts a review of a draft report and supporting documentation it is to provide an objective review of the auditor's work. The Compliance Division's managers ensure that the report is accurate and complete, addressed the objectives, the results are supported by the working papers and the structure of the report is correct. Additionally, management looks to ensure that it is written in a professional manner to the appropriate audience.

29. As Executive Director, I oversee the managers who conduct the reviews of the draft reports prepared by the auditors. I also perform a high-level review of some reports such as ones covering new content or those that are higher profile. I review the draft reports for completeness, adequacy of messaging and understandability of content.

30. Once the management review is complete, the draft report is issued to the auditee for a response or action plan to address the findings.

Review process

31. The Compliance Division also conducts reviews of information gathered from BCLC or service providers in the course of its work. Reviews will contain analyses that may be used to inform and educate GPEB management about issues that Compliance has observed and considers relevant to the Branch. These are typically distributed through an internal memorandum format. Generally, we do not circulate these reviews to BCLC or service providers for their response

because the intention is to provide information to GPEB management and the executive.

32. Reviews will generally follow a similar pattern as audits; they include formal planning and work is conducted using a systematic approach involving testing/sampling methods, analysis, working papers, and they also go through management review. Reviews have a more specific scope than an audit, and generally are not assessing compliance to standards or policies.

Use of audit reports and reviews by GPEB

33. The information compiled and the analyses conducted by GPEB auditors in their audit reports and reviews are communicated to the broader GPEB management team including the GM.

34. Our audit reports and reviews are used to inform the Branch as to the level of compliance of BCLC and service providers, and to provide context on trends or issues that feed into decision making, policy development and identification of areas of risk.

Audits and reviews conducted by GPEB related to AML

35. As I discussed above, the Compliance Division conducts audits and reviews of BCLC's overall conduct and management of gaming in the Province. The scope of the audits and reviews may include compliance with the *Gaming Control Act* and regulation, and any anti-money laundering ("AML") initiatives and policies established by GPEB, BCLC or service providers.

36. The Compliance Division maintains copies of the audit reports and reviews created by its gambling auditors in the course of their duties as part of its day-to-day business and operations.

37. In or around 2004, the Compliance Division began performing audits and reviews to ensure BCLC was complying with its FINTRAC reporting obligations

under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* ("PCMLTFA").

38. Audits of this nature ordinarily involved a review and analysis of large cash transactions and suspicious transaction reporting processes in place at service providers and BCLC. The responsible auditor typically conducted fieldwork consisting of onsite interviews, testing and general observation. The objective of such audits was to verify BCLC's compliance with reporting obligations under the PCMLTFA, the FINTRAC guidelines applicable to BCLC, and the *Gaming Control Act and Regulation*.

39. Now shown to me and attached to this affidavit as **Exhibits 1 to 11**, respectively, are copies of the following FINTRAC-related audits and reviews carried out by GPEB auditors between 2010 and 2016:

Date Issued	Name	Production ID	Exhibit
2010-11-10	BCLC FINTRAC Year-End Audit	GPEB3759	1
2011-05-20	BCLC AML Compliance Regime 2010 COMM-6158	GPEB3727	2
2012-05-01	BCLC AML Compliance Regime Jan 2011 to Dec 2011 COMM-6830	DOC- 00000927	3
2013-05-09	BCLC AML Compliance Regime 2012	GPEB3989	4
2013-12-05	AML LCTR's Between \$20K to \$50K to STR Correlation Analysis	GPEB3978	5
2014-05-13	River Rock High Limit Cash Cage Activity COMM-7744	GPEB0695	6
2014-06-02	BCLC AML Compliance Regime 2013	GPEB4047	7
2015-04-16	Edgewater High Limit Cash Cage Activity	PG0436	8
2015-11-10	AML LCTR's Between \$20K to \$50K to STR Correlation Analysis	GPEB4215	9
2015-12-15	UFT/STR Verification Review	GPEB4230	10
2016-04-27	Unusual Financial Transaction/Suspicious Transaction Verification Review Phase II	GPEB0872	11

40. I did not personally conduct the audits or reviews contained in Exhibits 1 to 11. The audit and review reports were prepared by GPEB auditors which were then reviewed by the Compliance Division's management.

41. I am aware from my current role as Executive Director that, beginning in or around 2009, the Compliance Division provided input to inform policy development around the creation of Patron Gaming Fund ("PGF") accounts.

42. PGF accounts were introduced by BCLC initially as a pilot project in 2009. Three service providers were included in the pilot, namely Great Canadian Gaming Corporation, Gateway Casinos Limited, and Paragon Gaming Inc. The casinos involved were River Rock Casino, Starlight Casino, Grand Villa Casino, and Edgewater Casino. River Rock launched its PGF program in December 2009, followed by Starlight (January 2010), Grand Villa (July 2010), and Edgewater (now Parq, in September 2010).

43. I am aware from reviewing our audit reports that GPEB auditors conducted two interim audits and a final audit to verify that PGF policies and procedures were being followed and to provide an overall evaluation of the program. From September 2011 onwards, after the PGF program was formally introduced, the Compliance Division conducted various other audits and reviews to evaluate how service providers were operating PGF accounts and to ascertain the uptake rate among patrons.

44. Now shown to me and attached to this affidavit as **Exhibits 12 to 19**, respectively, are copies of the following PGF account related audits and reviews carried out by GPEB auditors, between 2010 and 2017:

Date Issued	Name	Production ID	Exhibit
2010-02-01	BCLC Player Gaming Funds Accounts Pilot Project Interim Audit Report 2009/2010 COMM-5224	GPEB0562	12
2010-08-23	Patron Gaming Fund Accounts Pilot Project 2 nd Interim Audit	GPEB3749	13

2011-02-04	Patron Gaming Fund Accounts Pilot Project – Final Audit Report as of December 31, 2010 COMM-5781	GPEB3766	14
2011-09-07	PGF Pilot Project Compliance	GPEB3794	15
2012-04-24	PGF Pilot Project Compliance - Follow Up	GPEB3826	16
2015-08-20	Patron Gaming Fund Utilization Review	PG0444	17
2017-01-30	Patron Gaming Fund (PGF) Account Deposit Compliance Analysis	PG0514	18
2017-08-09	BCLC Directive Impact on Cash Buy-Ins and New Money PGF Deposits	PG0539	19

45. I did not personally conduct the audits and reviews contained in Exhibits 12 to 19. The audits and reviews were conducted by various GPEB auditors which were then reviewed by the Compliance Division's management.

46. In addition to reviewing policies and procedures around PGF accounts, the Compliance Division has, over the years, evaluated and provided feedback to other areas of GPEB regarding other forms of cash alternatives. The development and implementation of cash alternatives became a focus after the release of Robert Kroeker's report, *Summary Review: Anti-Money Laundering Measures at BC Gaming Facilities*, in February 2011. For example, in addition to the increased adoption of PGF accounts, BCLC introduced the use of debit card transactions at the cash cage, issuance of convenience cheques and the creation of a hold cheque option in April 2012.

47. Once additional cash alternatives were implemented, the Compliance Division conducted compliance audits and reviews of those alternatives to evaluate their effectiveness and to ensure the compliance of BCLC and service providers with applicable standards, policies, and procedures.

48. In addition to audits and reviews relating to cash alternatives, since 2012 the Compliance Division has conducted audits and reviews into a wide range of subjects related to AML in gaming facilities. This includes evaluating whether service providers were providing cash-outs to patrons in the same denomination

of bills they bought in with (PG0397), whether policy initiatives introduced by BCLC had reduced the volume of cash being brought into gaming facilities (GPEB4041) and whether service providers were complying with BCLC's source of funds directive following Dr. German's December 2017 recommendation (GPEB4288; GPEB4289; GPEB4290; GPEB4291; GPEB4292).

49. Now shown to me and attached to this affidavit as **Exhibits 20 to 53**, respectively, are copies of the following AML-related audits and reviews carried out by GPEB auditors between 2012 and 2020:

Date Issued	Name	Production ID	Exhibit
2012-01-31	River Rock VIP High Limit Table Rooms	PG0395	20
2012-11-19	Cash Alternatives Review – COMM-7199	GPEB4619	21
2012-04-18	Currency Flow/Colouring Up – Multiple Casinos	PG0397	22
2013-01-25	Review of BCLC Cash Alternatives – 2012/13 Q3 Update	GPEB4629	23
2013-05-17	Service Provider Cash Alternatives Compliance	GPEB3990	24
2013-07-19	Cash Alternatives Utilization Review	GPEB3995	25
2013-10-07	River Rock Cash Flow Inventory Review – COMM-7429	PG0407	26
2014-01-27	Cash Alternatives Utilization Review	GPEB4024	27
2014-03-18	Accuracy Review of BCLC's Third Quarter Report COMM-7866	PG0414	28
2014-04-28	Service Provider Cash Alternatives Compliance	GPEB4041	29
2014-07-24	Cash Alternatives Utilization Review COMM-8030	GPEB0187	30
2014-11-27	Grand Villa Cash Flow Inventory Review	PG0426	31
2014-12-18	Project Fallout - Patron Gambling Activity	GPEB4101	32
2015-01-13	Grand Villa Chip Flow Inventory Review	PG0430	33

2015-05-07	Service Provider Cash Alternatives Compliance	GPEB0748	34
2015-08-20	Debit at Cage and Convenience Cheque Utilization Review	PG0446	35
2015-12-15	Cash Flow Review of River Rock Casino High Limit Rooms follow up	GPEB4229	36
2016-02-15	Cash Buy-Ins Conducted at River Rock Casino Cages	PG0472	37
2016-04-27	River Rock Cash Transfer Analysis between High Limit Cages and Vault	PG0481	38
2016-04-29	Review of Transactions from China's Sky Net list of 100 Most Wanted Fugitives	PG0482	39
2016-04-29	Review of Provincially Banned Cash Facilitators – COMM-8669	GPEB0873	40
2016-05-05	Person of Interest Slot Play Analysis	PG0484	41
2016-06-21	Service Provider Compliance with BCLC Unsourced Cash and Chips Directive	GPEB4273	42
2016-08-16	River Rock VIP Patron "High Roller" Occupation Analysis	PG0492	43
2016-12-19	High Volume Slot Play Analysis	PG0504	44
2017-06-26	Union Pay Usage in BC Casinos	GPEB4281	45
2017-08-09	BCLC Directive Impact on Cash Buy-ins and New Money PGF Deposits COMM-8939	GPEB4984	46
2018-03-23	High Risk Patron Activity Analysis	GPEB4284	47
2018-06-15	Review Cancelled Service Provider Cheques for 3rd Party Deposit Concerns	GPEB4285	48
2018-08-13	Promotion of Cash Alternatives	GPEB4286	49
2018-10-14	Source of Funds 1 - Review BCLC's Implementation of SOFD and Service Provider Compliance	GPEB4288; GPEB5750	50
2018-11-27	Source of Funds 2 - Review Service Provider Compliance to SOFD - 3 Reports (Parq/GCGC/Gateway)	GPEB4289; GPEB4290; GPEB4291	51
2019-06-04	Source of Funds 3 - Review BCLC's Ongoing Management of SOFD and Service Provider Compliance	GPEB4292	52

2020-06-30	Source of Funds 4 - Review BCLC's Ongoing Management of SOFD and Service Provider Compliance	BCLC0016894	53
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50. I did not personally conduct the audits and reviews contained in Exhibits 20 to 53. The audits and reviews were conducted by various GPEB auditors which were then reviewed by the Compliance Division's management.

51. As Executive Director, I would have reviewed some of the AML reports listed above as the final step to confirm that their content was logical and there were no apparent errors. Because I was not intimately involved in the fieldwork, I would question things such as unclear analyses or conclusions, and grammatical issues.

52. The Compliance Division continues to provide feedback on AML policy proposals presented by BCLC to GPEB. Since 2016, the Compliance Division has provided comments to GPEB's Policy team on BCLC's proposals to delimit convenience cheques, extend credit to patrons in casinos and cash disbursement limit, among others.

Cash Facilitators Review

53. As discussed above, the Compliance Division does conduct reviews which contain internal analyses that are not intended for external distribution. The review titled "Review of Provincially Banned Cash Facilitators", dated April 29, 2016 (Exhibit 40) (the "Cash Facilitators Review") is an example of such an internal analysis. The responsible auditor, Parminder Basi, communicated the results of this analysis to the Executive Director of Compliance, Len Meilleur, by way of an internal memorandum.

54. The objective of the Cash Facilitators Review was to quantify the dollar amount of buy-ins conducted from cash that sites acknowledged was obtained from or connected to individuals provincially banned for cash facilitation during the period of January 1 to December 31, 2015. The auditor conducted the review by

analyzing iTrak entries and comparing them to a list of provincially banned cash facilitators provided by GPEB investigators.

55. The Cash Facilitators Review found that, overall, gaming facilities were doing an effective job with monitoring and documenting the activities of banned cash facilitators. However, the auditor also concluded that casino sites “knowingly accepted cash that they acknowledged was obtained from a banned individual and appeared of questionable source”. The Cash Facilitators Review was not provided to BCLC because it was prepared to assist GPEB management in better understanding the issue of cash facilitation in British Columbia gaming facilities.

56. On November 21, 2017, I exchanged email correspondence with Robert Kroeker, then Vice President, Compliance and Legal with BCLC, about the Cash Facilitators Review. I understand that Mr. Kroeker was concerned about the use of the word “knowingly” in the Cash Facilitators Review to describe service providers accepting cash from provincially banned cash facilitators. Now shown to me and attached as **Exhibit 54** (GPEB5740) is a copy of my email exchange with Mr. Kroeker and others about the Cash Facilitators Review.

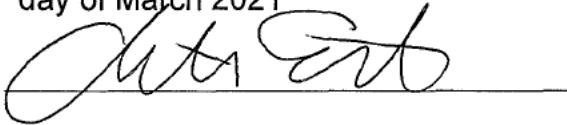
57. After receiving Mr. Kroeker's email of November 21, the audit team conducted a review of the 45 incidents referenced in the Cash Facilitators Review. The auditor went back through the incidents and advised that not all of the incidents appeared to be live monitored. Due to the time that had passed and the fact that it was an internal memorandum, at that time I did not consider that the issue raised by Mr. Kroeker substantially changed the conclusion that provincially banned individuals openly facilitated cash to patrons. Because of that, I did not re-issue the internal memorandum.

58. I have reviewed the third affidavit of Mr. Tottenham in this Inquiry and the iTrak excerpts he attaches as exhibits.

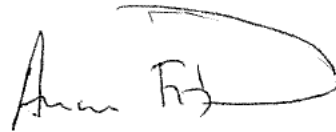
59. After review of the iTrak excerpts and the explanations Mr. Tottenham provides, I acknowledge that the word “knowingly” should not have been used in

the report as there was not a clear indication from the iTrak entries that the patron was being live monitored at the time of the cash facilitation. However, as I noted above, the main finding of the Cash Facilitators Review was that provincially banned cash facilitators continued to operate around gaming facilities. I continue to consider this to have been important information for GPEB to be aware of in its attempts to address concerns of money laundering in British Columbia gaming facilities.

AFFIRMED BEFORE ME at
Burnaby, British Columbia, this 3RD
day of March 2021



A commissioner for taking affidavits
for British Columbia



Anna Fitzgerald

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COMMISSIONER FOR TAKING
AFFIDAVITS FOR BRITISH COLUMBIA
Expiry date: Sept 30, 2023

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**GAMING POLICY &
ENFORCEMENT
BRANCH**



AUDIT REPORT

**BCLC
FINTRAC Year-End Audit
(And Addendum)
GPEB File # COMM-5401
2009/2010**

This is EXHIBIT "1" referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.

A Commissioner for taking
Affidavits in British Columbia

1.0 EXECUTIVE SUMMARY

An audit of BCLC's FINTRAC compliance regime was conducted for the period April 1, 2009, to March 31, 2010, to verify compliance with the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)*, FINTRAC guidelines, and the *Gaming Control Act and Regulation*.

The review included an analysis of large cash transaction and suspicious transaction reporting systems in place at BCLC gaming sites and head office in Richmond, BC. BCLC FINTRAC training programs and gaming workers' understanding of legislative requirements were reviewed as well. Procedures were performed on a test basis.

2.0 AUDIT OBJECTIVES

The objectives of the audit were to:

- Verify compliance with FINTRAC reporting requirements under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)*;
- Verify compliance with FINTRAC guidelines applicable to BCLC and its gaming sites;
- Verify compliance with the *Gaming Control Act (GCA)* and Regulation (GCR).

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3.0 AUDIT SCOPE

A risk assessment was performed to identify areas to be reviewed. Specific fieldwork was performed in the following areas:

- Organizational structure and reporting relationships;
- Staff training programs;
- Internal audit systems;
- Record keeping systems;
- FINTRAC reporting systems.

The audit was performed for the period April 1, 2009, to March 31, 2010.

4.0 AUDIT PROCEDURES

Field work was conducted throughout the audit period at BCLC gaming sites, and March to June 2010 at BCLC's head office in Richmond, BC. Audit procedures were conducted on a sample testing basis to provide reasonable assurance of compliance. The auditor(s) performed on-site compliance work through observation, interview and testing. Substantial additional testing was performed off-site through the review of records provided by service providers and BCLC.

A sample made up of 298 Large Cash Transaction Records (LCTRs) resulting from buy-ins, disbursements, and foreign exchanges, occurring during the period April 1, 2009, to March 31, 2010, was reviewed for compliance with FINTRAC requirements. A sample of 17 Suspicious Transaction Records, occurring during the same period, was also reviewed for compliance with FINTRAC requirements.

5.0 EXCEPTIONS

Details of issues resulting from audit procedures:

- 1) **FINTRAC Guideline 4: Implementation of a Compliance Regime**, Section 7 states, in part, "If you have employees, agents or other individuals authorized to act on your behalf, your compliance regime has to include training. This is to make sure that all those who have contact with clients, who see client transaction activity, who handle cash or funds in any way or who are responsible for implementing or overseeing the compliance regime understand the reporting, client identification and record keeping requirements. This includes those at the 'front line' as well as senior management." Section 7 also states, in part, "Standards for the frequency and method of training, such as formal, on-the-job or

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external, should be addressed. New people should be trained before they begin to deal with clients.”

- a) BCLC currently requires all new employees to complete a beginners’ orientation training module online. This module provides a broad overview of BCLC’s FINTRAC requirements. Employees are also required to complete an advanced training module, currently delivered in a classroom setting, within 24 months of completing the beginners’ orientation training module. BCLC has also developed an advanced refresher module for employees who have completed the first two levels of training. The advanced refresher training module is intended to be delivered annually to those employees who have already completed the other training modules. Implementation of the advanced refresher module was originally scheduled to be introduced online July 1, 2010, but has been postponed.

A review of the beginners’ orientation training module determined the content of FINTRAC training for new employees has been reduced since the previous GPEB audit. Specifically, there is less detail (examples) regarding:

- large cash transactions;
- forms completion; and
- identifying suspicious transactions.

A review of the advanced training module determined it contains much more material relevant to gaming workers as part of their day-to-day duties. As stated above, BCLC currently requires gaming workers to complete the advanced training module within 24 months of completing the beginners’ orientation training module. It is understood that employees receive FINTRAC training from many sources other than the training modules including coworkers, supervisors, managers, and through review of BCLC *Standards, Policies and Procedures*. However, it is recommended that gaming workers be required to complete the advanced training module sooner to solidify and enhance training received from other sources. It is also recommended that the online advanced refresher course be introduced as soon as possible.

BCLC Response

BCLC is committed to ever improving the content of FINTRAC training material presently delivered to any and all gaming employees. BCLC presently delivers two forms of training, an advanced version that is conducted in a classroom environment (face to face) and an online format. The online version currently has two web based modules to facilitate training; the first ‘entry’ level or beginner’s orientation, module targets

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newly hired employees and must be completed by them prior to commencing duties on the gaming floor. The 'advanced' training module is designed for more experienced employees who have already taken the introductory module. Notably the new online training will be one module that will incorporate both current forms into one comprehensive training package.

Over and above the web based modules, BCLC has continued with the delivery of FINTRAC training in a 'face to face' format. BCLC has also developed and implemented a refreshed advanced training module in May 2010, designed to be web based and replace existing modules as noted above. This updated training module contains significantly more information than previous modules, specifically with respect to large cash transactions, forms completion (Disbursements) and suspicious transaction scenarios. It also enhances existing training to ensure acceptable occupation and identification requirements are understood. Since its development, it has been delivered to any and all employees who require FINTRAC training at any level in a face to face format, particularly all Management and Supervisory staff. As stated it was designed to be web based and intended for introduction on line 2010 JULY 01. The introduction was postponed due to the occurrence of BCLC policy changes and the need to reflect those changes in the new module. ICOM Industries has been selected to continue with the online design and development and targeted 2010 SEP 01 as the 'go live' date. This introduction may have given rise to some confusion as to course content compared with the original entry level module but BCLC emphasizes that the training materials have been enhanced significantly and not reduced. BCLC is committed to widely introducing the new module as soon as practicable and delivering to all employees sooner than later.

ACTION PLAN

FINTRAC training at all levels is an ongoing process. BCLC has developed the newly enhanced FINTRAC Training Module and is delivering training from that material in a classroom format as well as in the web based format. BCLC will continue to provide 'face to face' training together with the web based training. ICOM Industries is presently designing and developing the next stage of the web based on line version targeted for implementation 2010 SEP 01 for uploading into the BCLC web system,

- b) Changes to FINTRAC reporting requirements (e.g. reporting large cash disbursements) were introduced during the period reviewed. BCLC made significant efforts to retrain employees as a result. A review of BCLC FINTRAC training schedule records determined the number of employees who completed one of the above levels of training during the period reviewed was significantly improved over the previous year with 92.4% of all

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employees at 32 sites receiving some level of training. Three sites were significantly below this level:

- Chances Campbell River 35.0%
- Chances Courtenay 62.9%
- Chances Cowichan 48.9%

BCLC Response

In calendar year 2009, BCLC embarked on an aggressive FINTRAC training program targeted at all service provider employees, whose job functions required FINTRAC training. Training was delivered in a variety of methods, the two most prevalent were the on line web based training modules and the face to face training delivered to service provider staff at all Casinos and Community Gaming Centers within the Province. BCLC increased training to staff overall by approximately 150% percent from the previous year. BCLC also employed and dedicated a 'Compliance and Trend Analyst' position to oversee all FINTRAC training applications and to monitor all FINTRAC training Province wide. As such, the pace of training utilizing these two mediums has not relented but continues to be improved, not only in increased content but accessibility to staff via online web based training modules and face to face training in all areas of gaming. This includes Casino or Community Gaming Center management staff. BCLC conducted a review of all sign in sheets for those sites identified in this audit as being below the 92.4% of service provider employees trained overall: Chances Campbell River 35.0%, Chances Courtenay 62.9% and Chances Cowichan 48.9%. This review revealed that a number of sign in sheets were missed in the overall count and more accurate results are Chances Campbell River 38%; Chances Courtenay 74% and Chances Cowichan 60%. Regardless, further training within these three particular sites commenced immediately with 53 additional staff trained to date. It is a well known fact that the staff turnover rate in the gaming industry is high. In recent discussions with GPEB Auditor and Director, BCLC requested that clarification be made in staff numbers not percentages as percentages of untrained staff in smaller gaming sites can equate to but a few individuals.

ACTION PLAN

Additional FINTRAC training commenced at these three sites on 2010 JUL 19 and continues.

Across these three sites, a total of 53 additional service provider staff have been newly trained and or retrained, bringing the percentage numbers up to Chances Campbell River 92%; Chances Courtenay 97% and Chances Cowichan 76%. BCLC is committed to continually monitoring all sites within the Province to ensure the greater percentage of

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staff is trained in a timely fashion. Further enhanced FINTRAC training also commenced for staff at both the Kamloops Casino and Community Gaming Center 2010 JUL 19.

- c) A review of GPEB audits conducted during the period reviewed determined one site where staff interviewed did not provide correct responses to general questions pertaining to FINTRAC requirements. Specifically, during an audit of Kamloops Lake City Casino, a Surveillance Manager stated the LCT reporting threshold was \$1,000 rather than \$10,000, and was unaware of foreign exchange thresholds. The interviewee was also unable to give an example of a suspicious transaction.

BCLC Response

BCLC considers training key for critical staff in respect of their FINTRAC responsibilities, such as the Surveillance Manager of a casino, as a priority. This incident documented by the GPEB Auditor is therefore considered unacceptable. BCLC commenced an assessment of training needs for both the Kamloops Casino and the Community Gaming Center; delivered further training to Casino and CGC staff, in particular, the Surveillance Manager identified through 2010 JUL 19 through 22. BCLC is committed to continuously monitoring not only this site but all sites in the Province, so that this type of situation does not re-occur with a staff member occupying a critical position.

ACTION PLAN

ON 2010 JUL 19 through 22, BCLC commenced additional FINTRAC training in the Kamloops Casino to adequately address this shortfall. Particular attention was given to the Surveillance Manager identified and to all such staff in key or critical areas. As of 2010 JUL 22, an additional 37 staff were trained at the Kamloops Casino and the Kamloops Community Gaming Center. Of those 37 staff trained, approximately 65% were at the managerial or supervisory level. Presently Kamloops Casino stands at 97% staff trained and the Community Gaming Center stands at 81% trained.

- 2) **FINTRAC Guideline 6F: Record Keeping and Client Identification for Casinos, Section 3.2** states, in part, "Be as descriptive as possible regarding the business or occupation. Record information that clearly describes it, rather than use a general term."

A review of the sample of 298 Large Cash Transaction Records in iTRAK determined 29 records (9.7%) where a general term such as "businessman" or "self-employed" was recorded.

BCLC Response

The issue of 'vague' occupation or occupation described in general terms as obtained by service provider staff has been addressed with a number of initiatives. First and foremost is

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that all the FINTRAC training materials utilized to train service provider staff have been amended to specifically deal with the issue of occupation. Scenarios have also been designed and incorporated into the training material that offer instruction to staff on how to engage patrons more effectively and obtain a more detailed occupation.

Since January 2010, the BCLC Compliance and Trend Analyst, has produced a weekly report from the BCLC Itrak system that identifies all Large Cash Transactions in which a vague occupation was recorded. This includes 'businessman', 'unemployed', 'self employed' and 'retired' even though Guideline 10A (see below) deems certain of these occupational categories as acceptable. These reports are made available to BCLC Investigators for follow-up with service provider staff and patrons to promote compliance. Additional workshops are being hosted by BCLC Investigators to casino service provider cash cage personnel and have been implemented in Casinos and Community Gaming Centers. These workshops are dedicated to enhance staff training, particularly in key areas, such as improving their abilities to engage patrons and obtain more descriptive occupations, identification or addresses. Further, a conference call that included all Casino and Community Gaming Center Cash cage managers and supervisors throughout the Province was hosted by BCLC management where these issues were discussed and course of action determined.

FINTRAC GUIDELINE 10A (Field C21)

"If the individual is not employed or engaged in any type of business or profession, provide information that best describes their situation, such as "student", "unemployed", "retired", etc. "

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- 3) **FINTRAC Guideline 7A: Submitting Large Cash Transaction Records to FINTRAC Electronically**, Section 3.2 requires reports to be sent to FINTRAC within 15 calendar days after transactions occur.

PII - FINTRAC

The problem that was identified is in relation to disbursement reports being generated, but not sent to FINTRAC. BCLC IT determined that a software issue only exists when the batch file size (The number of reports in a single file) is 1 or 2. Previously BCLC used a batch file size of 5 or 10, but changed it down to 1 to decrease the number of errors we were receiving from FINTRAC as well as assist in troubleshooting errors more expeditiously.

The details of the software issue suggests that a batch file sent to FINTRAC is created via the file name Year, Month, Day, Hour, Minute and Second. When a report is processed one at a time, the FINTRAC software can actually process more than one report per second which results in two batch files having the same name, which results in the first submission being

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'overwritten'. When the response file comes back from FINTRAC the system looks at the file name and sets all reports with that file name to 'processed', masking the issue from BCLC.

Action Plan

Since this issue was identified, BCLC IT has worked in conjunction with Iview Systems, the developer of the software, to resolve this issue. Subsequently, all submissions now confirm proper reporting. BCLC IT publishes a daily report of the status of all submissions to FINTRAC.

BCLC has dedicated a full time IT resource to monitor and rectify any software issues relating to FINTRAC reporting. As well, a full time manager has been appointed, dedicated to all issues and responsibilities relating to FINTRAC.

PII - FINTRAC

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PII - FINTRAC

BCLC RESPONSE

In the fall of 2009, FINTRAC developed a new reporting system format utilizing the XML platform. BCLC was required to conform to this new reporting platform. In collaboration with BCLC's software developer, Iview Systems, and on behalf of all the BC Casinos and Community Gaming Centers, a whole new reporting format was created. BCLC introduced this new FINTRAC reporting software on 2009 SEP 28 for the purposes of reporting large cash transactions, foreign exchanges and casino disbursements.

IT issues became apparent to BCLC as soon as the new software was introduced. This was immediately brought to the attention of Iview Systems, the developer of BCLC's FINTRAC Reporting software.

All of the identified reports were in the infancy of the new software and the late filings were solely attributed to IT issues surrounding the software. Iview Systems has taken responsibility for these issues and BCLC is closely monitoring Iview's response.

Action Plan

BCLC IT and Iview Systems worked in a collaborative manner to identify and address all IT related issues surrounding the software. Iview Systems have since rectified this issue and all submissions since confirm proper reporting. BCLC IT continues to monitor the FINTRAC Reporting software on a daily basis to determine whether it is operating and reporting all large cash transactions, disbursements and foreign exchanges as per FINTRAC guidelines. BCLC IT has now developed a Quality Assurance (QA) process to ascertain and report any outstanding submission issues to BCLC Investigators on a daily basis. This Q A now allows BCLC IT and BCLC Investigators the ability to identify, review and resolve any outstanding issue quickly. BCLC has dedicated a full time IT resource to monitor and take responsibility for this function.

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- 4) **FINTRAC Interpretation Notice No. 4 (August 2009)** The "24-Hour Rule" states, in part, "You ... have to submit an LCTR if you conduct two or more cash transactions of less than \$10,000 each within 24 consecutive hours of one another ... that add up to \$10,000 or more...." The Interpretation notice includes a number of examples to explain how LCTRs are to be calculated. The examples illustrate situations where individual amounts may be included in more than one LCTR.

PII - FINTRAC

PII - FINTRAC

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BCLC RESPONSE

BCLC is committed to reporting all reportable transactions as per the 24 hour Rule guidelines set out by FINTRAC. As of September 28, 2009, BCLC introduced new software for our BC Casinos and Community Gaming facilities for the purposes of reporting large cash transactions, foreign exchanges and casino disbursements to FINTRAC. The software was created by utilizing FINTRAC's own schema standards and in consultation with FINTRAC Tech Support. Once gaming transactions are uploaded into the electronic FINTRAC module by the Service Provider the software determines which transactions are reportable within a **24 hour static period**. Use of a static period by a reporting entity is an acceptable option set out in the FINTRAC guidelines.

The 24 hour period static period begins with the first new transaction when the reporting entity knows that the transactions were made by or on behalf of the same person. The 24 hour rule applies to multiple transactions in a 24 period which commences at the time of the earliest transaction. A report is made when combined amount is \$10,000 or more.

The following FINTRAC example explains how the static period option chosen by BCLC works:

John Doe makes the following four cash transactions with a reporting entity called ABC on the same day. One of ABC's employees knows that these four cash transactions are all by the same person. John Doe's cash deposits are as follows:

9:00 a.m. - \$10,000 CDN	= LCTR: 1
10:00 a.m. - \$ 4,000 CDN	} = LCTR: 2
2:00 p.m. - \$ 4,000 CDN	
4:00 p.m. - \$ 4,000 CDN	

ABC would submit an LCTR (1) for the first cash deposit of \$10,000 as it is a single transaction. The other three smaller cash deposits of \$4,000 would also have to be reported (2) as they combine to an amount over \$10,000 and they were conducted by, or on behalf of, the same person within 24 hours.

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PII - FINTRAC

Action Plan

BCLC reviewed the options set out in the Interpretation guideline of the 24 hour static and the 24 hour rolling clock. BCLC determines that it uses the static option. The 24 hours period begins (i.e. the clock starts to tick) with the earliest transaction or EFT of less than \$10,000, of multiple transactions made by or on behalf of the same individual or entity. In the case of a casino disbursement, the 24 hour period begins with the earliest disbursement of less than \$10,000 when the reporting entity knows the disbursements were received by or on behalf of the same individual or entity. AS FINTRAC points out: "...if your system permits you to know of multiple cash transactions, EFTs or casino disbursements only within a static 24-hour period (e.g. from 9:00 a.m. to 9:00 a.m. the next day) you are required to report the multiple transactions that you know of in that 24-hour period." This describes BCLC's use of the static 24 hour option in accordance with its reporting software's functionality.

BCLC has changed its policy documents to clarify BCLC's use of the static option.

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- 5) **FINTRAC Guideline 3A: Submitting Suspicious Transaction Reports to FINTRAC**
Electronically, Section 3.2 states, in part, "Once you have determined that there are reasonable grounds to suspect that the transaction is related to a money laundering or terrorist financing offence, your report, including all required and applicable information, must be sent within 30 calendar days. This 30-day reporting time limit begins when you or any one of your employees first detects a fact about a transaction that constitutes reasonable grounds to suspect that it is related to a money laundering or terrorist financing offence."

PII - FINTRAC

BCLC RESPONSE

PII - FINTRAC

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PII - FINTRAC

FINTRAC guidelines 3.2 suspicious transaction reporting timelines states:

"If you are a reporting entity as described in section 2, you have to send a suspicious transaction report to FINTRAC when there are reasonable grounds to suspect that a transaction (including an attempted transaction) is related to the commission or the attempted commission of money laundering offence or a terrorist financing offence.

There is no minimum threshold amount for reporting a suspicious transaction. Guideline 2: Suspicious Transactions has more information on how to identify a suspicious transaction.

You have to submit suspicious transaction reports to FINTRAC, containing specific information (see section 5). Once you have determined that there are reasonable grounds to suspect that the transaction is related to a money laundering or terrorist financing offence, your report, including all required and applicable information, must be sent within 30 calendar days.

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This 30-day reporting time limit begins when you or any one of your employees first detects a fact about a transaction that constitutes reasonable grounds to suspect that it is related to a money laundering or terrorist financing offence. If such a fact is detected at the time of the transaction, the reporting timeline begins at the time of the transaction. However, if the fact is not detected at the time of the transaction, the 30-day time limit could begin at some time after. For example, if the fact were detected during a review by corporate security after the transaction took place, the 30-day time limit would begin when corporate security first detected the fact."

It is ultimately BCLC investigators and not casino employees who determine whether or not an Incident is considered suspicious in nature and reported to FINTRAC as a Suspicious Transaction.

PII - FINTRAC

CONCLUSION

This Audit Report essentially deals with four key areas:

- a) Training – BCLC is committed to continuously improving the content of training material delivered to service provider personnel. Training material is a 'living document', ever changing, improved, updated and refreshed. BCLC is committed to the delivery of FINTRAC training to service provider personnel at all levels within the industry in a timely fashion and within FINTRAC guidelines. BCLC has recently created a newly enhanced FINTRAC Training Module designed to be web based as well as deliverable in a classroom setting. It contains substantially more material than previous modules and compliments our face to face training efforts. This web based design will be implemented on the BCLC web site at [REDACTED] as soon as the developer (ICOM systems) can complete production. BCLC has also employed a Compliance and Trend Analyst position to oversee all FINTRAC training applications and to monitor all FINTRAC training in the Province. It is anticipated that this training initiative will keep the numbers of staff trained at a constant, consistent high percentage level.
- b) Vague Occupations – BCLC has tasked a Compliance and Trend Analyst with conducting weekly reviews of submissions to FINTRAC to determine that proper occupations are being obtained by Casino and Community Gaming service provider staff. These reviews generate formal lists of patrons requiring occupations for updating and review and are forwarded to Corporate Security Investigators for follow-up and amendment.

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Enhanced and updated FINTRAC training materials have been amended to specifically deal with the issue of occupation recording. Scenarios have been created that offer instruction to service provider staff on how to better engage patrons more effectively to obtain more detailed occupations. Additional workshops are being conducted by BCLC investigators in Casinos and Community Gaming Centers dedicated to further training staff on improving their abilities to obtain proper current identification, addresses and occupations, thereby increasingly fulfilling FINTRAC requirements.

- c) IT Issues – BCLC Tech Support has worked diligently with FINTRAC and the software developer, Iview Systems, to resolve any and all technical issues related to software compatibility with FINTRAC reporting software. BCLC has developed and implemented a Q A process to ascertain and report on a daily basis any outstanding submission issues relating to the reporting of Large Cash Transactions, Disbursements and Foreign Exchanges. This allows for any issue of reporting to be identified immediately and rectified in an expedited manner.
- d) Suspicious Financial Transactions – BCLC has instituted a number of initiatives dedicated to identifying suspicious transactions more effectively on the Casino and Community Gaming Center gaming floors. Enhanced training materials and newly developed web based training modules communicate a considerable amount of information and dedicate several scenarios to this topic. BCLC has developed an advanced risk management matrix specifically designed to identify patrons considered at high risk through a specific set of criteria. A dedicated process of analysis and recording has been incorporated into the Itrak system accessible to BCLC Investigators and the Compliance and Trend Analyst. BCLC has also revised and implemented a strict cheque issuance Policy at Casino and Community Gaming Centers and re-defined 'verified win'. BCLC has enhanced Policy to reflect the operational need to obtain valid identification at a lower threshold than required by FINTRAC, \$9,000.00 as opposed to \$10,000.00 in order to ensure compliance with reporting and identify early in the process, patrons that attempt to circumvent reporting requirements. BCLC has also positioned all gaming facilities into four gaming categories in order to identify High Risk Gaming locations based on geographical location. Within these four groups BCLC has identified various high risk groups based on financial profiles with their respective geographical location. This information is analyzed, assessed and forwarded to BCLC Investigators for any follow-up required.

BCLC Corporate Security incorporates a compliance regime composed of numerous factors all dedicated to meeting or exceeding FINTRAC reporting and risk management guidelines. BCLC continues to dedicate considerable time and resources in meeting any and all FINTRAC requirements.

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6.0 CONCLUSION

Significant issues were identified in this audit. BCLC has provided responses and action plans regarding issues identified in this audit.

BCLC and GPEB differ in their understanding of FINTRAC Interpretation Notice No. 4 (August 31, 2009) The "24-Hour Rule", specifically regarding the meanings of the terms "static" and "rolling", as well as the calculations required to determine reportable amounts under each scenario. Clarification and direction from FINTRAC is needed to resolve this issue.

Commercial Gaming Audit
Audit and Compliance Division
November 10, 2010

Distribution List:

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Ms. Terri Van Sleuwen, Executive Director, Audit and Compliance, GPEB
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**GAMING POLICY &
ENFORCEMENT
BRANCH**



**AUDIT REPORT
ADDENDUM**

**BCLC
Addendum to the 2009/2010
FINTRAC Year-End Audit
(Period reviewed: July 1, 2010, to August 3, 2010)**

1.0 EXECUTIVE SUMMARY

Based on a request from BCLC, a follow-up review of BCLC's FINTRAC compliance regime was conducted for the period July 1, 2010, to August 3, 2010, to verify compliance with the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)*, FINTRAC guidelines, and the *Gaming Control Act and Regulation*.

The follow-up review included an analysis of large cash transaction reporting systems in place at BCLC gaming sites and head office in Richmond, BC. Recent changes to BCLC's FINTRAC training program were reviewed as well. Procedures were performed on a test basis.

2.0 AUDIT OBJECTIVES

The objectives of the audit were to:

- Verify compliance with FINTRAC reporting requirements under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)*;
- Verify compliance with FINTRAC guidelines applicable to BCLC and its gaming sites;
- Verify compliance with the *Gaming Control Act (GCA) and Regulation (GCR)*.

3.0 AUDIT SCOPE

BCLC's request for a follow-up review and discussions with GPEB determined areas to be reviewed. Specific fieldwork was performed in the following areas:

- BCLC's FINTRAC staff training program;

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- BCLC's record keeping systems;
- BCLC's FINTRAC reporting systems.

The audit was performed for the period July 1, 2010, to August 3, 2010.

4.0 AUDIT PROCEDURES

Data was collected from six casinos (Boulevard, Cascades, Edgewater, Grand Villa, River Rock, and Starlight) for the period July 1, 2010, to August 3, 2010. Data was tested at BCLC's head office in Richmond, August 17 - 19, 2010. Audit procedures were conducted on a sample testing basis to provide reasonable assurance of compliance.

A sample made up of 319 Large Cash Transaction Records (LCTRs) resulting from buy-ins, disbursements, and foreign exchanges, occurring during the period July 1, 2010, to August 3, 2010, was reviewed for compliance with FINTRAC requirements. Recent changes to BCLC's FINTRAC training program were also reviewed.

5.0 FINDINGS

Details of issues resulting from audit procedures:

- 1) **FINTRAC Guideline 4: Implementation of a Compliance Regime, Section 7** states, in part, "If you have employees, agents or other individuals authorized to act on your behalf, your compliance regime has to include training. This is to make sure that all those who have contact with clients, who see client transaction activity, who handle cash or funds in any way or who are responsible for implementing or overseeing the compliance regime understand the reporting, client identification and record keeping requirements. This includes those at the 'front line' as well as senior management." Section 7 also states, in part, "Standards for the frequency and method of training, such as formal, on-the-job or external, should be addressed. New people should be trained before they begin to deal with clients."

BCLC communicated an action plan in its response to the 2009/2010 year-end audit report, for implementation commencing September 1, 2010. BCLC also provided a draft copy of a new training program to be delivered to all staff, including management, prior to beginning work on the gaming floor. The training program is similar to the prior advanced and refresher training modules, and is expanded to include more detail and examples pertaining to all aspects of FINTRAC reporting applicable to the gaming industry. Also, BCLC indicated its testing system has been modified. BCLC has expanded the number of test questions from which to draw when testing staff knowledge regarding FINTRAC policies and procedures. In

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the past, all staff was given the same test. BCLC's new FINTRAC staff training program was determined to be significantly improved.

BCLC Response

It should also be noted that during the time period of the audit, BCLC also provided educational sessions on Anti Money Laundering (AML) compliance to its Audit Committee, Board of Directors and responsible Minister.

- 2) **FINTRAC Guideline 6F: Record Keeping and Client Identification for Casinos, Section 3.2** states, in part, "Be as descriptive as possible regarding the business or occupation. Record information that clearly describes it, rather than use a general term."

A review of the sample of 319 Large Cash Transaction Records (LCTRs) in iTRAK determined 1 record where a general term such as "businessman" or "self-employed" was recorded. However, records indicate the patron was asked to provide a more specific occupation and refused to do so.

- 3) **FINTRAC Guideline 7A: Submitting Large Cash Transaction Records to FINTRAC Electronically, Section 3.2** requires reports to be sent to FINTRAC within 15 calendar days after transactions occur.

PII - FINTRAC

- 4) **FINTRAC Interpretation Notice No. 4 (August 2009) The "24-Hour Rule"** states, in part, "You ... have to submit an LCTR if you conduct two or more cash transactions of less than \$10,000 each within 24 consecutive hours of one another ... that add up to \$10,000 or more...." The interpretation notice also states, "... the 24-hour period begins with each new transaction ... of less than \$10,000...."

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The interpretation notice includes a number of examples to explain how LCTRs are to be calculated. The examples illustrate situations where individual amounts are included in more than one LCTR. A review of BCLC's LCTRs determined that BCLC is not following this procedure when determining whether an LCTR should be created and reported. Therefore, BCLC is underreporting LCTRs to FINTRAC, e.g.:

BCLC Response

BCLC queries whether this finding is supported by FINTRAC's own directions and examples. FINTRAC allows for both rolling and static approaches to 24 hours. How can BCLC be accused of under compliance when the examples used clearly conform to FINTRAC's own examples.

Reference material (<http://www.fintrac.gc.ca/publications/FINS/2009-08-31-eng.asp>)

"The 24 hour period static period begins with the first new transaction when the reporting entity knows that the transactions were made by or on behalf of the same person. The 24 hour rule applies to multiple transactions in a 24 period which commences at the time of the earliest transaction. A report is made when combined amount is \$10,000 or more."

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PII - FINTRAC

Note: Due to the nature of the examples in the interpretation notice, reporting entities have been granted an option in reporting. For example, for LCTR #20100018392 above, by strictly applying the rule, "the 24-hour period begins with each new transaction ... of less than \$10,000...." transactions "b" and "c" could also be reported in a separate LCTR totalling \$11,530.00. However, FINTRAC has indicated that this report is optional because all of the information is present in the previous LCTR. (In order to simplify computer programming and to ensure that all reportable amounts are reported to FINTRAC, BCLC may want to consider strictly applying the 24-hour as stated in the interpretation notice and begin 24-hour periods with each new transaction.)

BCLC Response

BCLC was using the static option (which as noted in the audit is an option), then the finding that BCLC is under reporting is not correct. BCLC feels the above scenario does not differ from the examples FINTRAC has provided.

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6.0 CONCLUSION

GPEB's follow-up review has determined the following:

- 1) Training - BCLC has communicated an action plan and draft training documents addressing GPEB's concerns regarding the level of training delivered to staff, including management, prior to commencing work on the gaming floor. BCLC's new FINTRAC staff training program was determined to be significantly improved.
- 2) Record Keeping and Client Identification - A review of the sample of 319 LCTRs reported during the period Jul 1, 2010, to August 3, 2010, determined BCLC is ensuring its service providers are requesting and recording information to clearly describe patrons' occupations, rather than recording general terms, whenever possible. This is a significant improvement over prior GPEB audit results.
- 3) Submitting LCTRs to FINTRAC - A review of the sample of 319 LCTRs reported during the period July 1, 2010, to August 3, 2010, determined that, with the exception of two LCTRs, all reports were delivered within 15 calendar days after transactions occurred.

PII - FINTRAC

PII - FINTRAC This is a significant improvement over prior GPEB audit results.

The 24-Hour Rule - A review of BCLC LCTRs determined BCLC is not currently calculating LCTRs, for the purposes of reporting to FINTRAC, based on FINTRAC Interpretation Notice No. 4 (August 2009) The "24-Hour Rule", and is therefore underreporting LCTRs to FINTRAC.

BCLC Response

This Interpretation Notice specifically states that either rolling or static can be used. In the examples in this audit set out above, the reporting was compliant on a static basis. BCLC feels it is reporting appropriately as per FINTRAC guidelines.

Records sampled during the Addendum audit period indicate actions have been undertaken to address issues regarding Training and Record Keeping and Client Identification. However, BCLC and GPEB continue to differ in their understanding of FINTRAC Interpretation Notice No. 4 (August 31, 2009) The "24-Hour Rule", specifically regarding the meanings of the terms "static" and "rolling", as well as the calculations required to determine reportable amounts under each scenario. Clarification and direction from FINTRAC is needed to resolve this issue.

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Commercial Gaming Audit
Audit and Compliance Division
November 10, 2010

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Mr. Murray Dugger, Regional Director Western Region, FINTRAC
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**GAMING POLICY &
ENFORCEMENT
BRANCH**



AUDIT REPORT

**BCLC
Anti Money Laundering Year-End Audit
GPEB File # COMM-6158
2010**

1.0 EXECUTIVE SUMMARY

An audit of BCLC's compliance with FINTRAC guidelines was conducted for the period August 4, 2010, to December 31, 2010, to verify compliance with the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)*, FINTRAC guidelines, and the Gaming Control Act and Regulation.

The review included an analysis of large cash transaction and suspicious transaction reporting systems in place at BCLC gaming sites and head office in Vancouver, BC. BCLC FINTRAC training programs and gaming workers' understanding of legislative requirements were reviewed as well. Procedures were performed on a test basis.

A notable exception was identified during the course of the audit; that is, BCLC's understanding and implementation of **FINTRAC Interpretation Notice No. 4 (August 31, 2009) The "24-Hour Rule"**. Detailed examples clarifying the divergence of BCLC's procedures from FINTRAC's directive are included below.

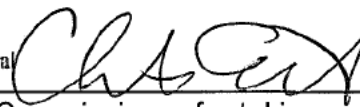
2.0 AUDIT OBJECTIVES

The objectives of the audit were to:

- Verify compliance with FINTRAC reporting requirements under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)*;
- Verify compliance with FINTRAC guidelines applicable to BCLC and its gaming sites;
- Verify compliance with the Gaming Control Act (GCA) and Regulation (GCR).

This is **EXHIBIT "2"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.

Gaming Policy and Enforcement Branch
Ministry of Public Safety and Solicitor General


A Commissioner for taking
Affidavits in British Columbia

Page 1 of 7

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3.0 AUDIT SCOPE

A risk assessment was performed to identify areas to be reviewed. Specific fieldwork was performed in the following areas:

- FINTRAC compliance regime;
- FINTRAC record keeping systems;
- FINTRAC reporting systems.

The audit was performed for the period August 4, 2010, to December 31, 2010.

4.0 AUDIT PROCEDURES

Field work was conducted throughout the audit period at BCLC gaming sites, and February 2011 at BCLC's head office in Vancouver, BC. Audit procedures were conducted on a sample testing basis to provide reasonable assurance of compliance. The auditor(s) performed on-site compliance work through observation, interview and testing. Substantial additional testing was performed off-site through the review of records provided by service providers and BCLC.

A sample made up of 305 Large Cash Transaction Records (LCTRs) resulting from buy-ins, disbursements and foreign exchanges, occurring during the period August 4, 2010, to December 31, 2010, was reviewed for compliance with FINTRAC requirements. A sample of 41 Suspicious Transaction Records occurring during the same period was also reviewed for compliance with FINTRAC requirements.

5.0 FINDINGS

Details of findings resulting from audit procedures:

- 1) **FINTRAC Guideline 4: Implementation of a Compliance Regime**, Section 7 states, in part, "If you have employees, agents or other individuals authorized to act on your behalf, your compliance regime has to include training. This is to make sure that all those who have contact with clients, who see client transaction activity, who handle cash or funds in any way or who are responsible for implementing or overseeing the compliance regime understand the reporting, client identification and record keeping requirements. This includes those at the "front line" as well as senior management." Section 7 also states, in part, "Standards for the frequency and method of training, such as formal, on-the-job or external, should be addressed. New people should be trained before they begin to deal with clients."

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BCLC currently requires all new employees to complete training prior to commencing work on the gaming floor. Employees are also required to be retrained within two years of having last successfully completing training. Training is delivered in two ways - online or classroom instruction. For the purposes of this review "BCLC Anti Money Laundering Training" (version 7a) online course and "BCLC Anti Money Laundering Training" (PowerPoint presentation slides - revised October 2010) were reviewed. The training is designed to be completed in approximately two hours and is broken into a number of sections including:

- an introduction to anti money laundering terms,
- a review of regulatory bodies and their functions,
- applicable legal acts and regulations,
- legal requirements within gaming facilities,
- examples of attempted money laundering and suspicious transaction scenarios, and
- gaming employee duties including record keeping, identification, and reporting requirements.

The training package also includes questions and answers (no marks) to test and reinforce knowledge as employees make their way through the material. Training ends with a multiple choice test. Twenty questions are randomly selected from a pool of 36 questions. Employees must achieve a mark of 70% in order to pass. Employees that do not pass must retake the test until it is passed. A review of the online and classroom training materials determined the current training material is sufficient to prepare employees regarding anti money laundering and suspicious transactions.

A review of BCLC training records indicated 12 active employees, of a total 5,401 employees working at 33 gaming sites, had not completed training within the prescribed time frame. BCLC records indicated 100% training rates at 26 of 33 sites. Overall, the number of employees not trained is less than 1%.

BCLC Response:

BCLC acknowledges that 99.78% of the 5,401 casino employees were trained. Since the audit was completed, all identified employees have completed the requisite AML training. All training records have been updated.

BCLC continues to emphasize to Service Providers and staff the importance of AML training in order to meet our training obligations and to remain compliant with Fintrac guidelines.

2) FINTRAC Guideline 6F: Record Keeping and Client Identification for Casinos, Sections 3.2, 3.6 and 3.10 specifies record keeping requirements for large cash transactions.

During site audits, GPEB auditors interviewed gaming facility staff to determine their level of understanding regarding identifying and reporting large cash transactions and suspicious

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transactions. A review of GPEB audit reports for 10 site audits conducted during the period reviewed determined one instance where a cashier was unable to identify the threshold for recording foreign currency exchange transactions (CDN\$3,000).

BCLC Response:

Training for the Floor Managers and Cage Supervisors responsible for LCTR completion was conducted at this site. LCTRs are now verified by another supervisor and BCLC will continue to monitor AML reporting.

- 3) **FINTRAC Guideline 7A: Submitting Large Cash Transaction Records to FINTRAC Electronically, Section 3.2** requires reports to be sent to FINTRAC within 15 calendar days after transactions occur.

PII - FINTRAC

GPEB Response:

Upon review of **FINTRAC Guideline 10A: Submitting Casino Disbursement Reports to FINTRAC Electronically, Section 2.2**, GPEB concurs with BCLC's assertion that, in the event of a delayed jackpot, reports are to be submitted to FINTRAC within 15 days after the date of disbursement.

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- 4) **FINTRAC Interpretation Notice No. 4 (August 2009)** The "24-Hour Rule" states, in part, "You ... have to submit an LCTR if you conduct two or more cash transactions of less than \$10,000 each within 24 consecutive hours of one another ... that add up to \$10,000 or more...." The Interpretation Notice includes a number of examples to explain how LCTRs are to be calculated. The examples illustrate situations where individual amounts may be included in more than one LCTR.

PII - FINTRAC

PII - FINTRAC

PII - FINTRAC

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PII - FINTRAC

BCLC Response:

BCLC reviewed the options set out in the Interpretation guideline of the 24 hour static and the 24 hour rolling clock and elected to use the static option.

Solicitor Client Privilege

GPEBs recommendation in the last paragraph of this report will be followed up on:

GPEB recommends BCLC meet with FINTRAC to ensure the requirements of FINTRAC Interpretation Notice No. 4 (August 2009) The "24-Hour Rule" are satisfied.

- 5) **FINTRAC Guideline 3A: Submitting Suspicious Transaction Reports to FINTRAC Electronically**, Section 3.2 states, in part, "Once you have determined that there are reasonable grounds to suspect that the transaction is related to a money laundering or terrorist financing offence, your report, including all required and applicable information, must be sent within 30 calendar days. This 30-day reporting time limit begins when you or any one of your employees first detects a fact about a transaction that constitutes reasonable grounds to suspect that it is related to a money laundering or terrorist financing offence."

A review of a sample of 41 STRs for the period August to December 2010 determined all reports were submitted within the prescribed time frame.

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A number of issues were identified during the course of the audit. BCLC has acknowledged the exceptions in this report and has provided responses indicating issues have been addressed as noted. GPEB recommends BCLC meet with FINTRAC to ensure the requirements of FINTRAC Interpretation Notice No. 4 (August 2009) The "24-Hour Rule" are satisfied.

Commercial Gaming Audit
Audit and Compliance Division
May 20, 2011

Distribution List:

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Mr. Terry Towns, Vice President Corporate Security and Compliance, BCLC
Ms. Terri Van Sleuwen, Executive Director, Audit and Compliance, GPEB

**Gaming Policy and
Enforcement
Branch**



AUDIT REPORT

BCLC
Anti Money Laundering Compliance Regime Audit
GPEB File # COMM-6830
January 1, 2011, to December 31, 2011

EXECUTIVE SUMMARY

An audit of BCLC's Anti Money Laundering Compliance Regime was conducted to verify compliance with the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFA), Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) guidelines, and the *Gaming Control Act* and Regulation.

The scope of the audit included a review of BCLC's anti money laundering compliance regime including organizational structure and responsibilities, risk assessment, training, record keeping and client identification, and reporting. The effectiveness of the regime as demonstrated through gaming facility audits conducted throughout the audit period was also reviewed. Procedures were performed on a test basis.

One notable exception was identified during the course of the audit: BCLC's interpretation and implementation of **FINTRAC Interpretation Notice No. 4 (August 31, 2009) The "24-Hour Rule"**. An example clarifying the divergence of BCLC's procedures from FINTRAC's directive is included below. This is a repeat finding.

AUDIT OBJECTIVES

The objectives of the audit were to:


- Verify compliance with FINTRAC guidelines applicable to BCLC within its gaming facilities;
- Verify compliance with FINTRAC guidelines applicable to BCLC regarding reporting of large cash transactions and suspicious transactions;
- Verify compliance with the *Gaming Control Act* (GCA) and Regulation (GCR).

AUDIT SCOPE

A risk assessment was performed to identify areas to be reviewed. Specific fieldwork was performed in the following areas:

- FINTRAC compliance regime;
- FINTRAC record keeping systems;
- FINTRAC reporting systems.

This is **EXHIBIT "3"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.


A Commissioner for taking
Affidavits in British Columbia

AUDIT PROCEDURES

Fieldwork was performed throughout the audit period (January 1, 2011, to December 31, 2011), at BCLC gaming facilities. Audit work was also conducted at BCLC's corporate offices in Vancouver, BC, at the end of the audit period. Audit procedures were conducted on a test basis to provide reasonable assurance of compliance. Auditors performed on-site compliance work through observation, interview and testing. Substantial additional testing was performed off-site through the review of records and training materials provided by service providers and BCLC.

A sample made up of 300 Large Cash Transaction Reports (LCTRs) resulting from buy-ins, disbursements and foreign exchanges occurring during the period January 1, 2011, to December 31, 2011, was reviewed for compliance with FINTRAC requirements. A sample of 132 Suspicious Transaction Reports (STRs) occurring during the same period was also reviewed for compliance with FINTRAC requirements.

FINDINGS

Details of the issues resulting from the audit procedures are discussed below:

- 1) **FINTRAC Guideline 4: Implementation of a Compliance Regime, Section 7 Ongoing Compliance Training** states, in part, "If you have employees, agents or other individuals authorized to act on your behalf, your compliance regime has to include training. This is to make sure that all those who have contact with clients, who see client transaction activity, who handle cash or funds in any way or who are responsible for implementing or overseeing the compliance regime understand the reporting, client identification and record keeping requirements. This includes those at the 'front line' as well as senior management." Section 7 also states, in part, "Standards for the frequency and method of training, such as formal, on-the-job or external, should be addressed. New people should be trained before they begin to deal with clients. All should be periodically informed of any changes in anti-money laundering or anti-terrorism legislation, policies and procedures, as well as current developments and changes in money laundering or terrorist activity financing schemes particular to their jobs. Those who change jobs within your organization should be given training as necessary to be up-to-date with the policies, procedures and risks of exposure to money laundering or terrorist financing that are associated with their new job."

BCLC currently requires all new employees to complete training prior to commencing work on the gaming floor. Employees are also required to be retrained within two years of having last successfully completed training. Training is delivered in two ways - online and classroom instruction. For the purposes of this review the 2011 BCLC Anti Money Laundering Training online course and BCLC Anti Money Laundering Training PowerPoint presentation (revised August 2011) were reviewed. The training is designed to be completed in approximately two hours and includes:

- an introduction to anti money laundering terms,
- a review of regulatory bodies and their functions,
- applicable legal acts and regulations,

- legal requirements within gaming facilities,
- examples of attempted money laundering and suspicious transaction scenarios, and
- duties as a gaming employee including record keeping, identification, and reporting requirements.

The training package also includes questions and answers (no marks) to test and reinforce knowledge as employees make their way through the material. Training ends with a multiple choice test. Twenty questions are randomly selected from a pool of 36 questions. Employees must achieve a mark of 70% in order to successfully complete the course. Employees that do not pass must retake the test until it is passed. A review of the online and classroom training materials determined the current training material is sufficient to prepare employees re: anti money laundering and suspicious transactions.

A review of BCLC training records indicated two active employees of a total 5,422 employees working at 34 gaming facilities had not completed training or retraining within the prescribed time frame.

BCLC indicated one employee at River Rock Casino and Resort was on vacation during the period when the two year retraining period expired; BCLC indicated the employee was scheduled to complete retraining immediately upon return from vacation and prior to commencing work on the gaming floor.

The training report for Chances Squamish, generated January 16, 2012, indicated it had been two years and nine days since one employee had last been trained.

BCLC records indicated 100% training/retraining rates at 32 of 34 gaming facilities reviewed. Overall, the number of employees not trained/retrained is less than 0.1%.

BCLC Response:

In calendar year 2011, BCLC continued with its aggressive FINTRAC training program targeted at all service provider employees, whose job functions required FINTRAC training. Training continues to be delivered in a variety of methods, the two most prevalent were the on line web based training modules and the face to face training delivered to service provider staff at all Casinos and Community Gaming Centers within the Province. BCLC has dedicated a 'Compliance and Trend Analyst' position to oversee all FINTRAC training applications and to monitor all FINTRAC training Province wide. BCLC Investigators also meet with Service Provider compliance personnel on a monthly basis to ensure that AML training requirements are being met as per BCLC Policy. BCLC feels that this has been a very effective and efficient means of oversight as exhibited by the less than 0.1% of employees identified as not having been AML trained/retrained.

Since the training deficiencies were identified by GPEB auditor, BCLC immediately followed up with River Rock Casino and Chances Squamish site compliance personnel.

BCLC investigated and determined that the River Rock employee's training lapsed while he was on vacation. The employee upon returning from training immediately completed the online AML training hosted at [REDACTED] prior to setting foot on the gaming floor.

BCLC also determined that the Chances Squamish gaming employee attempted to log into the on line AML training hosted at [REDACTED] on January 25th however experienced access issues. This IT issue was brought to the attention of BCLC, the matter was rectified immediately and the employee subsequently completed the online training on January 28th.

Both the River Rock and Chances Squamish employees have since completed AML training. AML training in the province now stands at 100%.

2) **FINTRAC Guideline 6F: Record Keeping and Client Identification for Casinos, Sections 3.2, 3.6 and 3.10** specifies record keeping requirements for large cash transactions.

During gaming facility audits, GPEB auditors interview staff to determine their level of understanding regarding identifying and reporting large cash transactions and suspicious transactions. A review of GPEB audit reports for 14 gaming facility audits conducted during the period reviewed determined one instance where a table games dealer at Fraser Downs Casino was unable to correctly recall the threshold for recording large cash transactions (CDN\$10,000).

BCLC Response:

As soon as the GPEB auditor supplied the name of the table games dealer at Fraser Downs Casino, BCLC Investigator immediately attended to the gaming facility and determined that at the time the Fraser Downs roulette dealer was being interviewed by GPEB, he was working on the gaming floor and in the process of dealing and could not properly hear or understand the question from the GPEB auditor. The dealer was spoken to by BCLC and is very aware of the LCT reporting requirements. Regardless BCLC Investigator has followed up with Fraser Downs Assistant General Manager and will be providing some Advanced AML Training sessions for Dealers, Cashiers and Slot Attendants which will include Fintrac reporting thresholds as well as suspicious activities indicators.

The review of GPEB audit reports also determined four record keeping errors at Chances Abbotsford and one record keeping error at Hastings Racetrack and Casino. All errors involved data entry re: patron identification.

BCLC Response:

BCLC requested and received additional information from the GPEB auditor in relation to the issues identified at the Chances Abbotsford gaming facility which are as follows;

GPEB finding from audit report for Chances Abbotsford COMM-6561:

* LCT# 11-9772 / SID # & ID Place of issue not entered.

* LCT# 11-9537 / DL Place of issue and Expiration date not entered.

- * LCT# 11-21748 / A copy of his DL was obtained but not scanned into his subject profile
- * LCT# 11-9772 / Client's type of ID not entered.
- * LCT # 11-9836 / LCT transaction occurred at 14:14 on 31 March 2011, Related FINTRAC file, and entry of ID, opened 02 April 2011.

Upon receiving specific information from the GPEB Auditor, BCLC Investigator attended the Chances Abbotsford gaming facility and reviewed the issues identified by the GPEB auditor. These issues had been identified by the BCLC Investigator to the gaming facility when completing his daily audit of LCT's. None of these issues impacted on the timeliness of reporting to Fintrac. All issues have been addressed.

GPEB finding from audit report for Hastings Racetrack and Casino (Slots) COMM-6316:

The identification on file for a patron was expired. The file indicated that valid ID would need to be presented when patron returned to site. A subsequent LCT was completed in May 2011 however valid ID was not obtained from the patron at that point. As of June 7, 2011, (date of GPEB audit fieldwork) there was still no valid ID on file. This was confirmed with the Surveillance Manager. Subject ID s.22 and LCT #s: 20100032548 and 20110015390 refer.

BCLC Response:

Upon receiving specific information from the GPEB Auditor, BCLC Investigator determined that the patron in question SID s.22 returned to Hasting Race Course on June 22, 2011, and presented new current ID (driver License) which is currently on file. This issue has been addressed.

- 3) **FINTRAC Guideline 7A: Submitting Large Cash Transaction Records to FINTRAC Electronically, Section 3.2** requires reports to be sent to FINTRAC within 15 calendar days after transactions occur.

A review of a sample of 300 Large Cash Transaction records determined one series of transactions was reported to FINTRAC more than 15 days after the transactions occurred. In this case, buy-ins and disbursements occurred on s.22 , but were not reported to FINTRAC until s.22 16 and 17 days after transactions occurred.

LCT #	Dates of Transactions	Transaction Types	Amounts	Days to Report
20110016768	s.22	Buy-in	s.22	16
		Buy-in		16
		Buy-in		16
		Buy-in		17
		Buy-in		17
		Disbursement		16
		Disbursement		17

The review of the sample of 300 Large Cash Transactions records also determined one series of transactions, totalling \$11,651, was not reported to FINTRAC. In this case, the date for one transaction was entered incorrectly as s.22, instead of s.22. As a result of the error, the series of transactions did not meet reporting requirements; that is, the \$10,000 threshold was not met within 24 hours, and therefore the series of transactions was not reported. Note: BCLC confirmed the error, corrected it, and reported the transaction to FINTRAC once identified by the GPEB auditor as detailed below:

BCLC Response:

BCLC determined that the Starlight Casino Executive Table Games Manager had removed the hard copy LCT 20110016768 from the cash cage, prior to it being uploaded into the electronic Fintrac Reporting module to obtain a signature from a staff member who had witnessed a patron make multiple Patron Gaming Fund withdrawals and re-deposits. The patron also received multiple verified win cheques during the course of his play. The Casino employee who witnessed/verified the wins failed to sign the hard copy LCT and departed for annual leave following his shift. While awaiting their return, the LCT hard copy got misplaced on the manager's desk and was not located and processed until after the due date. Once identified the LCT report was completed shortly thereafter and processed to Fintrac. BCLC Investigator has since discussed the importance of timely reporting with Casino management and advised them that this practice of removing a hard copy LCT from the cage for signature thereby compromising timely reporting is totally unacceptable.

LCT #	Actual Dates of Transactions	Transaction Type(s)	Amounts	Days to Report
20110012919	s.22	Disbursement Disbursement Disbursement Disbursement Disbursement Disbursement Disbursement Disbursement	s.22	259

BCLC Response:

BCLC and its Service Providers are committed to the timely reporting of all large cash transactions. BCLC Investigators conduct daily reviews of all large cash transactions to ensure appropriateness, timeliness and accuracy of reporting. Upon being notified by the GPEB auditor BCLC determined that the date for one transaction had been entered incorrectly as April 30, 2011, as opposed to the correct transaction date of April 29, 2011. This was missed in the review process. Once this transposition error was identified it was immediately corrected. This large cash disbursement has since been reported to and processed by Fintrac.

- 4) **FINTRAC Interpretation Notice No. 4 (August 2009) The “24-Hour Rule”** states, in part, “You ... have to submit an LCTR if you conduct two or more cash transactions of less than \$10,000 each within 24 consecutive hours of one another ... that add up to \$10,000 or more....” The Interpretation Notice includes a number of examples to explain how LCTRs are to be calculated. The examples illustrate situations where individual amounts may be included in more than one LCTR. A review of BCLC LCTR reports determined that this procedure is not being followed when determining whether an LCTR should be created and reported to FINTRAC. Therefore, BCLC is underreporting LCTRs to FINTRAC, e.g.:

LCT #	Date & Times	Amounts	Reported by BCLC	FINTRAC Minimum Requirement	Description
20110014498					s.22

Note: This is a repeat finding. GPEB Audit and Compliance Division confirmed with FINTRAC its understanding of **FINTRAC Interpretation Notice No. 4 (August 31, 2009) The "24-Hour Rule"**. BCLC indicated it is currently discussing this issue internally and intends to address the issue with FINTRAC. This issue remains unresolved at this time.

BCLC Response:

Given the most recent release of the Department of Finance Consultation Paper entitled "Strengthening Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime", dated December 2011, BCLC at this time would like to defer this particular observation by GPEB until clarification can be received of the 24 hour rule in the consultation paper prior to taking any definitive action in this area.

- 5) **FINTRAC Guideline 3A: Submitting Suspicious Transaction Reports to FINTRAC Electronically**, Section 3.2 states, in part, "Once you have determined that there are reasonable grounds to suspect that the transaction or attempted transaction is related to a money laundering or terrorist financing offence, your report, including all required and applicable information, must be sent within 30 calendar days. This 30-day reporting time limit begins when you or any one of your employees first detects a fact about a transaction that constitutes reasonable grounds to suspect that it is related to the commission of a money laundering or terrorist financing offence."

A review of a sample of 132 Suspicious Transaction Reports for the period January 1, 2011, to December 31, 2011, determined all reports were appropriately submitted within the prescribed time frame.

CONCLUSION

BCLC has acknowledged the exceptions in this report and has provided responses indicating issues have been addressed as noted. BCLC has requested to defer its response to issues pertaining to the "24-Hour Rule" until it has received clarification from external parties re: the rule.

Commercial Gaming Audit
Audit and Compliance Division
May 1, 2012

DISTRIBUTION LIST

Mr. Murray Dugger, Regional Director, Western Region, FINTRAC
Mr. Terry Towns, Vice President, Corporate Security and Compliance, BCLC

**Gaming Policy and
Enforcement
Branch**

AUDIT REPORT

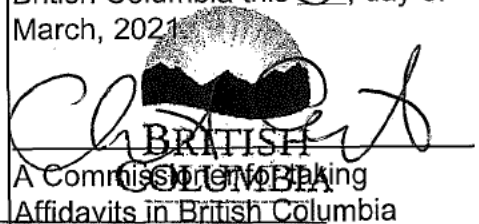
BCLC

Anti Money Laundering Compliance Regime Audit

GPEB File # COMM-7092

January 1, 2012, to December 31, 2012

This is **EXHIBIT "4"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.



BRITISH COLUMBIA
A Commission on Gaming
Affidavits in British Columbia

EXECUTIVE SUMMARY

An audit of BCLC's Anti Money Laundering Compliance Regime was conducted to verify compliance with the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFA), Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) guidelines, and the Gaming Control Act and Regulation.

The scope of the audit included a review of BCLC's anti money laundering compliance regime including organizational structure and responsibilities, risk assessment, training, record keeping and client identification, and reporting. The effectiveness of the regime as demonstrated through gaming facility audits conducted throughout the audit period was also reviewed. Procedures were performed on a test basis.

One repeat issue was identified during the course of the audit: BCLC's interpretation and implementation of FINTRAC Interpretation Notice No. 4 (August 31, 2009) The "24-Hour Rule". An example clarifying the difference between BCLC's interpretation and GPEB's understanding of FINTRAC's directive is included below.

AUDIT OBJECTIVES

The objectives of the audit were to:

- Verify compliance with FINTRAC guidelines applicable to BCLC within its gaming facilities;
- Verify compliance with FINTRAC guidelines applicable to BCLC regarding reporting of large cash transactions and suspicious transactions;
- Verify compliance with the Gaming Control Act (GCA) and Regulation (GCR).

AUDIT SCOPE

A risk assessment was performed to identify areas to be reviewed. Specific fieldwork was performed in the following areas:

- FINTRAC compliance regime;
- FINTRAC record keeping systems;
- FINTRAC reporting systems.

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AUDIT PROCEDURES

Fieldwork was performed throughout the audit period (January 1, 2012, to December 31, 2012), at BCLC gaming facilities. Audit work was also conducted at BCLC's corporate offices in Vancouver, BC, at the end of the audit period. Audit procedures were conducted on a test basis to provide reasonable assurance of compliance. Auditors performed on-site compliance work through observation, interview and testing. Substantial additional testing was performed off-site through the review of records and training materials provided by service providers and BCLC.

A sample made up of 303 Large Cash Transaction Reports (LCTRs) resulting from buy-ins, disbursements and foreign exchanges occurring during the period January 1, 2012, to December 31, 2012, was reviewed for compliance with FINTRAC requirements. A sample of 79 Suspicious Transaction Reports (STRs) occurring during the period January 1, 2012, to November 30, 2012, was also reviewed for compliance with FINTRAC requirements.

FINDINGS

Details of the issues resulting from the audit procedures are discussed below:

- 1) **FINTRAC Guideline 4: Implementation of a Compliance Regime, Section 7 Ongoing Compliance Training** states, in part, "If you have employees, agents or other individuals authorized to act on your behalf, your compliance regime has to include training. This is to make sure that all those who have contact with clients, who see client transaction activity, who handle cash or funds in any way or who are responsible for implementing or overseeing the compliance regime understand the reporting, client identification and record keeping requirements. This includes those at the 'front line' as well as senior management." Section 7 also states, in part, "Standards for the frequency and method of training, such as formal, on-the-job or external, should be addressed. New people should be trained before they begin to deal with clients. All should be periodically informed of any changes in anti-money laundering or anti-terrorism legislation, policies and procedures, as well as current developments and changes in money laundering or terrorist activity financing schemes particular to their jobs. Those who change jobs within your organization should be given training as necessary to be up-to-date with the policies, procedures and risks of exposure to money laundering or terrorist financing that are associated with their new job."

BCLC currently requires all new employees to complete training prior to commencing work on the gaming floor. Employees are also required to be retrained within two years of having last successfully completed training. Training is delivered in two ways - online or classroom instruction. For the purposes of this review the 2012 BCLC Anti Money Laundering Training online course was reviewed. The same material is used when delivering classroom instruction. The training is designed to be completed in approximately one hour and includes familiarization with anti money laundering terms, a review of regulatory bodies and their functions, applicable legal acts and regulations, legal requirements within gaming facilities, examples of attempted money laundering and suspicious transaction scenarios, duties as a gaming employee including record keeping, identification, and reporting requirements. The training package also includes questions and answers (no marks) to test and reinforce

knowledge as employees make their way through the material. Training ends with a multiple choice test. Twenty questions are randomly selected from a pool of 30 questions. Employees must achieve a mark of 70% in order to successfully complete the course. Employees that do not pass must retake the test until it is passed. A review of the online and classroom training materials determined the current training material is sufficient to prepare employees re: anti money laundering and suspicious transactions.

A review of BCLC training records generated February 5, 2013, indicated the "registration status" for three of 5,623 employees working at 36 gaming sites as "unknown" rather than "completed" or "passed".

Note: Nine employees were listed as not having completed retraining within the prescribed two year period; however, all nine employees identified were also listed as on leave or having not worked at the site for some time. Comments indicated the employees will be required to complete training prior to returning to the gaming floor.

BCLC Response:

BCLC conducted a further review to determine why BCLC training records indicated the "registration status" for the three[3] gaming employees as "unknown" rather than "completed" or "passed". BCLC identified the following three[3] gaming employees whose status was classified as "unknown":

66174 - The report given to GPEB shows she spent 158 minutes on the course however the status was not updated. This was a software recording issue in the BCLC learning system which occurs on occasion. BCLC IT are currently engaged in rectifying this anomaly. Records indicate that 66174 had in fact completed the training at the time of GPEB audit.

66844 - BCLC review indicates that 66844 completed the training on Feb. 5th, the day of GPEB audit.

66678 - This employee's position at Chances Dawson Creek is that of a cook in the food and beverage department. As such there is no requirement for him to take the AMI course.

2) FINTRAC Guideline 6F: Record Keeping and Client Identification for Casinos, Sections 3.2, 3.6 and 3.10 specifies record keeping requirements for large cash transactions.

During gaming facility audits, GPEB auditors observe and interview gaming facility staff and review records to determine their level of understanding regarding identifying and reporting large cash transactions and suspicious transactions. A review of GPEB audit reports for 17 gaming facilities audited during the period reviewed determined no exceptions regarding record keeping and client identification for large cash transactions (CDN\$10,000).

BCLC Response: We note that there were no exceptions.

Redacted

days after the transaction occurred:

PII FINTRAC

BCLC Response:

BCLC and its Service Providers are committed to the timely reporting of all large cash transactions. BCLC Investigators conduct daily reviews of all large cash transactions to ensure appropriateness, timeliness and accuracy of reporting. Upon being notified by the GPEB auditor BCLC determined that the patron did not produce valid identification on March 17, 2012 therefore his jackpot was delayed. Although the patron returned on March 22, 2012 [5 days after the date of the transaction] and presented valid identification, the gaming facility omitted to create and file the electronic UCI within the requisite 15 day period. This was simply an oversight on their part.

PII FINTRAC

PII FINTRAC

FINTRAC Guideline 7A: Submitting Large Cash Transaction Records to FINTRAC Electronically, Section 3.2 also states, in part, "Do not make a large cash transaction report to FINTRAC if the cash is received from a financial entity ... Financial entities include those listed in Schedule I or II of the Bank Act. These include Canadian and authorized foreign financial banks with respect to operations in Canada." **FINTRAC Guideline 8A, Section 3.2** also states, in part, "... you have to report incoming and outgoing international electronic funds transfers (EFTs) of \$10,000 or more to FINTRAC...."

BCLC currently reports to FINTRAC deposits to and withdrawals from Patron Gaming Fund (PGF) accounts. Instructions regarding the reporting of these transactions are included in anti money laundering training materials as well as BCLC Casino and CGC Standards, Policies and Procedures documents. (PGF accounts are offered to patrons by some service providers in an effort to reduce the amount of cash entering and leaving gaming facilities and to

enhance patron safety.) Currently, all transfers of funds are being conducted between service providers and Canadian financial institutions. Therefore, BCLC is currently reporting PGF transactions not required to be reported under FINTRAC guidelines. Note: There has been some discussion within GPEB and with BCLC that may result in permitting service providers to process international EFTs in future, which would meet FINTRAC reporting requirements.

BCLC Response:

BCLC agrees with GPEB comments that we may be over reporting to Fintrac in the area of PGF accounts. BCLC does so out of an abundance of caution to ensure compliance with not only Fintrac guidelines but also its Provincial regulator the Gaming Policy and Enforcement Branch who sanctioned/approved the use of these accounts under very stringent guidelines. The PGF reporting process is presently under review in consideration of this recommendation.

- 4) **FINTRAC Interpretation Notice No. 4 (August 2009) The "24-Hour Rule"** states, in part, "You ... have to submit an LCTR if you conduct two or more cash transactions of less than \$10,000 each within 24 consecutive hours of one another ... that add up to \$10,000 or more...." "The 24-hour rule applies if you as a reporting entry know ... that the transactions were made within 24 consecutive hours of each other...." The Interpretation Notice includes a number of examples to explain how LCTRs are to be calculated. The examples illustrate situations where individual amounts may be included in more than one LCTR. A review of BCLC LCTRs determined that this procedure is not being followed when determining whether an LCTR should be created and reported to FINTRAC. Therefore BCLC is underreporting LCTRs to FINTRAC, e.g.:

LCT #	Date & Time	Amounts	Reported by BCLC	FINTRAC Minimum	Description
PII FINTRAC					

Note: This is a repeat finding. GPEB Audit and Compliance Division has confirmed its understanding of **FINTRAC Interpretation Notice No. 4 (August 31, 2009) The "24-Hour**

Rule” with FINTRAC. BCLC has indicated it believes its method of calculating LCTRS meets FINTRAC guidelines. This issue remains unresolved.

BCLC Response:

BCLC recognizes that this has been a repeat finding over the past three years; however BCLC continues to wait for clarification of the “24 Hour Rule” in the Department of Finance Consultation Paper dated December 2011 entitled “Strengthening Canada’s Anti-Money Laundering and Anti-Terrorist Financing Regime.” To date the method by which BCLC calculates LCTRS has not been questioned by Fintrac. As such BCLC would like to defer this particular observation by GPEB until clarification can be received of the 24 hour rule in the consultation paper prior to taking any definitive action in this area.

- 5) **FINTRAC Guideline 3A: Submitting Suspicious Transaction Reports to FINTRAC Electronically, Section 3.2** states, in part, “Once you have determined that there are reasonable grounds to suspect that the transaction or attempted transaction is related to a money laundering or terrorist financing offence, your report, including all required and applicable information, must be sent within 30 calendar days. This 30-day reporting time limit begins when you or any one of your employees first detects a fact about a transaction that constitutes reasonable grounds to suspect that it is related to the commission of a money laundering or terrorist financing offence.”

A review of a sample of 79 Suspicious Transaction Reports for the period January 1, 2012, to November 30, 2012, determined all reports were appropriately submitted within the prescribed time frame.

BCLC Response: We note that there were no exceptions.

CONCLUSION

BCLC has acknowledged the exceptions in this report and has provided responses indicating issues have been addressed as noted. BCLC has requested to defer any definitive action pertaining to the “24-Hour Rule” until it has received clarification re: this issue.

Commercial Gaming Audit
Audit and Compliance Division
May 9, 2013

DISTRIBUTION LIST

Mr. Murray Dugger, Regional Director, Western Region, FINTRAC
Mr. Brad Desmarais, Vice President, Corporate Security and Compliance, BCLC

**Gaming Policy and
Enforcement
Branch**



INTERNAL REPORT

**Anti Money Laundering
Suspicious Transaction Reporting
for Large Cash Transaction Buy-ins
between \$20K and \$50K
GPEB File # COMM-7646
2013/2014**

This is **EXHIBIT "5"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.

A handwritten signature in black ink, appearing to be "C. A. Ed", written over a horizontal line.

A Commissioner for taking
Affidavits in British Columbia

BACKGROUND

In response to a request from GPEB Investigations, GPEB Audit and Compliance Division (ACD) agreed to collect and analyze data pertaining to large cash transactions greater than \$20,000 and less than \$50,000 occurring at three large BC casinos during a sample period (one month). GPEB Investigations believes that some money entering BC gaming facilities originates and flows from organized crime. The purpose of the review is to determine, if possible, gaming facility service provider and BCLC methodologies and patterns of identifying and reporting suspicious activity to the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC).

As stated in the casinos guidelines on the FINTRAC website, casinos are required to report suspicious transactions where there are reasonable grounds to suspect that a transaction or an attempted transaction is related to the commission or attempted commission of a money laundering offence or a terrorist financing activity offence.

Under Canadian law, a money laundering offence involves various acts committed with the intention to conceal or convert property or the proceeds of property (such as money) knowing or believing that these were derived from the commission of a designated offence.

We understand loan sharks are lending funds to gaming patrons who then bring it into gaming facilities. GPEB Investigations believes service providers may not be consistently identifying suspicious transactions for large transactions greater than \$20,000 and less than \$50,000.

As stated above, transactions are to be reported if there are reasonable grounds to suspect they are related to a money laundering offence or terrorist financing activity. Suspicion is all that is required. Also, there is no monetary threshold for submitting a report. An assessment of suspicion should be based on a reasonable evaluation of relevant factors, including knowledge of the customer's business, financial history, background and behaviour. FINTRAC guidelines remind those reporting that behaviour is suspicious, not people, and all circumstances surrounding a transaction should be reviewed. A list of common indicators of suspicious transactions is included in Appendix 1.

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PROCEDURES

GPEB Audit and Compliance Division (ACD) collected data for three large casinos (River Rock, Edgewater and Starlight). A one month sample period was chosen for analysis. All buy-ins greater than \$20,000 and less than \$50,000 resulting in large cash transaction reports (LCTRs) during the sample period were reviewed. Transactions were analyzed to determine whether incident reports and/or suspicious transaction reports (STRs) were created. Narratives and rationales for reporting transactions as suspicious were also reviewed.

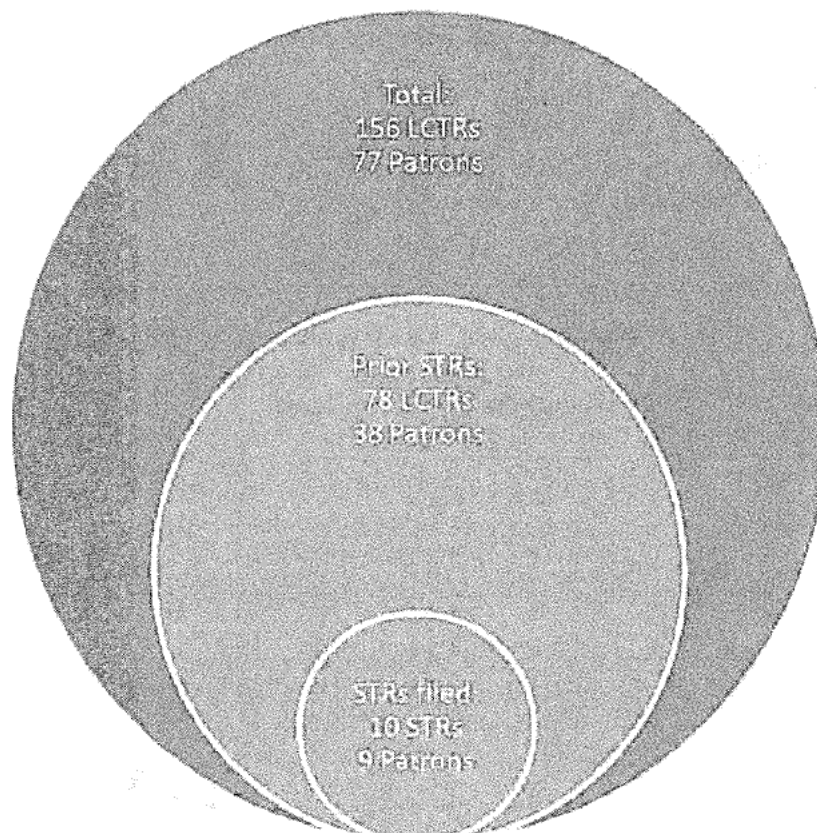
DATA ANALYSIS

One hundred and thirty discrete patrons generated a total of 238 LCTRs for buy-ins greater than \$20,000 and less than \$50,000 during the sample period as follows:

Site	Number of LCTRs (resulting from buy-ins) greater than \$20K and less than \$50K	Number of Discrete Patrons
Totals	238	130
River Rock	156	77
Edgewater	49	31
Starlight	33	22

River Rock Casino Resort:

For the sample period, 156 LCTRs for buy-ins totaling more than \$20,000 and less than \$50,000 were attributable to 77 discrete patrons. Seventy-eight of the 156 LCTRs were attributable to 38 discrete patrons that had previously had at least one STR filed in their name. And the 10 STRs filed were attributable to nine discrete patrons.



Summaries of narratives for the 10 STRs filed:

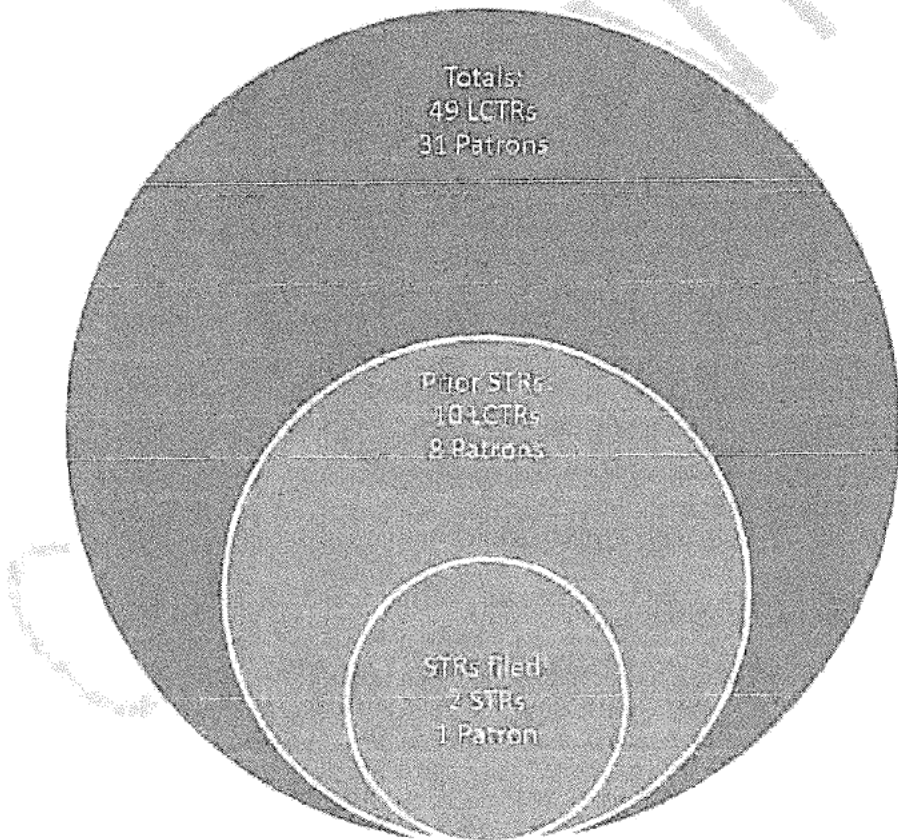
PII FINTRAC

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PII FINTRAC

Edgewater Casino:

For the sample period, 49 LCTRs for buy-ins totaling more than \$20,000 and less than \$50,000 were attributable to 31 discrete patrons. Ten of the 49 LCTRs were attributable to eight discrete patrons that had previously had at least one STR filed in their name. And the two STRs filed were attributable to one discrete patron.



Summaries of narratives for the two STRs filed:

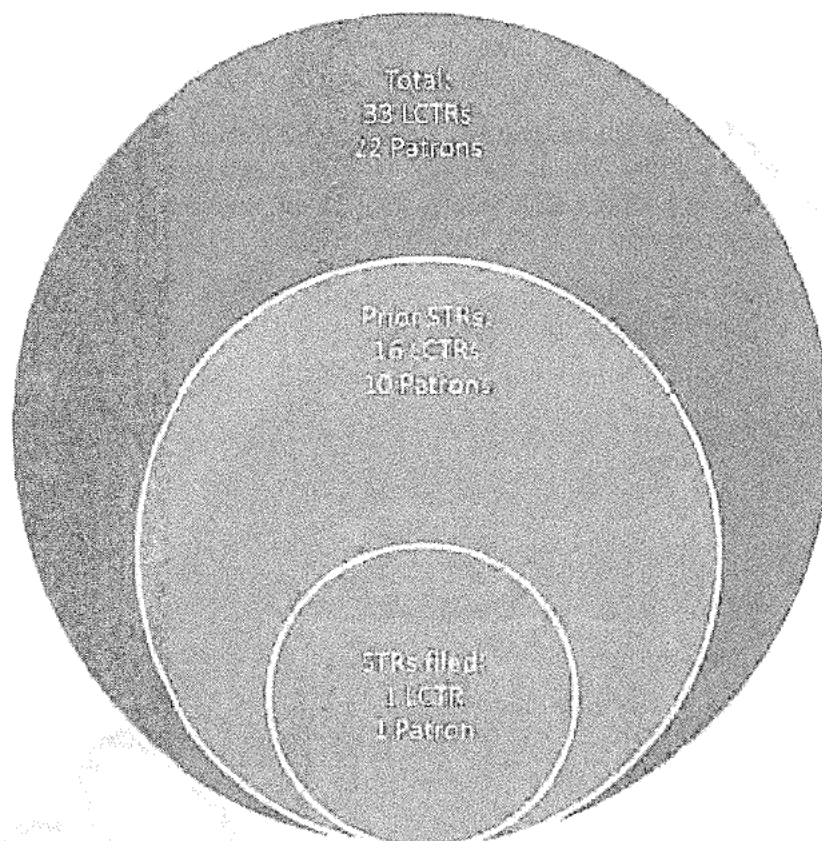
PII FINTRAC

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PII FINTRAC

Starlight Casino:

For the sample period, 33 LCTRs for buy-ins totaling more than \$20,000 and less than \$50,000 were attributable to 22 discrete patrons. Sixteen of the 33 LCTRs were attributable to 10 discrete patrons that had previously had at least one STR filed in their name. And the one STR filed was for one discrete patron.



Summary of the narrative for the STR filed:

PII FINTRAC

DISCUSSION

Based upon the narratives available for STRs, in some cases narratives indicate STRs resulted from patrons being suspected of associating with loan sharks, as well as unusual play. In other cases, however, narratives indicate STRs resulted from patrons producing volumes of cash and how the cash was presented (e.g. bundles, bricks, large volumes of same denomination bills). This raises questions regarding transactions deemed not suspicious at the outset. It is not difficult

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to assume that many, if not most of the large cash buy-ins not reported as suspicious, were also made up of large volumes of cash made up of bundles consisting primarily of the same denomination of currency. Also, many LCTRs were created for patrons associated with STRs in the past. This may suggest not all relevant information is being noted or that there are inconsistencies in applying the methodology used to determine whether activity surrounding buy-ins should be deemed suspicious.

CONCLUSION

GPEB is not able to fully determine gaming facility service provider and BCLC methodologies and patterns of identifying and reporting suspicious activity to FINTRAC. This is due to a lack of additional information available for incidents deemed not suspicious, other than the LCTRs.

RECOMMENDATIONS

GPEB should consider instituting its own policies and procedures to enhance identification and reporting of suspicious transactions. For example:

- requiring currency breakdowns to be documented for all LCTRs;
- requiring currency breakdowns in all applicable S.86 reports;
- requiring improved clear, consistent documentation for transactions deemed suspicious;
- requiring service providers to ensure all transactions not deemed suspicious do not share key characteristics with transactions that have previously been deemed suspicious;
- requiring rigorous review of all transactions for patrons previously associated with transactions deemed to be suspicious.

Service providers are not required by FINTRAC to provide rationales for transactions deemed not suspicious. Therefore, it is difficult for GPEB ACD and GPEB Investigations to determine if service providers are consistently applying FINTRAC's guidelines.

Commercial Gaming Audit
Audit and Compliance Division
December 5, 2013

DISTRIBUTION LIST

John Mazure, Assistant Deputy Minister, GPEB
Bill McCrea, Executive Director, Quality Assurance and Risk, GPEB
Larry Vander Graaf, Executive Director, Investigations and Regional Operations Division,
GPEB
Derek Dickson, Director, Casino Investigations, Investigations and Regional Operations
Division, GPEB

APPENDIX 1: Common Indicators

FINTRAC guidelines include a list of indicators of suspicious transactions to assist those evaluating transactions, whether completed or attempted, and are to be assessed in the context in which transactions occurred or were attempted. Below is a partial list of common indicators that may be relevant in a gaming facility setting:

- Client admits or makes statements about involvement in criminal activities.
- Client conducts transactions at different physical locations in an apparent attempt to avoid detection.
- Client is accompanied and watched.
- Client shows uncommon curiosity about internal systems, controls and policies.
- Client has only vague knowledge of the amount of a deposit.
- Client over justifies or explains the transaction.
- Client is nervous, not in keeping with the transaction.
- Client is involved in transactions that are suspicious but seems blind to being involved in money laundering activities.
- Client appears to be acting on behalf of a third party, but does not tell you.
- Client is involved in activity out-of-keeping for that individual or business.
- Client insists that a transaction be done quickly.
- The transaction does not appear to make sense or is out of keeping with usual or expected activity for the client.
- Client attempts to develop close rapport with staff.
- Client uses aliases and a variety of similar but different addresses.
- Client spells his or her name differently from one transaction to another.
- Client provides false information or information that you believe is unreliable.
- Client offers you money, gratuities or unusual favours for the provision of services that may appear unusual or suspicious.
- You are aware that a client is the subject of a money laundering or terrorist financing investigation.
- You are aware or you become aware, from a reliable source (that can include media or other open sources), that a client is suspected of being involved in illegal activity.
- A new or prospective client is known to you as having a questionable legal reputation or criminal background.
- Transaction involves a suspected shell entity (that is, a corporation that has no assets, operations or other reason to exist).

It should be noted that the gaming patron himself (or herself) does not have to be suspected of being the source of proceeds of crime for a transaction to be deemed suspicious. It is enough for the patron to be suspected of being party to a money laundering or terrorist financing offence.

Gaming Policy and Enforcement Branch



BRITISH
COLUMBIA

INTERNAL MEMO

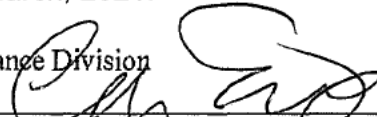
To: Terri Van Sleuwen, Executive Director, Audit and Compliance Division

From: David Pyatt, Director, Commercial Gaming, Audit and Compliance Division

Date: May 13, 2014

Subject: COMM-7744 River Rock – High Limit Cash Cage Activity

This is **EXHIBIT "6"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.


A Commissioner for taking
Affidavits in British Columbia

BACKGROUND

Gambling is a predominantly cash driven business, and as such, it is vulnerable to money laundering and other criminal activities.

Under Canadian law, a money laundering offence involves various acts committed with the intention to conceal or convert property or the proceeds of property (such as money) knowing or believing that these were derived from the commission of a designated offence.

Section 86 of the Gaming Control Act requires specific information to be provided to GPEB regarding anything that may be considered relevant to an investigation or investigative audit including anything that may be related to the commission of a criminal offence. This includes anything that may be related to the commission of a money laundering offence.

FINTRAC guidelines require casinos to report suspicious transactions where there are reasonable grounds to suspect that a transaction or an attempted transaction is related to the commission or attempted commission of a money laundering offence or a terrorist financing activity offence.

OBJECTIVE

The objective of the review was to observe and collect data surrounding large cash transactions and suspicious cash transactions in high limit rooms at the River Rock Casino. Surveillance and cash cage staff were observed and transactions were reviewed to determine how staff deals with patrons buying in with large amounts of cash.

Auditors performed the review in the casino surveillance room and Salon Privé cash cage. All large cash transactions were cross-referenced with applicable iTrak reports, Section 86 reports and Suspicious Transaction Reports (STRs) in order to understand the service provider's criteria for identifying and reporting large cash and suspicious transactions. The scope of this review was limited to River Rock Casino Resort on January 31, and February 3 and 5, 2014, which coincided with Chinese New Year celebrations, some of the busiest days of the year at the gaming facility.

APPROACH

GPEB auditors attended River Rock Casino Resort on January 31, and February 3 and 5, 2014, to observe surveillance staff and high limit room cash cage staff. Only transactions observed while auditors were on site are included in this review. GPEB auditors attended the gaming facility during Chinese New Year celebrations in order to observe as many large cash and/or suspicious transactions as possible and observe how staff perform its duties when the gaming facility is busy.

KEY OBSERVATIONS

- A total of 28 buy-ins at the Salon Privé and Phoenix cash cages reached or exceeded the \$10,000 threshold for large cash transaction (LCT) reporting. Individual large cash buy-ins ranged from \$10,000 to \$300,020. 26.
- iTrak reports were created for all transactions deemed suspicious by River Rock Casino Resort surveillance staff. Related Section 86 reports and STRs were subsequently forwarded to GPEB and FINTRAC. All iTrak reports included supplemental reports detailing players' activities while on site.
- 13 LCTs included buy-ins ranging from \$10,000 to \$150,000 with only \$100 bills. No Section 86 reports and/or STRs were sent for any of these buy-ins.
- 10 LCTs included buy-ins ranging from \$10,000 to \$300,020 with only \$20 bills. Seven Section 86 reports and STRs were sent.
- Five LCTs included buy-ins ranging from \$11,000 to \$130,000 with multi-denomination bills. iTrak reports, Section 86 reports and STRs were created for three of these buy-ins.
- Patrons were regularly paid out in \$100 bills, even when they bought in with \$20 bills.
- The majority of cash bundles were wrapped up with elastic bands. This may indicate the cash did not come directly from a bank. The \$20 bundles were in bricks of \$10,000.

- All large cash transactions observed by GPEB auditors were tracked and identified as LCTs in cash cage records.

AN EXAMPLE OF SUSPICIOUS ACTIVITY OBSERVED

A known patron, iTrak ID#17575, was redeeming his chips at the cash cage 20 minutes after having made a large buy-in. He had bought in with \$20 bills and cash cage staff were preparing \$100 bills for payout. The patron saw the GPEB auditor in the cage and told the cashier to halt the payout in \$100 bills as he, "didn't want to be suspected of money laundering by BCLC". The cashier was confused by this and sought advice from the supervisor who belatedly said yes to pay back in \$20 bills only.

FINTRAC

CONCLUSIONS

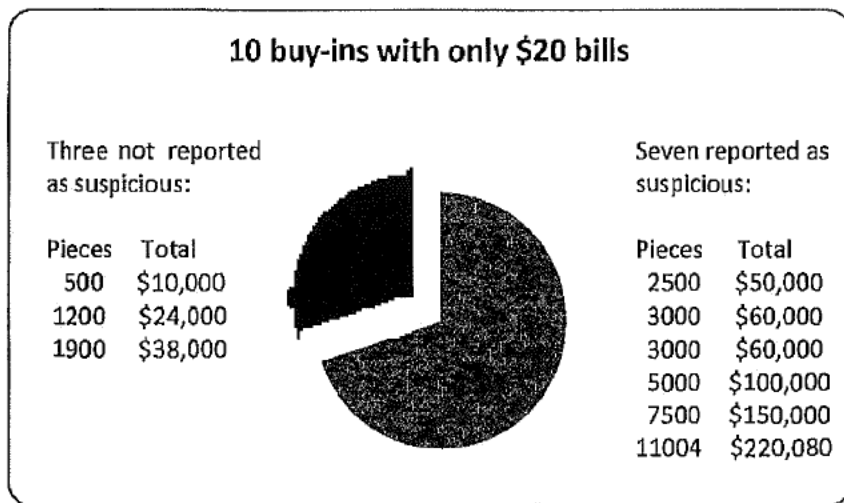
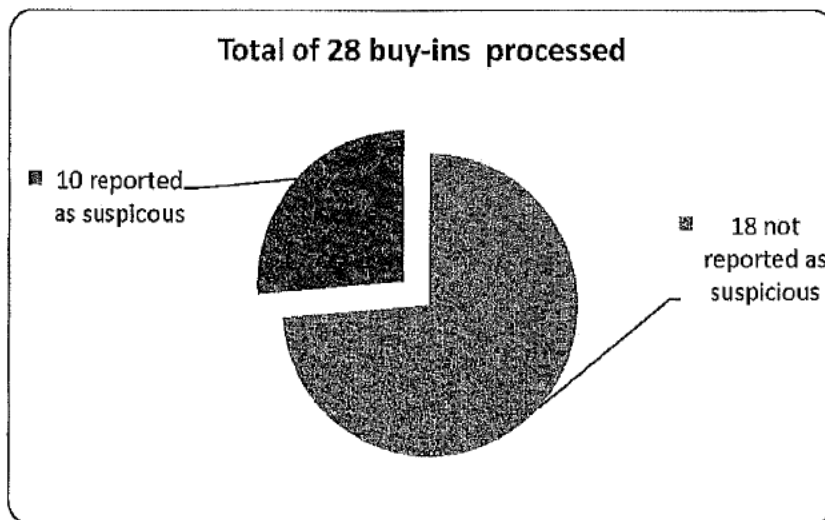
- Patron behavior strongly suggests cash is being sourced by one or more money lending organizations. Most cash coming into the high limit room is wrapped in elastic bands. Cash coming into casinos from a large number of unrelated patrons is bundled and wrapped in very similar ways (e.g. bundle size, orientation of bills, methods of wrapping bundles). The volume and presentation of cash coming into casinos is on an industrial level. It is highly unlikely that individuals who are not associated would be preparing cash in almost the same manner.
- Buy-ins with only \$100 bills were deemed non-suspicious regardless of the amount;
- Buy-ins with only \$20 bills were reported as suspicious only for larger amounts, as determined by surveillance staff. The review noted that all buy-ins of \$50,000 or more were reported as suspicious;
- Buy-ins made up of multi-denominations of bills appear to be assessed in such a way that if more \$50 & \$100 bills were used in the transaction, it was less likely to be deemed suspicious.
- The service provider is in effect providing a "colouring up" service for patrons. Colouring up is the process by which smaller denomination bills such as \$20 bills which are green in colour are converted to \$100 bills which are brown in colour. This is a very important step in money laundering operations, as it decreases mass and volume of currency to be handled. From the service provider perspective colouring up is a time efficient way to utilize labour. It takes on 80% less effort to move \$100 in a single bill than with five \$20 bills.

It appears that inconsistency in service provider staff assessments may be resulting in suspicious transactions not being identified and reported. Their assessments appear to rely more on dollar amounts and bill types than on any other indicators.

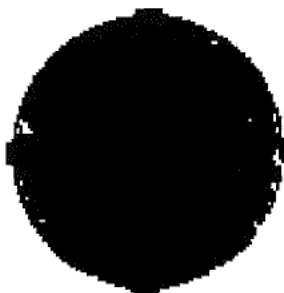
DATA SPECIFICS

River Rock Casino
 Salon Privé & Phoenix high limit rooms
 Cash Cage large cash transactions (buy-ins)

January 31, February 3 & 5, 2014
 20:00-03:00

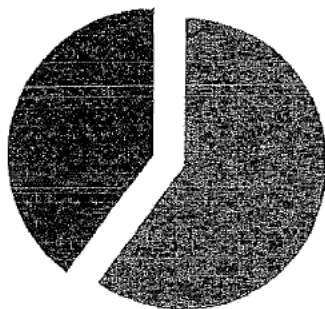


**13 buy-ins with only \$100 bills
(none of them reported as suspicious)**



Pieces	Total
100	\$10,000
100	\$10,000
100	\$10,000
150	\$15,000
299	\$29,900
300	\$30,000
400	\$40,000
500	\$50,000
500	\$50,000
600	\$60,000
870	\$87,000
999	\$99,900

5 buy-ins with mixed bills



Three reported as suspicious:

Denom:					Total:
<u>\$5</u>	<u>\$10</u>	<u>\$20</u>	<u>\$50</u>	<u>\$100</u>	
260	170	900			\$21,000
		1900	50	50	\$45,500
		3960	1016		\$130,000

Two reported as not suspicious:

Denom:					Total:
<u>\$5</u>	<u>\$10</u>	<u>\$20</u>	<u>\$50</u>	<u>\$100</u>	
		70	90	50	\$11,000
		1365	152	251	\$60,000

**Gaming Policy and
Enforcement
Branch**



**BRITISH
COLUMBIA**

AUDIT REPORT

BCLC
Anti Money Laundering Compliance Regime Audit
GPEB File # COMM-7707
January 1, 2013, to December 31, 2013

This is **EXHIBIT "7"** referred to in the affidavit of ANNA FITZGERALD before me in Burnaby, British Columbia this 3, day of March, 2021.

A Commissioner for taking Affidavits in British Columbia

EXECUTIVE SUMMARY

An audit of BCLC's Anti Money Laundering (AML) Compliance Regime was conducted to verify compliance with the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFA), Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) guidelines, and the Gaming Control Act and Regulation.

The scope of the audit included a review of BCLC's anti money laundering compliance regime including organizational structure and responsibilities, risk assessment, training, record keeping and client identification, and reporting. The effectiveness of the regime as demonstrated through gaming facility audits conducted throughout the audit period was also reviewed. Procedures were performed on a test basis.

A number of exceptions are noted in this audit report, including two repeat findings:

- 1) BCLC's reporting of initial deposits to Patron Gaming Fund (PGF) accounts received electronically from Canadian financial institutions, which is not required by FINTRAC;
- 2) BCLC's interpretation and implementation of **FINTRAC Interpretation Notice No. 4 (August 31, 2009) The "24-Hour Rule"**. An example clarifying the difference between BCLC's interpretation and GPEB's understanding of FINTRAC's directive is included in the report.

AUDIT OBJECTIVES

The objectives of the audit were to:

- Verify compliance with FINTRAC guidelines applicable to BCLC within its gaming facilities;
- Verify compliance with FINTRAC guidelines applicable to BCLC regarding reporting of large cash transactions and suspicious transactions;
- Verify compliance with the Gaming Control Act (GCA) and Regulation (GCR).

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AUDIT SCOPE

A risk assessment was performed to identify areas to be reviewed. Specific fieldwork was performed in the following areas:

- FINTRAC compliance regime;
- FINTRAC record keeping systems;
- FINTRAC reporting systems.

AUDIT PROCEDURES

Fieldwork was performed throughout the audit period (January 1, 2013, to December 31, 2013), at BCLC gaming facilities. Audit work was also conducted at BCLC's corporate offices in Vancouver, BC, at the end of the audit period. Audit procedures were conducted on a test basis to provide reasonable assurance of compliance. Auditors performed on-site compliance work through observation, interview and testing. Substantial additional testing was performed off-site through the review of records and training materials and records provided by service providers and BCLC.

A sample made up of 315 Large Cash Transaction Reports (LCTRs) resulting from buy-ins, disbursements and foreign exchanges occurring during the period January 1, 2013, to December 31, 2013, was reviewed for compliance with FINTRAC requirements. A sample of 120 Suspicious Transaction Reports (STRs) occurring during the period January 1, 2013, to December 31, 2013, was also reviewed for compliance with FINTRAC requirements.

The results of 32 GPEB gaming facility audits performed during the period January 1, 2013, to December 31, 2013, directly related to BCLC's AML compliance regime are summarized and included in this report as well.

FINDINGS

Details of the issues resulting from the audit procedures are discussed below:

- 1) **FINTRAC Guidelines for Casinos** require five elements in a compliance regime:
 - a. The appointment of a compliance officer;
 - b. The development and application of written policies and procedures;
 - c. The assessment and documentation of risks of money laundering and terrorist financing, and measures to mitigate high risks;
 - d. Implementation and documentation of an ongoing compliance training program;
 - e. A documented review of the effectiveness of policies and procedures, training, program and risk assessment.

BCLC's Vice President of Corporate Security and Compliance is the designated compliance officer as it pertains to FINTRAC. Specific duties have been delegated to individuals within Corporate Security and Compliance, ultimately reportable to the VP, Corporate Security and Compliance. During the past year, BCLC has expanded and reorganized its compliance team with an emphasis on compliance with FINTRAC guidelines, GPEB directives and BCLC internal policies and procedures.

BCLC's Casino and CGC Standards, Policies and Procedures includes sections specific to FINTRAC requirements. These include anti money laundering compliance instructions for large cash transactions including buy-ins and disbursements, foreign exchange, patron gaming fund (PGF) accounts and suspicious activity. These policies and procedures address identification, record keeping and reporting requirements.

BCLC has developed its own in-house anti money laundering training program for staff working in gaming facilities within BC. (See #2 below for a more detailed description and review.)

BCLC conducts quarterly reviews to update its Anti Money Laundering Risk Assessment risk register. The purpose of the reviews is to assess, evaluate and mitigate risk based on reviews of the effectiveness of existing policies, procedures and training. The risk register provides a written record of the identification, evaluation and mitigation of risks associated with money laundering and suspicious activity within gaming facilities in BC.

BCLC Response: BCLC acknowledges the above finding and that there were no exceptions.

- 2) **FINTRAC Guideline 4: Implementation of a Compliance Regime, Section 7 Ongoing Compliance Training** states, in part, "If you have employees, agents or other individuals authorized to act on your behalf, your compliance regime has to include training. This is to make sure that all those who have contact with clients, who see client transaction activity, who handle cash or funds in any way or who are responsible for implementing or overseeing the compliance regime understand the reporting, client identification and record keeping requirements. This includes those at the 'front line' as well as senior management." Section 7 also states, in part, "Standards for the frequency and method of training, such as formal, on-the-job or external, should be addressed. New people should be trained before they begin to deal with clients. All should be periodically informed of any changes in anti-money laundering or anti-terrorism legislation, policies and procedures, as well as current developments and changes in money laundering or terrorist activity financing schemes particular to their jobs. Those who change jobs within your organization should be given training as necessary to be up-to-date with the policies, procedures and risks of exposure to money laundering or terrorist financing that are associated with their new job."

BCLC currently requires all new employees to complete training prior to commencing work on the gaming floor. Employees are also required to be retrained within two years of having last successfully completed training. Training is delivered in two ways - online or classroom instruction. For the purposes of this review the 2013 BCLC Anti Money Laundering Training (Version 11) online course was reviewed. The same material is used when delivering classroom instruction; (classroom sessions are normally only used when training large

numbers of staff, e.g. prior to opening a new site). Training is designed to be completed in approximately one hour and includes familiarization with anti money laundering terms, a review of regulatory bodies and their functions, applicable legal acts and regulations, legal requirements within gaming facilities, examples of attempted money laundering and suspicious transaction scenarios, duties as a gaming employee including record keeping, identification, and reporting requirements. Training also includes questions and answers (no marks) to test and reinforce knowledge as employees make their way through the material. Training ends with a multiple choice test. Twenty questions are randomly selected from a pool of 30 questions. Employees must achieve a mark of 80% in order to successfully complete the course. Employees that do not pass must retake the test until it is passed. A review of the online training materials determined the current training material is sufficient to prepare employees to comply with FINTRAC, GPEB and BCLC requirements pertaining to money laundering and suspicious transactions.

A review of BCLC training records generated February 4, 2014, determined the “registration status” for one active employee was listed as “unknown” rather than “completed” or “passed”. Records indicate there are a total of 5,627 active and inactive employees associated with 36 gaming facilities in BC.

Note: For inactive employees, listed as not having completed retraining within the prescribed two year period, sufficient explanations were provided (e.g. medical leave of absence, maternity/paternity leave, long term disability, laid off, leave of absence). It is BCLC and service provider policy to ensure all employees complete re-training prior to returning to the gaming floor.

BCLC Response: BCLC conducted a further review to determine why BCLC training records indicated the “registration status” for the one gaming employee was flagged as “unknown” rather than “completed” or “passed”. It was determined that the person referred to above is a Chances Courtenay gaming employee. The employee was registered and passed the course on February 4, 2014, the same day that BCLC training records were generated. The reason why the status showed up as “unknown” was simply a timing issue of the report being generated from the live system environment as the employee was in the process of taking the online course. BCLC have made the correction in the system indicating that the employee completed and passed the training.

3) FINTRAC Guideline 6F: Record Keeping and Client Identification for Casinos, Sections 3.2, 3.6 and 3.10 specifies record keeping requirements for large cash transactions.

During gaming facility audits, GPEB auditors observe and interview gaming facility staff and review records to determine their level of understanding regarding identifying and reporting large cash transactions and suspicious transactions. A review of GPEB audit reports determined exceptions re: record keeping and client identification for large cash transactions (CDN\$10,000) at two of 32 gaming facilities audited during the review period:

Gaming facility: Fraser Downs Casino
File #: COMM-7697

Redacted

BCLC Response: BCLC conducted a further review of this exception and determined that the patron's occupation is "Nurse" and is on file. Occupation is a mandatory field for Fintrac reporting purposes. Redacted

Redacted

Gaming facility: Chances Kamloops
File #: COMM-7556

Details: A review of a sample of 20 LCTRs determined three LCTRs where discrepancies were found between tracking sheets and iTrak entries.

BCLC Response: BCLC conducted a review of the three LCTRs identified by GPEB and acknowledge the exceptions. All discrepancies were cage employee transposition errors in relation to date and time and have since been corrected.

FINTRAC Guideline 7A: Submitting Large Cash Transaction Records to FINTRAC Electronically, Section 3.2 requires reports to be sent to FINTRAC within 15 calendar days after transactions occur.

A review of a sample of 315 Large Cash Transaction records determined two exceptions regarding reporting to FINTRAC within 15 calendar days after transactions occurred:

Redacted

Issue: Not reported

Details: Thirty-seven buy-ins totalling \$10K between 8:42AM and 11:04AM. A keying error for a buy-in at 8:55AM resulted in the date being incorrectly entered as 3-SEP-13. Therefore, the total for the day (2-SEP-13) appeared not to reach the reportable amount of \$10K or more.

BCLC Response: BCLC acknowledges this exception. Redacted contained 37 Redacted Unfortunately human error resulted in one transaction being improperly time stamped leaving the patron mistakenly \$300 short of the \$10 K reporting threshold. Redacted

Redacted

Redacted

Issue: Reported late (38 days)

Details: Redacted indicates LCT paperwork was inadvertently mixed in with other paperwork and was not found until March. Redacted

BCLC Response: BCLC acknowledges this exception. [Redacted]
 [Redacted] The tracking sheet was accidentally
 misplaced within the cage. As soon as the tracking sheet was located by the Service
 Provider, BCLC Investigator was notified [Redacted]

A review of GPEB audit reports for 32 gaming facilities audited during the review period determined an exception where five LCTRs were not submitted to FINTRAC within 15 calendar days after transactions occurred:

Gaming facility: Grand Villa Casino

File #: COMM-7319

Date(s): 9-MAR-12 to 17-DEC-12

Issue: Not reported.

Details: Five LCTRs created more than 15 days prior to GPEB audit fieldwork (performed March 6, 2013) had not been submitted to FINTRAC. The large cash transactions occurred between March 9, 2012, and December 17, 2012. BCLC indicated in its response to the audit report that LCTRs were not submitted because the service provider failed to collect all required information from the patron (specifically, proper identification). Proper information was obtained in May 2013. BCLC committed to ensuring all reports were submitted. BCLC also committed to ensuring staff were re-educated regarding large cash transaction policies and procedures.

BCLC Response: BCLC acknowledges the above noted exceptions. BCLC conducted a further review of the five [5] LCTRs identified by GPEB in COMM-7319 and determined that one patron returned to the gaming site in May 2013 at which point identification was obtained and the LCTR completed and submitted to Fintrac. The remaining four [4] LCTRs still await the return of the patron to the gaming facility in order for the site to complete and file the LCTR to Fintrac. An Itrak incident file has been created and a directive placed on each patron profile for no further gaming privileges in any BC gaming facility until they produce valid government identification.

FINTRAC Guideline 7A: Submitting Large Cash Transaction Records to FINTRAC Electronically, Section 3.2 also states, in part, "Do not make a large cash transaction report to FINTRAC if the cash is received from a financial entity ... Financial entities include those listed in Schedule I or II of the Bank Act. These include Canadian and authorized foreign financial banks with respect to operations in Canada." **FINTRAC Guideline 8A, Section 3.2** also states, in part, "... you have to report incoming and outgoing international electronic funds transfers (EFTs) of \$10,000 or more to FINTRAC...."

BCLC currently reports to FINTRAC all deposits to and withdrawals from Patron Gaming Fund (PGF) accounts, including initial deposits received from Canadian financial institutions. Instructions regarding the reporting of these transactions are included in anti money laundering training materials as well as BCLC Casino and CGC Standards, Policies and Procedures documents. (PGF accounts are offered to patrons by some service providers in an effort to reduce the amount of cash entering and leaving gaming facilities and to enhance

patron safety.) Currently, all transfers of funds are being conducted between service providers and Canadian financial institutions. Therefore, BCLC is currently reporting some PGF transactions that are not required to be reported under FINTRAC guidelines.

Note: There has been discussion within GPEB and with BCLC that may result in permitting service providers to process international EFTs in future, which would meet FINTRAC reporting requirements.

BCLC Response: BCLC acknowledges the above noted exception. BCLC has identified this matter to the software vendor IView Systems. The reporting feature of initial account deposits for the purposes of Patron Gaming Fund Accounts received from Canadian financial institutions will be disabled in the very near future by way of a software upgrade.

- 4) **FINTRAC Interpretation Notice No. 4 (August 2009) The "24-Hour Rule"** states, in part, "You ... have to submit an LCTR if you conduct two or more cash transactions of less than \$10,000 each within 24 consecutive hours of one another ... that add up to \$10,000 or more...." "The 24-hour rule applies if you as a reporting entry know ... that the transactions were made within 24 consecutive hours of each other...." The Interpretation Notice includes a number of examples to explain how LCTRs are to be calculated. The examples illustrate situations where individual amounts may be included in more than one LCTR. A review of BCLC LCTRs determined that this procedure is not being followed when determining whether an LCTR should be created and reported to FINTRAC. Therefore BCLC is underreporting LCTRs to FINTRAC, e.g.:

LCT #	Date & Time	Amounts	Reported by BCLC	FINTRAC Minimum Requirement	Description
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Redacted

Note: This is a repeat finding. GPEB Audit and Compliance Division has confirmed its understanding of **FINTRAC Interpretation Notice No. 4 (August 31, 2009) The "24-Hour Rule"** with FINTRAC. BCLC has indicated it believes its method of calculating LCTRs meets FINTRAC guidelines. This issue remains unresolved.

BCLC Response: BCLC recognizes that this has been a repeat finding over the past four years however BCLC continues to await clarification of the “24 Hour Rule” in the Department of Finance Consultation Paper dated December 2011 entitled “Strengthening Canada’s Anti-Money Laundering and Anti-Terrorist Financing Regime.” To date the method by which BCLC calculates LCTRS has not been questioned by Fintrac. Most recently BCLC engaged an external audit company Price Waterhouse Coopers to conduct a 2 year review of its AML Program as dictated by Fintrac Guidelines. Price Waterhouse Coopers concluded BCLC’s interpretation of the 24 hour rule is compliant with Fintrac reporting requirements. It should be noted that the Fintrac reporting software employed by BCLC is also employed by several other gaming jurisdictions across the country. Any changes to the reporting software at this time in the absence of Federal regulator clarification could adversely impact all gaming jurisdictions across the country that employ the same vendors Fintrac reporting software at a significant cost. BCLC feels it prudent to defer this particular observation by GPEB until any future clarification can be received from Fintrac in relation to the 24 hour rule prior to taking any definitive action in this area.

- 5) **FINTRAC Guideline 3A: Submitting Suspicious Transaction Reports to FINTRAC Electronically, Section 3.2** states, in part, “Once you have determined that there are reasonable grounds to suspect that the transaction or attempted transaction is related to a money laundering or terrorist financing offence, your report, including all required and applicable information, must be sent within 30 calendar days. This 30-day reporting time limit begins when you or any one of your employees first detects a fact about a transaction that constitutes reasonable grounds to suspect that it is related to the commission of a money laundering or terrorist financing offence.”

A review of a sample of 120 Suspicious Transaction Reports for the period January 1, 2013, to December 31, 2013, determined all reports were appropriately submitted within the prescribed time frame. The review also noted that the time frame to report has been significantly reduced in comparison to prior years with most reports submitted within a few days of suspicious transactions occurring.

BCLC Response: BCLC acknowledges the finding and that there were no exceptions.

CONCLUSION

BCLC has acknowledged the exceptions in this report and has provided responses indicating issues have been addressed as noted. BCLC has requested to defer any definitive action pertaining to the “24-Hour Rule” until it has received clarification from FINTRAC re: this issue.

Commercial Gaming Audit
Audit and Compliance Division
June 2, 2014

DISTRIBUTION LIST

Mr. Murray Dugger, Regional Director, Western Region, FINTRAC

Mr. Brad Desmarais, Vice President, Corporate Security and Compliance, BCLC

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INTERNAL MEMO

To: Anna Fitzgerald, Director, Compliance Division, GPEB

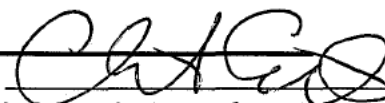
cc: Douglas Mayer, A/ Manager of Audit, Compliance Division, GPEB

From: Tim Storms, Auditor, Compliance Division, GPEB

Date: April 16, 2015

Subject: COMM-8307 Edgewater – High Limit Cash Cage Activity

This is **EXHIBIT "8"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.



A Commissioner for taking Affidavits in British Columbia

BACKGROUND

Gambling is a predominantly cash driven business, and as such, it is vulnerable to money laundering and other criminal activities.

Under Canadian law, a money laundering offence involves various acts committed with the intention to conceal or convert property or the proceeds of property (such as money) knowing or believing that these were derived from the commission of a designated offence.

Section 86 of the Gaming Control Act requires specific information to be provided to GPEB regarding anything that may be considered relevant to an investigation or investigative audit including anything that may be related to the commission of a criminal offence. This includes anything that may be related to the commission of a money laundering offence.

FINTRAC guidelines require casinos to report suspicious transactions where there are reasonable grounds to suspect that a transaction or an attempted transaction is related to the commission or attempted commission of a money laundering offence or a terrorist financing activity offence.

OBJECTIVE

The objective of the review was to observe and collect data surrounding large cash transactions and suspicious cash transactions in high limit rooms at the Edgewater Casino. Surveillance and cash cage staff were observed and transactions were reviewed to determine how staff deals with patrons buying in with large amounts of cash.

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Auditors performed the review in the casino surveillance room and at the Salon cash cage. All large cash transactions were cross-referenced with applicable iTrak reports, Section 86 reports and Suspicious Transaction Reports (STRs) in order to understand the service provider's criteria for identifying and reporting large cash and suspicious transactions. The scope of this review was limited to Edgewater Casino on February 20, 21 and 23, 2015, which coincided with Chinese New Year celebrations. The timing of this work was based on a similar review (COMM-7744) at the River Rock Casino over the 2014 Chinese New Year period. Activity was considerably lighter this year at Edgewater than what was encountered at River Rock in 2014.

APPROACH

GPEB auditors attended Edgewater Casino on February 20, 21 and 23, 2015, to observe surveillance staff and high limit room cash cage staff. GPEB auditors attended the gaming facility during Chinese New Year celebrations in order to observe as many large cash and/or suspicious transactions as possible and observe how staff perform its duties when the gaming facility is busy. No cash-outs were observed from patrons who had previously completed a Large Table Buy-In.

KEY OBSERVATIONS

- During the periods that auditors were onsite, a total of 10 Large Table Buy-Ins (LTBI) took place at the Salon cash cage which reached or exceeded the \$10,000 threshold for large cash transaction (LCT) reporting. Individual large cash buy-ins ranged from \$10,000 to \$20,000. None of these 10 buy-ins were considered suspicious by Edgewater surveillance or cage staff.
- A further 23 buy-ins reaching or exceeding the LCT threshold that occurred during the review period but when the auditors were not site were also analyzed to verify if reporting was completed as required. These buy-ins ranged from \$10,000 to \$150,000.

PII - FINTRAC

- STR's were not sent in for two other buy-ins containing 900 & 1,000 \$20 bills respectively. These two buy-ins were not documented in an iTrak incident report. Surveillance staff indicated anything under \$30K in twenties from a known patron would not generate an STR.



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- STR's were not filed for any of the LTBI's that were comprised of \$100 bills. These buy-ins contained anywhere from 100 to 1,000 \$100 bills and at least one contained bundles wrapped in elastic bands. According to surveillance staff, STR's are generally not filed for buy-ins consisting of \$100 bills.

-

PII - FINTRAC

- Of the 22 patrons who conducted LTBI's during the period reviewed, 15 were on BCLC's Watch list as High Risk patrons.

CONCLUSIONS

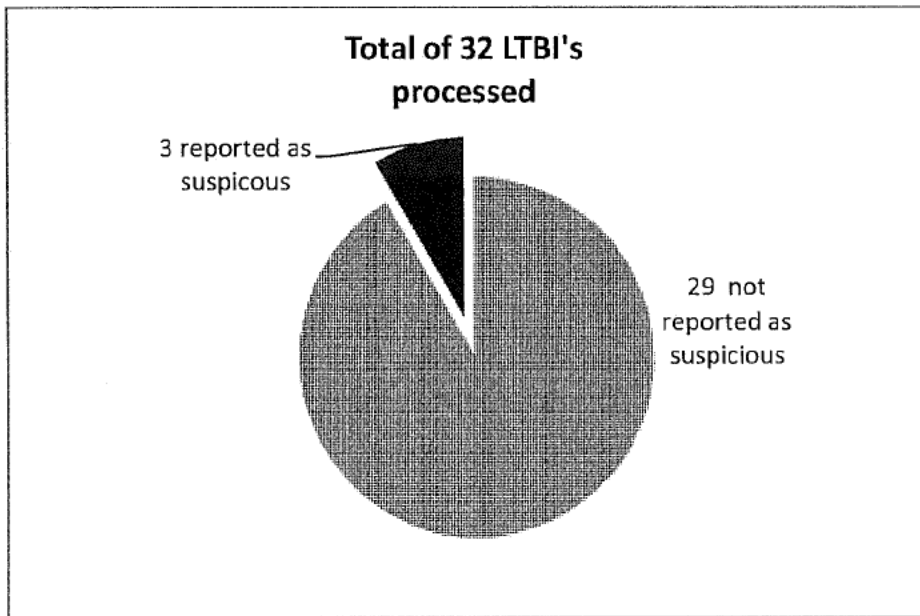
- High limit activity can vary considerably from one casino to another.
- Similar to what was observed at River Rock Casino last year, instances were noted of large volumes of cash coming into the high limit room wrapped in elastic bands.
- Buy-ins with only \$100 bills were not deemed suspicious regardless of the amount.
- Buy-ins with only \$20 bills were reported as suspicious only for larger amounts, as determined by surveillance staff.
- Total buy-in amounts and denomination type appear to main the main drivers for determining if a transaction is suspicious. The influence on any other factor appears to be minimal.

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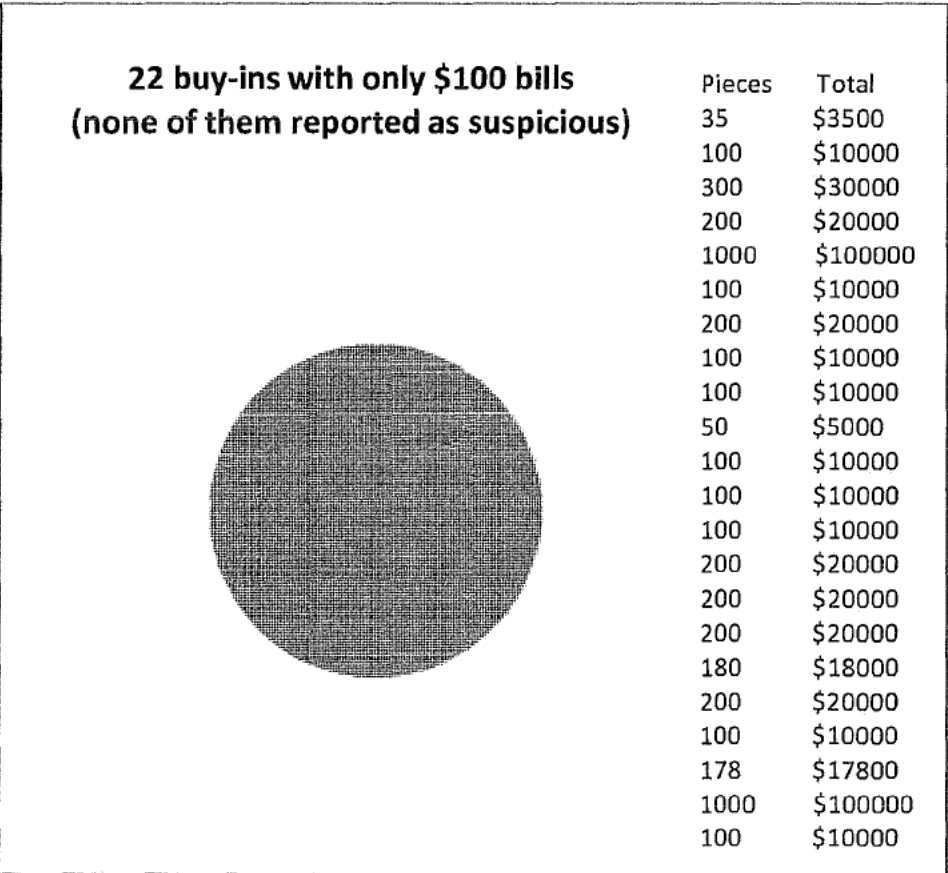
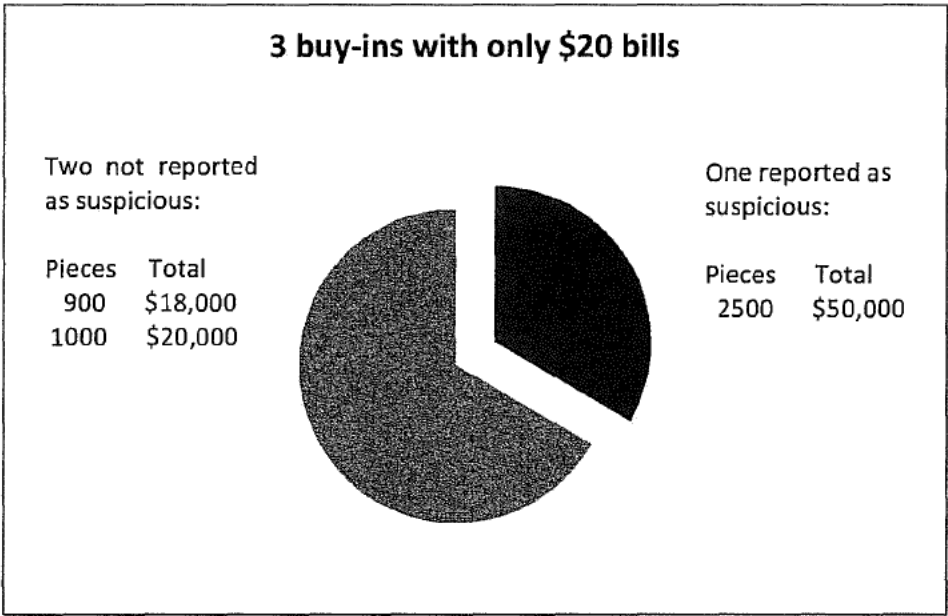
DATA SPECIFICS

Edgewater Casino
Salon & Satellite High Limit Cage
Large cash transactions (buy-ins)

February 20, 21 & 23, 2015
20:00-03:00

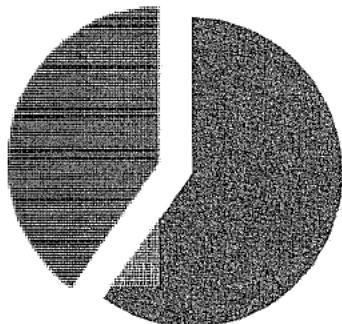


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6 buy-ins with mixed bills



Three reported as suspicious:

Denom:					Total:
\$5	\$10	\$20	\$50	\$100	
		2500		150	\$65,000
		2500		1000	\$150,000

Four not reported as suspicious:

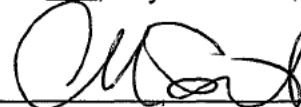
Denom:					Total:
\$5	\$10	\$20	\$50	\$100	
			100	100	\$15,000
	100	300	100		\$12,000
	100	200	200		\$15,000
		100	100	110	\$18,000

**GAMING POLICY
AND
ENFORCEMENT
BRANCH**

AUDIT REPORT

**Anti Money Laundering
Suspicious Transaction Reporting
for Large Cash Transaction Buy-ins
between \$20K and \$50K
GPEB File # COMM-8224
2014/2015**

This is **EXHIBIT "9"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.



A Commissioner for taking
Affidavits in British Columbia

EXECUTIVE SUMMARY

A review of suspicious transaction reporting for large cash buy-ins between \$20,000 and \$50,000 was conducted for three large BC casinos. The purpose of the review was to determine, if possible, gaming facility service provider and BCLC methodologies and patterns of identifying and reporting suspicious activity to FINTRAC.

The three gaming facilities reviewed were River Rock Casino Resort, Starlight Casino, and Edgewater Casino, representing three different service providers. The sample period was July 2014; a previous review was conducted for the sample period April 2013.

The review concluded GPEB is currently not able to fully determine gaming facility service provider and BCLC methodologies and patterns of identifying and reporting suspicious activity to FINTRAC. This is due to a lack of additional information (e.g. client is accompanied and watched, client appears to obtain money from suspected loan shark, client appears to be acting on behalf of a third party), available for incidents deemed suspicious. It is recommended service providers and BCLC be required to improve narratives for transactions deemed suspicious, and improve methodologies of identifying suspicious activity, if necessary.

Note: BCLC continues to develop its anti money laundering compliance regime and systems. GPEB has conducted reviews of this program in the past, which have shown improvements over time. GPEB continues to monitor, review and evaluate BCLC's systems regarding anti money laundering. Some of the above concerns may be addressed during these reviews.

BACKGROUND

In response to a request from the Investigations team, the Audit team collected and analyzed data pertaining to large cash buy-ins greater than \$20,000 and less than \$50,000 occurring at three large BC casinos. This is the second time we have conducted this review.

The purpose of the review was to determine, if possible, gaming facility service provider and BCLC methodologies and patterns of identifying and reporting suspicious activity to the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC).

GPEB Compliance (Audit) believes there may be instances where:

- Service providers may not be consistently identifying suspicious transactions for large cash buy-ins greater than \$20,000 and less than \$50,000.
- Some money entering BC gaming facilities originates and flows from organized crime.
- Loan sharks lend funds to gaming patrons who then bring the funds into gaming facilities.

As stated in the casinos guidelines on the FINTRAC website, casinos are required to report suspicious transactions where there are reasonable grounds to suspect that a transaction or an attempted transaction is related to the commission or attempted commission of a money laundering offence or a terrorist financing activity offence.

Under Canadian law, a money laundering offence involves various acts committed with the intention to conceal or convert property or the proceeds of property (such as money) knowing or believing these were derived from the commission of a designated offence.

Suspicion is all that is required. Also, there is no monetary threshold for submitting a report. An assessment of suspicion should be based on a reasonable evaluation of relevant factors, including knowledge of the customer's business, financial history, background and behaviour. FINTRAC guidelines remind those reporting that behaviour is suspicious, not people, and all circumstances surrounding a transaction should be reviewed. A list of common indicators of suspicious transactions is included in Appendix 1.

SCOPE

The review covered three large casinos (River Rock Casino Resort, Edgewater Casino, Starlight Casino). A one month sample period (July 2014) of all cash buy-ins greater than \$20,000 and less than \$50,000 was chosen for analysis.

PROCEDURES

Data for cash buy-ins greater than \$20,000 and less than \$50,000 resulting in large cash transaction reports (LCTRs) was collected and reviewed. Transactions were analyzed to determine whether incident reports and/or suspicious transaction reports (STRs) were created. Narratives and rationales for reporting transactions as suspicious were also reviewed. Data was then compared to data from the previous year's review.

DATA ANALYSIS – SUMMARIES

One hundred and seventy discrete patrons generated a total of 315 LCTRs for buy-ins greater than \$20,000 and less than \$50,000 during the sample period (July 2014):

Sample Period: July 2014				
Gaming Facility	Total \$ (of LCTRs)	Number of LCTRs (from buy-ins greater than \$20K and less than \$50K)	Number of Discrete Patrons	Number of STRs Filed
Totals	\$9,443,990	315	170	6
River Rock	\$4,811,350	161	90	2
Edgewater	\$4,133,905	135	66	3
Starlight	\$498,735	19	14	1

Sample Period: April 2013 (previous review)				
Gaming Facility	Total \$ (of LCTRs)	Number of LCTRs (from buy-ins greater than \$20K and less than \$50K)	Number of Discrete Patrons	Number of STRs Filed
Totals	\$7,393,972	238	130	13
River Rock	\$4,927,837	156	77	10
Edgewater	\$1,544,880	49	31	2
Starlight	\$921,255	33	22	1

Comparisons:

Absolute changes from 2013 to 2014				
Gaming Facility	Total \$ (of LCTRs)	Number of LCTRs (from buy-ins greater than \$20K and less than \$50K)	Number of Discrete Patrons	Number of STRs Filed
Totals	\$2,050,018	72	40	-7
River Rock	-\$116,487	5	13	-8
Edgewater	\$2,589,025	86	35	1
Starlight	-\$422,520	-14	-8	0

Percentage changes from 2013 to 2014				
Gaming Facility	Total \$ (of LCTRs)	Number of LCTRs (from buy-ins greater than \$20K and less than \$50K)	Number of Discrete Patrons	Number of STRs Filed
Totals	28%	30%	31%	-54%
River Rock	-2%	3%	17%	-80%
Edgewater	168%	176%	113%	50%
Starlight	-46%	-42%	-36%	0%

DATA ANALYSIS – INDIVIDUAL GAMING FACILITIES

River Rock Casino Resort:

For the sample period, 161 LCTRs for buy-ins totaling more than \$20,000 and less than \$50,000 were attributable to 90 discrete patrons. Sixty of the 161 LCTRs were attributable to 37 discrete patrons that had previously had at least one STR filed in their name. And the two STRs filed were attributable to two discrete patrons.

Changes from 2013 to 2014 sample periods for River Rock Casino Resort:

- The total dollar amount decreased 2% (\$116,487)
- The total number of LCTRs filed increased 3% (5 LCTRs)
- The total number of discrete patrons increased 17% (13 patrons)
- The number of STRs filed decreased 80% (8 STRs)

This information taken together indicates that during the 2014 sample period a larger number of patrons spent less per visit, resulting in a small decrease in the total dollar amount attributable to cash buy-ins between \$20K and \$50K. Also, although the number of LCTRs filed and number of discrete patrons increased, the number of STRs filed decreased. (See the Discussion section below for possible explanations.)

Edgewater Casino:

For the sample period, 135 LCTRs for buy-ins totaling more than \$20,000 and less than \$50,000 were attributable to 66 discrete patrons. Forty-three of the 135 LCTRs were attributable to 26 discrete patrons that had previously had at least one STR filed in their name. And the three STRs filed were attributable to three discrete patrons.

Changes from 2013 to 2014 sample periods for Edgewater Casino:

- The total dollar amount increased 168% (\$2,589,025)
- The total number of LCTRs filed increased 176% (86 LCTRs)
- The total number of discrete patrons increased 113% (35 patrons)
- The number of STRs filed increased 50% (1 STR)

This information taken together indicates that during the 2014 sample period a larger number of patrons spent more per visit, resulting in a large increase in the total dollar amount attributable to cash buy-ins between \$20K and \$50K. Also, although the number of LCTRs filed and number of discrete patrons increased significantly, the number of STRs increased by only one. (See the Discussion section below for possible explanations.)

Starlight Casino:

For the sample period, 19 LCTRs for buy-ins totaling more than \$20,000 and less than \$50,000 were attributable to 14 discrete patrons. Two of the 19 LCTRs were attributable to two discrete patrons that had previously had at least one STR filed in their name. And the one STR filed was for one discrete patron.

Changes from 2013 to 2014 sample periods for Starlight Casino:

- The total dollar amount decreased 46% (\$4,22,520)
- The total number of LCTRs filed decreased 42% (14 LCTRs)
- The total number of discrete patrons decreased 36% (8 patrons)
- The number of STRs filed remained the same at one.

This information taken together indicates that during the 2014 sample period a smaller number of patrons spent less per visit, resulting in a decrease in the total dollar amount attributable to cash buy-ins between \$20K and \$50K. Also, the number of STRs filed remained the same at one. (See the Discussion section below for possible explanations.)

DISCUSSION

There are three possible actions a site may take when a large cash buy-in takes place:

- 1) If a transaction is deemed not suspicious at the outset, narratives are not prepared and retained.
- 2) If a transaction is deemed suspicious, a narrative is prepared and retained and an STR is created and filed.
- 3) If a transaction is initially determined to be suspicious, but additional information removes suspicion, a narrative may be prepared and retained but an STR is not created and filed.

Narratives available for STRs indicate that in some cases STRs resulted from patrons being suspected of associating with loan sharks and/or of unusual play. Based on FINTRAC guidelines, these are clear and understandable reasons for deeming transactions suspicious. In other cases, however, narratives indicate STRs resulted simply from patrons producing large volumes of cash and how the cash was presented (e.g. bundles, bricks, large volumes of same denomination bills). It is GPEB's understanding that in most cases, particularly at larger sites, patrons generally present cash consisting primarily of bundles of the same denomination of currency. Therefore, it is unclear what differentiated the transactions deemed suspicious from similar transactions not deemed suspicious.

In summary, it is GPEB's understanding that LCTRs were created for patrons buying in with similar amounts of cash presented in a similar way, yet some were deemed suspicious while

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others were not. This may suggest that narratives do not contain enough information to clearly explain the reason transactions were deemed suspicious. This may also suggest there are inconsistencies in applying the methodology used to determine whether activity surrounding buy-ins should be deemed suspicious. For example, service providers may be paying less attention to buy-ins totaling between \$20,000 and \$50,000.

In some cases, LCTRs were created without an associated STR for patrons for whom STRs were created in the past. This may suggest that there are inconsistencies in applying the methodology used to determine whether activity surrounding buy-ins should be deemed suspicious. It may also suggest that transactions are no longer deemed suspicious because the service provider has learned more about its patrons. This could explain changes from year to year (above); that is, although the number of discrete patrons and number of LCTRs may have increased from one sample period to the other, the number of STRs filed may have decreased as a result of service providers learning more about patrons.

A significant issue for GPEB is that it is very difficult to determine the methodology used to determine whether transactions should be deemed suspicious. If more information were provided for transactions deemed suspicious, GPEB may be better able to understand and evaluate the methodology applied.

CONCLUSION

GPEB is currently not able to fully determine gaming facility service provider and BCLC methodologies and patterns of identifying and reporting suspicious activity to FINTRAC. This is due to a lack of additional information available for incidents deemed suspicious.

RECOMMENDATIONS

GPEB may want to consider instituting its own policies and procedures to enhance identification and reporting of suspicious transactions, regardless of whether BCLC improves its systems on its own. For example, GPEB could require BCLC and its service providers to clearly and consistently document rationales for transactions deemed suspicious. Documented rationales should clearly differentiate suspicious transactions from those not deemed suspicious. Other additional information GPEB could require for all large cash transactions:

- currency breakdowns for all large cash transaction reports (LCTRs);
- currency breakdowns in all applicable S.86 reports;
- descriptions of how cash is presented for all large cash buy-ins (e.g. how cash is bundled);
- documentation detailing the rigorous review undertaken to determine whether any of FINTRAC's common indicators of suspicious transactions are present;
- documentation of the rigorous review undertaken for patrons previously associated with transactions deemed to be suspicious.

Service providers are not required by FINTRAC to provide rationales for transactions not deemed suspicious. Therefore, it is currently difficult for GPEB Compliance Division to

determine if service providers are consistently applying FINTRAC's guidelines. That is why we stress it is important for service providers to be as clear as possible when documenting transactions deemed suspicious. Again, documented rationales should clearly differentiate suspicious transactions from those not deemed suspicious.

Note: BCLC continues to develop its anti money laundering compliance regime and systems. GPEB has conducted reviews of this program in the past, which have shown improvements over time. GPEB continues to monitor, review and evaluate BCLC's systems regarding anti money laundering. Some of the above concerns may be addressed during these reviews.

Commercial Gaming Audit
Compliance Division
November 10, 2015

DISTRIBUTION LIST

Anna Fitzgerald, Director Compliance, Compliance Division, GPEB
Derek Dickson, Director Compliance, Compliance Division, GPEB

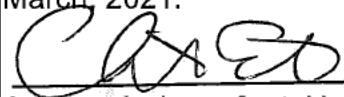
APPENDIX 1: Common Indicators

FINTRAC guidelines include a list of indicators of suspicious transactions to assist those evaluating transactions, whether completed or attempted, and are to be assessed in the context in which transactions occurred or were attempted. Below is a partial list of common indicators that may be relevant in a gaming facility setting:

- Client admits or makes statements about involvement in criminal activities.
- Client conducts transactions at different physical locations in an apparent attempt to avoid detection.
- Client is accompanied and watched.
- Client shows uncommon curiosity about internal systems, controls and policies.
- Client has only vague knowledge of the amount of a deposit.
- Client over justifies or explains the transaction.
- Client is nervous, not in keeping with the transaction.
- Client is involved in transactions that are suspicious but seems blind to being involved in money laundering activities.
- Client appears to be acting on behalf of a third party, but does not tell you.
- Client is involved in activity out-of-keeping for that individual or business.
- Client insists that a transaction be done quickly.
- The transaction does not appear to make sense or is out of keeping with usual or expected activity for the client.
- Client attempts to develop close rapport with staff.
- Client uses aliases and a variety of similar but different addresses.
- Client spells his or her name differently from one transaction to another.
- Client provides false information or information that you believe is unreliable.
- Client offers you money, gratuities or unusual favours for the provision of services that may appear unusual or suspicious.
- You are aware that a client is the subject of a money laundering or terrorist financing investigation.
- You are aware or you become aware, from a reliable source (that can include media or other open sources), that a client is suspected of being involved in illegal activity.
- A new or prospective client is known to you as having a questionable legal reputation or criminal background.
- Transaction involves a suspected shell entity (that is, a corporation that has no assets, operations or other reason to exist).

It should be noted that the gaming patron himself (or herself) does not have to be suspected of being the source of proceeds of crime for a transaction to be deemed suspicious. It is enough for the patron to be suspected of being party to a money laundering or terrorist financing offence.

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This is **EXHIBIT "10"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.

 Commissioner for taking Affidavits in British Columbia

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: Tim Storms, Commercial Gaming Auditor, Compliance Division, GPEB
 Date: December 15, 2015
 Subject: COMM-8513 Unusual Financial Transaction\Suspicious Transaction Verification Review

EXECUTIVE SUMMARY

- A review was conducted on Unusual Financial Transactions (UFT's) incident reports created in iTrak by service provider staff. A risk was raised that BCLC was overriding the service providers' concerns and deeming these not suspicious and therefore non-reportable to FINTRAC. Our review found that 95% of all UFT's created between July 1, 2014 and July 30, 2015 were deemed substantiated by BCLC and reportable to FINTRAC.
- Incident reports for the period May 1 to July 31, 2015 were reviewed to see if suspicious transactions were being missed from the reporting process due to incorrect categorization in iTrak, specifically as a result of not being labelled as an Unusual Financial Transaction. There did not appear to be any material evidence that suspicious transactions were not being reported as a result of incorrect categorization.
- Large Table Buy-ins occurring at the River Rock Casino between January 1 and June 30, 2015 were analyzed to determine if Unusual Financial Transactions were being created in iTrak for these. The UFT designation is the precursor to the transaction being filed as an STR with FINTRAC. Key observations were:
 - 92% of Large Table Buy-ins consisting primarily of \$100's were not deemed suspicious enough to be designated as an Unusual Financial Transaction and therefore not reportable to FINTRAC through an STR.
 - 98% of Large Table Buy-ins consisting of large volumes ($\geq 2,500$) of \$20's were considered suspicious enough to be designated as an Unusual Financial Transaction and therefore reportable to FINTRAC. For amounts less than 2,500 in \$20's, the UFT designation falls to approximately 25% of transactions.
- User access levels and transaction audit logs were reviewed in iTrak to determine if data had been manipulated after entry, by someone other than the originator. The risk identified was that individuals could potentially be altering details of a UFT in iTrak to make it appear non-suspicious. There was no evidence of this being done.



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PART 1: INTRODUCTION

BACKGROUND

BCLC, through their Anti-Money Laundering (AML) Compliance framework, have the primary responsibility to report suspicious transactions to FINTRAC, the federal AML agency. Gaming service providers are required to record all unusual or suspicious cash transactions, as an Unusual Financial Transaction (UFT), in the Casino Reporting System (iTrak). The BCLC Investigator for the site, in conjunction with the BCLC AML team, makes the determination as to whether a transaction gets reported to FINTRAC. Transactions are classified as “substantiated” or “unsubstantiated” based on this decision.

OBJECTIVE

The objectives of this review were as follows:

1. Further our understanding of the framework BCLC is using for reporting unusual or suspicious financial transactions to FINTRAC.
2. Identify the criteria BCLC is using as a determination for whether to report these transactions to FINTRAC.
3. Evaluate whether these criteria are being used on a consistent basis throughout different gaming facilities.
4. Identify transactions not reported to FINTRAC which appear to have met the criteria as outlined in objective 2.
5. Quantify the levels of non-reporting of unusual or suspicious financial transactions.

SCOPE

The scope of the review was limited to transactions or events occurring in six Lower Mainland casinos: River Rock, Edgewater, Hard Rock, Grand Villa, Starlight and Cascades. The timeframe reviewed was dependent on the test conducted. This review was intended to complement the work already being done as part of GPEB’s BCLC Anti-Money Laundering Compliance Regime audit. Reliance was placed on work BCLC Audit Services conducts to confirm that those transactions designated as a substantiated Unusual Financial Transaction were filed as an STR with FINTRAC.

APPROACH

1. Document the criteria that BCLC uses to determine what constitutes an unusual or suspicious transaction that will be reported to FINTRAC.

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2. Review the transactions deemed unsubstantiated by the BCLC Investigator to determine if the decision follows the criteria identified in step 1.
3. Identify iTrak incident reports created by the six sites during the review period for large and/or unusual currency transactions. ACL was used to search for key words indicating suspicious or unusual transactions in incidents not tagged as a UFT in iTrak. Determine volume of suspicious transactions which weren't captured through the normal UFT/STR process.
4. Obtain large table buy-in (LTBI) tracking sheets created for transactions during the review period for the casinos being reviewed. Determine if Unusual Financial Transactions were created in iTrak for these transactions.

PART 2: ANALYSIS

Component I – Review of BCLC's Anti-Money Laundering Monitoring Program

A meeting was held with the BCLC AML Specialist on September 10, 2015. The purpose of the meeting was to gain a further understanding of BCLC's AML Compliance Regime and how suspicious events were monitored.

Some key points discussed with the AML Specialist include:

- Oversight of the program to ensure suspicious transactions are captured and reported to FINTRAC.
- Procedures to ensure consistency of policy between different service providers and gaming sites.
- Steps being taken by BCLC to reduce risk associated with suspicious activity.

1. Oversight of the program

The BCLC AML team is responsible for anything AML related at BC gaming facilities. In his role as the AML Specialist, he reviews incident report data in the Casino Reporting System (iTrak) related to potential money laundering activity. The AML Specialist receives automatic notification, by email, from iTrak each time an incident report is created with category of "Unusual Financial Transaction" or "UFT". He will review supplemental entries that investigators have created to either substantiate or unsubstantiated a UFT. Based on what details are provided in the supplemental, he will approve the decision or request more info from the investigator. The Specialist indicated that he will not directly override the decision of the investigator. If he feels that their decision may not be correct he will go back to the investigator and have them review and/or provide any further support needed. Final authority on whether a transaction should be reported still lies with the AML Specialist.

The AML Specialist also scans iTrak looking for incidents that may relate to money laundering but which weren't classified as a UFT in iTrak, for example an incident tagged an "Exchange of Cash/Chips". If he feels these warrant reporting he will instruct investigator to channel the incident through the normal process for a UFT.

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BCLC Audit Services conducts a review of all UFT's every two weeks. The focus of this review is to ensure that there is evidence presented by the BCLC Investigator to support the decision to substantiate or unsubstantiated the UFT. However, their review does not analyze the quality of the evidence and whether or not the decision was a correct one. Audit Services feels that only the AML team has the sufficient knowledge and experience to make that decision. Audit Services also confirms that the substantiated transactions are reported to FINTRAC within the required timeframe.

II. Consistency of policy between service providers and gaming sites.

The AML Specialist indicated that the AML program is tailored to the size of the gaming facility, so that what may be suspicious at one facility may not be considered suspicious at another. However the goal is to ensure policy is being adhered to on a consistent basis across the province. For example Cascades Casino, a smaller facility, is raising the threshold of what needs to be reported (i.e. reporting less immaterial transactions) and River Rock Casino is lowering its thresholds (i.e. reporting more transactions). FINTRAC has indicated to BCLC that it was important to ensure only reportable transactions were being received by them as they could be overwhelmed by large volumes of immaterial transactions. However, in order to ensure that the decision to report lies with BCLC, service provider staff have been encourage to err on the side of caution and over report . The AML Specialist indicated that service provider staff have never been given a listing of what not to report.

BCLC works with service provider surveillance and compliance staff to ensure policies are being adhered to. Extensive training has taken place and BCLC has provided gaming staff with tools to help determine what constitutes a suspicious transaction. For example a large laminated poster detailing the risk level for certain types of behaviors and transactions was developed for gaming staff.

III. Steps being taken to reduce risk

BCLC has begun sanctioning high risk players that exhibit suspicious behavior, such as bringing in huge amounts of currency or associating with known loan sharks. BCLC relies on service provider staff as the initial contact to dissuade players from this type of behavior. Further suspicious behavior will then result in a meeting with the BCLC Investigator. At the time of testing, the AML Specialist indicated they currently have 12 to 13 individuals that have reached the "second" status requiring an interview with BCLC with the potential for 10 more. These patrons can be banned from gaming based on their willingness to meet with BCLC Investigators and/or their inability to substantiate source of funds. BCLC has also begun issuing directives against high risk patrons such as prohibiting gaming with currency.

According to the AML Specialist there are currently no hard and fast rules about what will result in a gaming ban, for example there is no "three strikes and you are out" rule. The AML Specialist feels that given the nature of the casino business, structured rules such as that are impractical and patrons need to be reviewed on a case by case basis.

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Component II - Review of Unsubstantiated "Unusual Financial Transactions" in iTrak.

Gaming Service Provider staff receive training which allows them to identify currency transactions which are considered suspicious from a money laundering perspective. The details of these transactions are entered into an Incident Report in the Casino Reporting System (iTrak).

iTrak has a hierarchical categorization framework where incidents are classified by "Type", then "Specific" and then "Category". The "Specific" label for a suspicious transaction is "Unusual Financial Transaction" or "UFT". The available Category selections for a UFT are "Substantiated", "Unsubstantiated" and "Null". When surveillance staff at the site have created the UFT incident in iTrak, they will leave the category as Null. The BCLC Investigator responsible for that site reviews all Null UFT's and then changes the Category to Substantiated or Unsubstantiated, based on whether they feel the transactions meets FINTRAC's criteria for a Suspicious Transaction Report (STR).

A review of all UFT's created at the six large Lower Mainland casinos (River Rock, Edgewater, Starlight, Grand Villa, Hard Rock and Cascades) for the period July 1st 2014 to July 31st 2015 was conducted to identify those categorized as "Unsubstantiated". The information provided by the BCLC Investigator to deem the transaction as unsubstantiated was reviewed to see:

- Was a reason provided?
- Was it a valid reason explaining why not suspicious?
- Was there any consistency amongst different investigators as to what criterion was being used?

This review did not evaluate whether the transaction required submission as an STR or not, primarily as we do not have access to the KYC information that the BCLC Investigators use to assist in making this decision. Rather the review evaluated the completeness and consistency of information provided to make such judgments. The unsubstantiated transactions were also reviewed to identify any transactions where the information provided in iTrak overwhelmingly indicated an attempted money laundering activity.

Between July 1st 2014 and July 31st 2015 there were 2,008 incidents categorized as Unusual Financial Transactions in iTrak for the six sites under review. The following chart breaks this number out by site and by whether or not the incident was considered substantiated, and therefore filed as an STR with FINTRAC, or unsubstantiated.

UFT Breakdown: Substantiated vs. Unsubstantiated

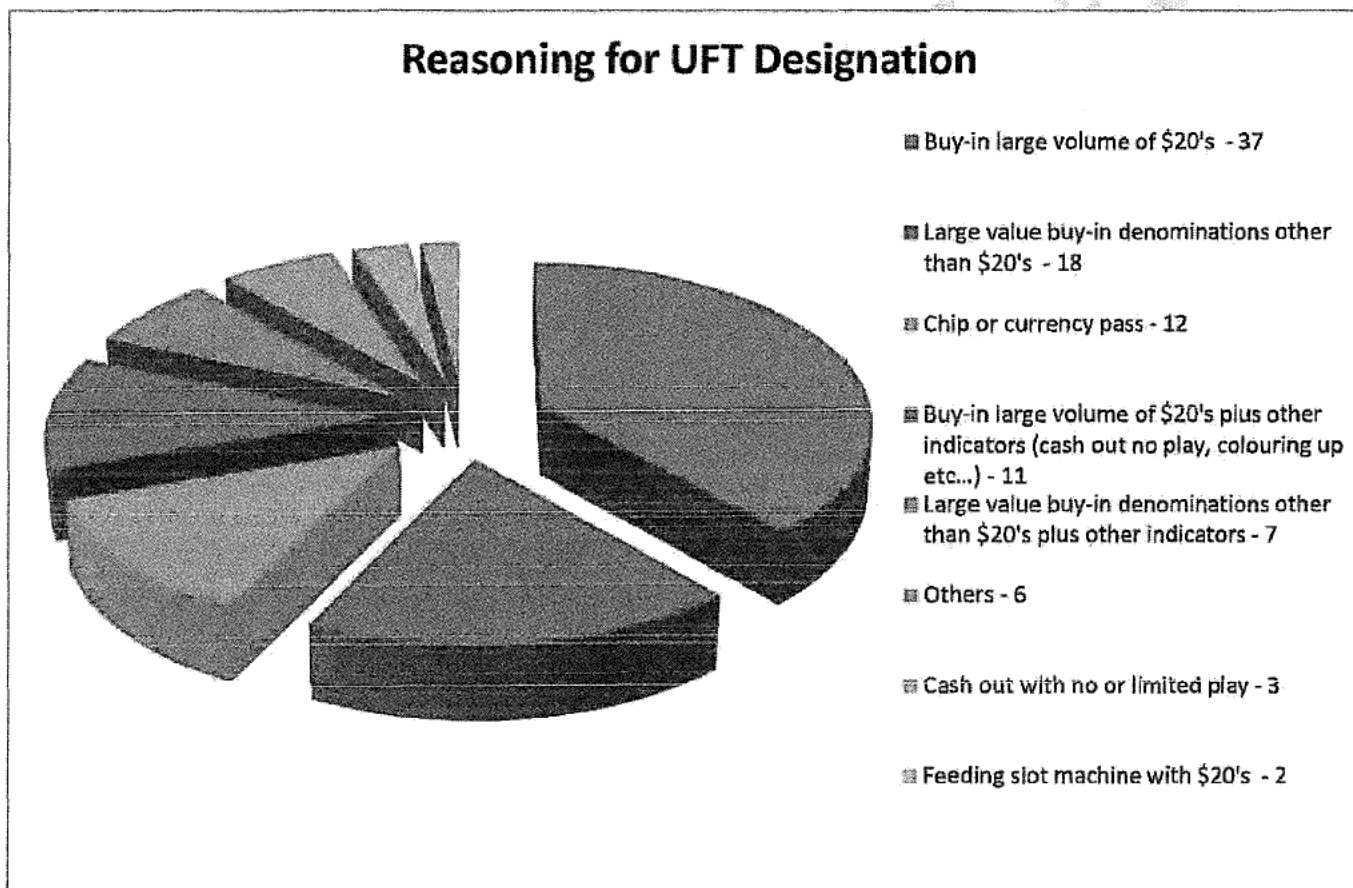
Site	Total UFT's	Substantiated	%	Unsubstantiated	%
River Rock	1250	1238	99.0%	12	1.0%
Grand Villa	155	120	77.4%	35	22.6%
Starlight	211	182	86.3%	29	13.7%
Edgewater	355	349	98.3%	6	1.7%
Hard Rock	23	15	65.2%	8	34.8%
Cascades	14	8	57.1%	6	42.9%
Total	2008	1912	95.2%	96	4.8%

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Overall, BCLC deemed 95% of all UFT's to be substantiated and therefore reportable to FINTRAC. This would indicate that there does not appear to be a significant attempt by BCLC to avoid reporting transactions the sites deemed suspicious.

As noted in the table, 96 UFT's were later deemed to be unsubstantiated by the BCLC Investigator reviewing the circumstances. These 96 were therefore not forwarded to FINTRAC as an STR.

The review of the reasoning behind the service provider staff identifying these transactions as unusual are varied, however there are several commonalities. The chart below summarizes the reasoning why they were considered suspicious:



Once the transactions were tagged as a UFT in iTrak, the BCLC Investigator for the site reviewed the details as well as surveillance footage capturing the transaction. Based on that review the investigator did not feel that these transactions met the criteria for reporting to FINTRAC as an STR.

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The following table summarizes the reasons why the BCLC Investigator felt they did not meet the criteria for a reportable STR. Quite often an investigator will provide multiple indicators as to why he felt the transaction was not substantiated.

Reasons for deeming UFT as Unsubstantiated	#
Occupation provides access to amount of funds	31
Recycled funds	25
Funds put at risk	23
No facilitation of funds (patron had funds in possession from outset)	20
No previous history of STR's	22
Long standing relationship with BC Casinos	19
No attempt to colour up or ask for cheque	16
Small denominations accessible through ATM or Global Cash	16
No suspicious indicators	15
Occupation provides access to denomination (\$20's)	15
Buy-in amount/level of play consistent with regular play	13
Chip/currency pass OK - known associates	10
Chip/currency pass overt	4
Source of funds identified - not suspicious	3
Buy-in amount deemed insignificant	2
Large denomination (\$100's) not suspicious	2
No commercial intent	2
PGF Activity - source of funds confirmed	2
Bundles of cash appear to be prepared by financial institution	1
Large volume of small denomination not considered suspicious for River Rock	1
No buy-in, chip-in only	1
STR submitted under other incident #	1

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This second table breaks down the explanations by gaming facility.

Unsubstantiated Reason	River Rock	Edgewater	Starlight	Grand Villa	Hard Rock	Cascades
Occupation provides access to amount of funds			18	7	4	2
Recycled funds	1	1	22	1		
Funds put at risk	3	2	5	12	1	
No facilitation of funds (patron had funds in possession from outset)	1		2	17		
No previous history of STR's	3	1	1	15		2
Long standing relationship with BC Casinos		1	17	1		
No attempt to colour up or ask for cheque		1		12		3
Small denominations accessible through ATM or Global Cash		1		13		2
No suspicious indicators	3		2	7	1	2
Occupation provides access to denomination (\$20's)	1		2	12		
Buy-in amount/level of play consistent with regular play			3	7	2	1
Chip/currency pass OK - known associates	3	3	2	1	1	
Chip/currency pass overt		1		2	2	
Source of funds identified - not suspicious	1	2				
Buy-in amount deemed insignificant	1				1	
Large denomination (\$100's) not suspicious			2			
No commercial intent		1	1			
PGF Activity - source of funds confirmed	2					
Bundles of cash appear to be prepared by financial institution					1	
Large volume of small denomination not suspicious for River Rock					1	
No buy-in, chip-in only		1				
STR submitted under other incident #	1					
TOTAL	20	15	77	107	14	12

As previously noted, this analysis does not attempt to determine the validity of the investigator's decision, as the only information available for review is that contained in iTrak, i.e. no surveillance footage or access to

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BCLC's KYC data was considered and/or available for review. However there were several transactions noted which could present an increased risk of money laundering or proceeds of crime. These are presented for information purposes.

1. IN20140052578 2014-10-17 Edgewater Casino:

SID#132455 wanted to exchange a bag of \$20 bills (approx. \$20K) to \$100 bills. His request was denied.

BCLC Reasoning for deeming unsubstantiated:

SID#132455 did attempt to exchange the \$20 bills into \$100 bills; however, once the site had denied the exchange, SID#132455 continued to game for several more hours. Furthermore, although the exact number of \$20 bills is unknown, it appears to be a small amount that would be easily accessible through an ATM or Global Cash. It is suspected that SID#132455 wanted to change these bills solely for convenience as he was wagering substantial amounts per hand and clearly had a large amount of \$100 bills in his possession this date as well

2. IN20140053029 2014-10-19 Edgewater Casino:

SID#15478... and observed him driving up to the valet circle. Once leaving his car, SID#15478 was observed walking toward the taxi loop area while using his cell phone. SID#15478 entered a white BMW SUV for a short while. The activity and/or transaction that occurred inside the vehicle could not be confirmed either. After exiting the SUV SID#15478 headed into the salon and sat down at MDB21, where he pulled out 2 X \$5000 chips for play.

BCLC Reasoning for deeming unsubstantiated:

I find that the chips that SID#15478 produced for his buy in could have come from anywhere and was not necessarily dropped off by the white BMW. On October 5 when SID#15478 was at Edgewater last, SID#15478 may not have played his entire bankroll and left with some chips. Furthermore, as the camera cannot see inside the vehicle, it is unclear at this time as to the conversation that took place and the activity that had occurred inside the BMW

3. IN20140053298 2014-10-21 Langley

SID#24602 is buying in \$2,000 with small denomination (\$20's) at DDBJ2 and attempting to cash out at the main cage without playing.

BCLC Reasoning for deeming unsubstantiated:

No history of suspicious activity. SID#24602 was noted to game on site for a period of 2hrs (prior to this buy-in). SID#24602s occupation supports his level of play and he was gaming within his regular level. [REDACTED] was cooperative and did not conceal the fact that he wanted larger bills, which at that amount he could have obtained from an ATM or a Global Cash machine

4. IN20150020526 2015-04-18 Edgewater

14:25 - SID#14237 attempted to buy-in for \$150,000 in cash, \$100 bills. The buy-in was denied (*as per BCLC directive no cash buy in's allowed*). Subject took back the cash, exited the Salon (*high limit room*) to sit with his female associate. He was seen making phone calls. 15:37 - A patron, who appears to be SID#141503 sits next to SID#14237 and passes him a piece of paper. Surveillance could not see what was on the paper, but judging by the shape of it, it could be a cheque. 16:05 -

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SID#14237 buys in with two cheques: one for \$100,000 (RBC Royal Bank), and one for \$30,000 (BMO Bank). 16:08 - Cheques are made in order to SID#14237, which is why cage returns them and asks SID#14237 to correct it, cross out his name and put Edgewater instead.

BCLC Reasoning for deeming unsubstantiated:

Bank Drafts were used and not cheques this was not considered to be unusual. The circumstances of this report do not meet the criteria for filing a STR to FINTRAC.

Component III - Review of iTrak Incident Report Data for miscategorized UFT's

A risk was identified that gaming facilities could have miscategorized unusual financial transactions in iTrak, whether intentionally or by error. As detailed in the background section, the BCLC Investigators and the BCLC AML team are primarily concerned with reviewing transactions that are labelled "Unusual Financial Transactions" in iTrak. Transactions that did not have the UFT designation may not have been captured in that review process. A test was developed to "mine" iTrak incident reports during the review period for those containing key words which may indicate money laundering or other suspicious activity.

iTrak Incident Reports (*for the same six sites as used in the Part II UFT Analysis*) for the period May 1 to July 31 2015 were analyzed to determine if they contained any of the key words. This was done by using the ACL software application. 5,187 records came back as containing one of the key words. These were manually reviewed to remove false positives, i.e. key word hit in an incident report that was not related to money laundering. There were 996 records, or 263 discrete incidents, which contained indicators that reflected a suspicious transaction. The 263 incidents were further reviewed to classify the risk (H/M/L) based on BCLC's Anti-Money Laundering *Identifying High Risk Patrons - What to Look Out For* documentation.

- 53 were submitted to FINTRAC under a related iTrak Incident Number
- 5 deemed to be **HIGHER** risk based on BCLC criteria - *no indication in iTrak these were reported as an STR*
- 70 deemed to be **MEDIUM** risk based on BCLC criteria - *no indication in iTrak these were reported as an STR*
- 135 deemed to be **LOW** risk based on BCLC criteria

The incidents deemed to be rated HIGH are as follows:

IN20150022943 & IN20150024081 May 1, 2015 River Rock Casino

Female patron assaulted by BCLC Barred Patron SID 73465. References made to SID 73465 being a loan shark trying to collect funds from assaulted patron. *When this issue was addressed with the AML Specialist he indicated it wasn't considered a UFT as no transaction had taken place in the casino.*

IN20150026198 May 19, 2015 Edgewater Casino

Unknown Asian male (SID#177250) passed \$27,030 total to an Asian female associate for an attempted 3rd party cash out. BCLC Investigator indicates "As this is the second incident where this male has attempted to be identified and refused, it appears as though he is attempting to avoid LCT reporting".

IN20150026735 May 21, 2015 River Rock Casino

BCLC Prohibited Loan Shark drops off patron who subsequently attends to Phoenix Room to join tables.

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IN20150027357 May 25, 2015 River Rock Casino

Third party cash out on behalf of a patron who has a directive against his involvement in such transactions. After the transaction was refused another patron attempted to cash out with the same chips.

The main indicators as to why items why items were classified as Medium are:

Reason for MEDIUM Risk Rating	IN Count
Covert chip or currency pass	40
Cash out patron did not present ID or other required info	13
Buy-in patron did not present id or other required info	7
F/X patron did not present ID or other required info	7
Unknown source of chips for cash out	3

While these were not captured in the UFT automatic reporting to the BCLC AML team, they were still reviewed by the BCLC Investigator for the site.

In summary the reasons why the BCLC Investigator did not consider these reportable suspicious transactions were:

- The individuals involved are known associates.
- Sharing of chips and cash in a common occurrence in BC Casinos.
- The individuals involved have a long standing business relationship with the site.
- The transaction was refused because identification or other required info was not presented.

With regards to the last bullet, the question is do these still qualify as suspicious and reportable because of the attempted transaction.

In conclusion, given the low number of transactions with a higher risk rating and the relatively low number of transaction of medium risk, it does not appear that there is an attempt to miscategorize unusual financial transactions to avoid reporting. It should be noted that 472 transactions during the same period were reported as UFT's.

Component IV - Review of Large Table Buy-In's to determine UFT reporting rates

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Patrons wishing to buy-in for table games play with large amounts of currency have the option of presenting their funds directly to the cage as opposed to a chip purchase at the table. These Large Table Buy-ins are tracked in order to document the volume of specific denominations used for the buy-ins and to document the patron's information.

Large table buy-in tracking sheets received from the River Rock Casino for the period January 1 to June 30, 2015 were analyzed to determine if an Unusual Financial Transactions had been created in iTrak. These UFT's were then reviewed to determine if the transaction had been substantiated (leading to an STR being filed with FINTRAC).

It is important to note that this analysis does not intend to pass judgment on whether a UFT/STR should have been created for each of the LTBI's reviewed. The large number (2,000+) of LTBI's reviewed, combined with the sheer volume of other critical information (i.e. iTrak incident reports, surveillance footage, BCLC KYC information) made such a determination very difficult and impractical given the parameters of this review. The intent of this analysis is therefore to provide a snapshot of the statistics surrounding LTBI's and what has been reported.

A threshold was established to determine reasonableness as to whether a UFT was appropriate. This was based on the volume of the denomination. The thresholds amount to \$10,000 or greater and are broken out as follows:

- LTBI's including 500+ \$20's
- LTBI's including 200+ \$50's – *with less than 500 \$20's and less than 100 \$100's*
- LTBI's including 100+ \$100's – *with less than 500 \$20's and less than 200 \$50's*

These thresholds intended to isolate the effect of each denomination on the decision to report. In order to determine if an incident report had been created, a test was done to create a unique field combining the transaction date and the iTrak subject ID of the patron from the LTBI worksheet. This was then compared to a similar combined field in the iTrak Incident Report extract for the same period. This lookup returned two results, either a match indicating there was an incident report for that patron on the date of the LTBI or an N/A indicating that there was no iTrak incident report.

For those LTBI's where a match was returned – the incidents were reviewed in iTrak to confirm they specifically related to the LTBI. 767 LTBI's were returned with a match. There were 1,349 LTBI's where an N/A was returned, indicating no match. Given the large volume and the effort it would take to search iTrak for confirmation no incident existed, a sample of 404 or 30% of the N/A's were reviewed to gain assurance that no incident existed.

The analysis identified the following breakdown:

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Category	Total # of Transactions	No UFT Incident	UFT Created	UFT Substantiated
Cash LTBI's with 500+ \$20's (regardless of volume of \$50's and \$100's)	1090	439	651	649
Cash LTBI's with 200+ \$50's (no large volume of \$20's or \$100's - <\$10,000)	71	65	6	6
Cash LTBI's with 100+ \$100's (no large volume of \$20's or \$50's - <\$10,000)	955	881	74	73

The following points need to be taken into consideration:

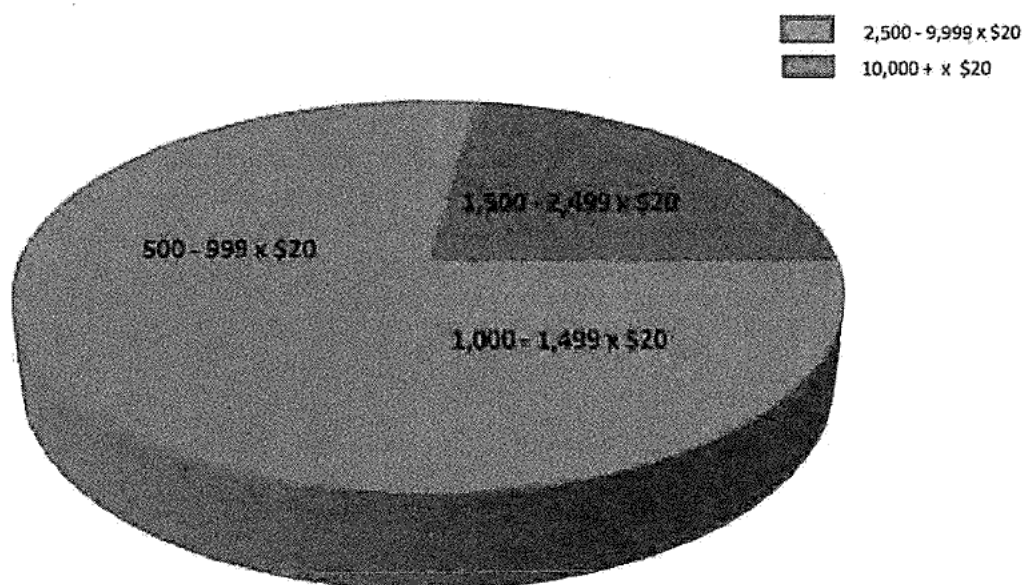
- LTBI's with \$100's and no UFT/STR do not necessarily indicate an issue. Casinos frequently cash out patrons in \$100's. LTBI's could be made with \$100's sourced from previous disbursements and therefore not considered suspicious.
- Patrons involved in the LTBI's reviewed may have had UFT's created for other gaming activity that same day. The analysis above was looking for specific mention of the LTBI transaction in question. If there was no mention in the related UFT of the LTBI then it was treated as "no UFT incident".

Emphasis was placed on the LTBI's consisting of large volumes of \$20 bills. The following chart shows the breakdown between UFT and Non - UFT based on volume of \$20's:

Volume (pieces) of \$20's in LTBI	Total # of Transactions	No UFT	%	UFT	%
10,000 or more \$20's	28	3	10.7%	25	89.3%
2,500 - 9,999 \$20's	490	7	1.4%	483	98.6%
1,500 - 2,499 \$20's	199	100	50.3%	99	49.7%
1,000 - 1,499 \$20's	160	129	80.6%	31	19.4%
500 - 999 \$20's	213	200	93.9%	13	6.1%
Grand Total	1090	439	40.3%	651	59.7%

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Composition of Large Volume \$20 Bill LTBI's Without a UFT



Conclusions from the data:

- Very few UFT's are being created for LTBI's consisting primarily of \$100 bills. This reaffirms previous work we have done that indicates that buy-ins of \$100 bills are generally not considered suspicious based solely on volume.
- The dollar value of the buy-in appear to strongly determine whether a UFT was created for those LTBI's consisting of large volumes of \$20 bills. The overwhelming majority of the large value \$20 LTBI's, i.e. 2,500 or more \$20's, did have a UFT created.

Component V - Integrity of iTrak Data

Concerns were raised about the integrity of the data in iTrak, specifically in regards to individuals having the ability to change incident report data created by someone other than themselves. For example, did certain user levels have the ability to change the data in other users' supplementals? Was information recorded in iTrak indicating a UFT potentially changed at a later date to make the transaction details appear unsubstantiated or a non-reportable event?

Analysis was undertaken to review ADD, MODIFY or DELETE actions recorded in the iTrak Audit Logs between April 1, 2014 and September 24, 2015. The analysis confirms that there are permissions that allow users to edit or delete supplementals that they did not create. There are approximately 600 user ID's in iTrak that allow this type of modification.

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During the review period there were 12 instances where users edited supplementals that they did not create. There were no instances of a user deleting a record they did not create.

The 12 instances were reviewed to determine what if any information had been changed. There was no indication of any change for nine of the instances. The remaining three were modifications done by system administrators to correct a date error at the request of the supplemental originator.

While it does appear that users have the ability to modify other users' data, the actual usage of this function is extremely limited. For those cases where modifications were done, the reasons were valid and were documented. Only three of the twelve related to UFT's and for those three they were all substantiated transactions that were sent to FINTRAC as an STR.

In conclusion, it does not appear that there was any attempt to modify information in order to avoid filing an STR with FINTRAC.

PART 3: CONCLUSIONS

There does not seem to be intent on the part of BCLC to avoid filing an STR for unusual financial transaction identified by service provider staff. More than 95% of all site-generated UFT's are being treated as substantiated and sent to FINTRAC.

Based on the analysis of the River Rock data it was noted that very few UFT's are being created for Large Table Buy-ins consisting primarily of \$100 bills. This reaffirms previous work conducted indicating that buy-ins of \$100 bills are generally not considered suspicious based solely on volume. The dollar value of the buy-in appear to strongly determine whether a UFT was created for those LTBI's consisting of large volumes of \$20 bills. The overwhelming majority of the large value \$20 LTBI's, i.e. 2,500 or more \$20's, did have a UFT created.

There does not seem to be widespread intentional or erroneous miscategorizing of incidents in iTrak resulting in unreported unusual financial transactions. The mining of the iTrak data identified only five high risk events and 70 medium risk incidents. In all cases the BCLC Investigator still completed a review of the incident. The 70 medium risk items consisted mainly of either chip passing (primarily amongst known associates) and transactions refused because the patron did not present identification or required information. It could be argued that the refused transactions should have been reported if BCLC considered them an attempt at money laundering.

While it was identified that a certain class of users have the ability to modify data in iTrak they did not author, there was very limited use of this; 12 times in the year reviewed. It did not appear that any of these modifications were done to prevent a UFT from being reported to FINTRAC.

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COLUMBIA

INTERNAL MEMO

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

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

From: Tim Storms, Commercial Gaming Auditor, Compliance Division, GPEB

Date: April 27, 2016

Subject: Unusual Financial Transaction/Suspicious Transaction Verification Review Phase II (COMM-8629)

This is **EXHIBIT "11"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.

A Commissioner for taking Affidavits in British Columbia
Verification Review Phase II (COMM-

EXECUTIVE SUMMARY

The work conducted in this review is a follow up to COMM-8513 Unusual Financial Transaction/Suspicious Transaction Verification Review Phase I which included data for the first six or seven months of 2015, depending on the test conducted.

Two components were brought forward from COMM-8513 to be updated:

- Component I: Review Unusual Financial Transactions (UFT's) entered into iTrak during the period August 1 to December 31, 2015 to determine the split between substantiated and unsubstantiated. Review the criteria used by the BCLC Investigator to support the decision to not to report the incident to FINTRAC as a Suspicious Transaction Report (STR).
- Component II: Review Large Table Buy-in (LTBI) transactions at the River Rock Casino for the period July 1 to December 31, 2015 to determine if these were deemed substantiated UFT's reportable to FINTRAC.

Conclusions

Component I

More than 85% of all UFT's are being treated as substantiated and sent to FINTRAC. While this number is lower than the 95% identified in the first phase of this work (July 2014 to July 2015), it still indicates that



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there does not appear to be an intent on the part of BCLC to avoid reporting to FINTRAC those incidents which service provider staff deemed suspicious.

Component II

Based on the analysis of the River Rock data it was noted that a greater percentage of LTBI's are being reported as UFT's than what was noted in the first phase of this analysis. LTBI's consisting of primarily \$100 bills continue to be deemed largely non-suspicious but the number reported as UFT's has more than tripled since Phase I. As was also noted in the Phase I analysis, transactions containing \$50,000 or more in \$20's are reported as UFT's with a greater frequency than those that had less than \$50,000 in \$20's. Overall the number of large volume \$20 LTBI's reported as suspicious has increased.

INTRODUCTION

BACKGROUND

BCLC, through their Anti-Money Laundering (AML) Compliance framework, have the primary responsibility to report suspicious transactions to FINTRAC, the federal AML agency. Gaming service providers are required to record all unusual or suspicious cash transactions, as an Unusual Financial Transaction (UFT), in the Casino Reporting System (iTrak). The BCLC Investigator for the site, in conjunction with the BCLC AML team, makes the determination as to whether a transaction gets reported to FINTRAC. Transactions are classified as "substantiated" or "unsubstantiated" based on this decision.

OBJECTIVE

The objectives of this review were as follows:

1. Further the work conducted in Phase I in identifying transactions flagged as unusual by casino staff but subsequently deemed not reportable to FINTRAC by BCLC Investigators.
2. Quantify the number of large cash only table buy-ins between July 1 and December 31, 2015 that were not designated as a UFT and therefore not reportable to FINTRAC.

SCOPE AND APPROACH

The scope of Component I included all UFT's entered into iTrak for the period August 1 to December 31, 2015.

The scope of Component II included all Large Table Buy-ins documented by River Rock Casino for the period July 1 to December 31, 2015.

The approach undertaken is to:

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1. Quantify the number of Unusual Financial Transactions entered into iTrak during the review period to determine the split between substantiated and unsubstantiated.
2. Review Unusual Financial Transactions deemed unsubstantiated by BCLC Investigators to document the criteria used to support the decision.
3. Obtain large table buy-in (LTBI) tracking sheets created for transactions during the review period for the casinos being reviewed. Determine if Unusual Financial Transactions were created in iTrak for these transactions.

ANALYSIS

Component I - Review of Unsubstantiated "Unusual Financial Transactions" in iTrak.

Gaming Service Provider staff receive training which allows them to identify currency transactions which are considered suspicious from a money laundering perspective. The details of these transactions are entered into an Incident Report in the Casino Reporting System (iTrak).

iTrak has a hierarchical categorization framework where incidents are classified by "Type", then "Specific" and then "Category". The "Specific" label for a suspicious transaction is "Unusual Financial Transaction". The available Category selections for a UFT are "Substantiated", "Unsubstantiated" and "Null". When surveillance staff at the site have created the UFT incident in iTrak, they will leave the category as Null. The BCLC Investigator responsible for that site reviews all Null UFT's and then changes the Category to Substantiated or Unsubstantiated, based on whether they feel the transactions meets FINTRAC's criteria for a Suspicious Transaction Report (STR).

A review of all UFT's created at BC gaming facilities for the period August 1 to December 31, 2015 was conducted to identify those categorized as "Unsubstantiated". The information provided by the BCLC Investigator to deem the transaction as unsubstantiated was reviewed to see:

- Was a reason provided?
- Was it a valid reason explaining why not suspicious?
- Was there any consistency amongst different investigators as to what criterion was being used?

This review did not evaluate whether the transaction required submission as an STR or not, primarily as we do not have access to the Know Your Client information that the BCLC Investigators use to assist in making this decision. Rather the review evaluated the completeness and consistency of information provided to make such judgments.

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UFT Breakdown: Substantiated vs. Unsubstantiated

There were 734 Unusual Financial Transaction incidents reviewed in iTrak for the period.

The following table shows a comparison between the first seven month of 2015 (*included in the Phase I review*) and the current review period, in terms of the percentage of UFT's substantiated.

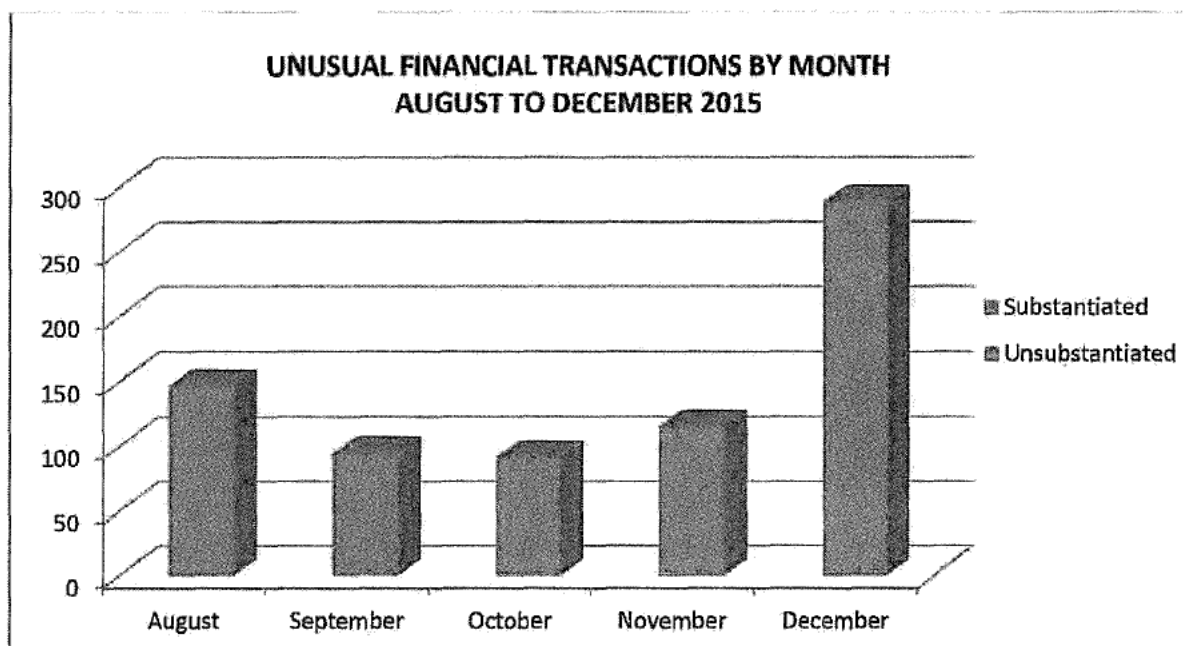
UFT's	Aug - Dec 2015 (phase 2)	%	Jan - Jul 2015 (phase 1)	%
Substantiated	623	84.9%	1,172	93.9%
Unsubstantiated	111	15.1%	76	6.1%
Total	734	100.0%	1,248	100.0%

Total UFT's Substantiated vs. Unsubstantiated by Facility August 1 to December 31, 2015					
Site	Total UFT's	Substantiated	%	Unsubstantiated	%
River Rock	525	448	85.3%	77	14.7%
Grand Villa	60	49	81.7%	11	18.3%
Starlight	35	32	91.4%	3	8.6%
Edgewater	94	90	95.7%	4	4.3%
Hard Rock	3	1	33.3%	2	66.7%
Cascades	1	1	100.0%	0	0.0%
Fraser Downs/Elements	4	1	25.0%	3	75.0%
Other - Lower Mainland	3	0	0.0%	3	100.0%
Other - Vancouver Island	6	1	16.7%	5	83.3%
Other - Interior	1	0	0.0%	1	100.0%
Other - Northern	2	0	0.0%	2	100.0%
Total	734	623	84.9%	111	15.1%

Overall, BCLC deemed 85% of all UFT's to be substantiated and therefore reportable to FINTRAC. As noted in the table, 111 UFT's were deemed to be unsubstantiated by the BCLC Investigator reviewing the circumstances. These 111 were therefore not forwarded to FINTRAC as an STR. The percentage of UFT's deemed "Unsubstantiated" has more than doubled from the first seven months of the year. Service provider staff began reporting a larger volume of lower risk transactions starting in July 2015, leading to more being deemed unsubstantiated.

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The following chart and table show the monthly trend of reporting between August and December 2015.



Unusual Financial Transactions August to December 2015			
	Unsubstantiated	Substantiated	Total
August	7	139	146
September	6	88	94
October	14	77	91
November	13	102	115
December	71	217	288
Total	111	623	734

Analysis was conducted on the reasoning why BCLC Investigators felt the circumstances surrounding the unsubstantiated transactions did not meet the criteria for a reportable STR. Quite often an investigator will provide multiple indicators as to why he felt the transaction was not substantiated. There was commonality between the different gaming facilities.

The top 10 reasons are detailed below:

- Buy-in was recycled funds from previous disbursements.
- Patron's occupation provides access to amount of funds used for buy-in.
- Patron put the funds and actively gambled with buy-in amount.
- The denomination and/or amount of funds used for the buy-in would be accessible through an ATM or Global Cash machine.

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- No facilitation of funds - patron had funds in possession from outset and did not receive from 3rd party while onsite.
- Patron does not associate with high risk patrons or persons of interest.
- Patron has no previous history of STR's.
- The buy-in amount and/or level of play is consistent with regular play
- No attempt to colour up (i.e. exchange smaller denomination bills for larger denominations)

These reasons were similar to what was identified in the first phase of this review.

Component II - Review of Large Table Buy-In's to determine UFT reporting rates

Patrons wishing to buy-in for table games play with large amounts of currency have the option of presenting their funds directly to the cage as opposed to a chip purchase at the table. These Large Table Buy-in's are tracked in order to document the volume of specific denominations used for the buy-ins and to document the patron's information.

Large table buy-in tracking sheets received from the River Rock Casino for the period July 1 to December 31, 2015 were analyzed to determine if an Unusual Financial Transaction had been created in iTrak for the buy-in. These UFT's were then reviewed to determine if the transaction had been substantiated (leading to an STR being filed with FINTRAC).

It is important to note that this analysis does not intend to pass judgment on whether a UFT/STR should have been created for each of the LTBI's reviewed. The large number (1,780) of LTBI's reviewed, combined with the absence of other critical information (i.e. surveillance footage, BCLC KYC information and the history of the patron's previous gaming activity) made such a determination very difficult and impractical given the parameters of this review. The intent of this analysis is therefore to provide a snapshot of the statistics surrounding LTBI's and what has been reported.

A threshold was established to determine reasonableness as to whether a UFT was appropriate. This was based on the volume of the denomination. The thresholds amount to \$10,000 or greater and are broken out as follows:

- LTBI's including 500+ \$20's
- LTBI's including 200+ \$50's – *with less than 500 \$20's and less than 100 \$100's*
- LTBI's including 100+ \$100's – *with less than 500 \$20's and less than 200 \$50's*
- All other LTBI's greater or equal to \$10,000 that were not captured in the three categories above.

These thresholds intended to isolate the effect of each denomination on the decision to report. In order to determine if an incident report had been created, a test was done to create a unique field combining the transaction date and the iTrak subject ID of the patron from the LTBI worksheet. This was then compared to iTrak Incident Reports for the same period. This lookup returned two results, either a match indicating

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there was an UFT incident report for that patron on the date of the LTBI or no match indicating that there was no UFT created in iTrak.

There were 1,780 cash only (i.e. not from a Patron Gaming Fund account or through a debit card) LTBI's identified during the review period.

For those LTBI's where a match was returned – the incidents were reviewed in iTrak to confirm they specifically related to the LTBI. 876 LTBI's were returned with a match.

There were 904 LTBI's where there was no match. Given the large volume and the effort it would take to search each LTBI in iTrak for confirmation no incident existed, a random sample of 284 or approximately 30% of the no matches were reviewed to gain assurance that no incident existed. A further sample was added which included all remaining LTBI's made up of \$10,000 or more in \$20 bills not already reviewed. With this additional sample added, 46% of all LTBI's where there was no date/subject ID match were manually reviewed to confirm that a UFT had not been created.

The analysis identified the following breakdown:

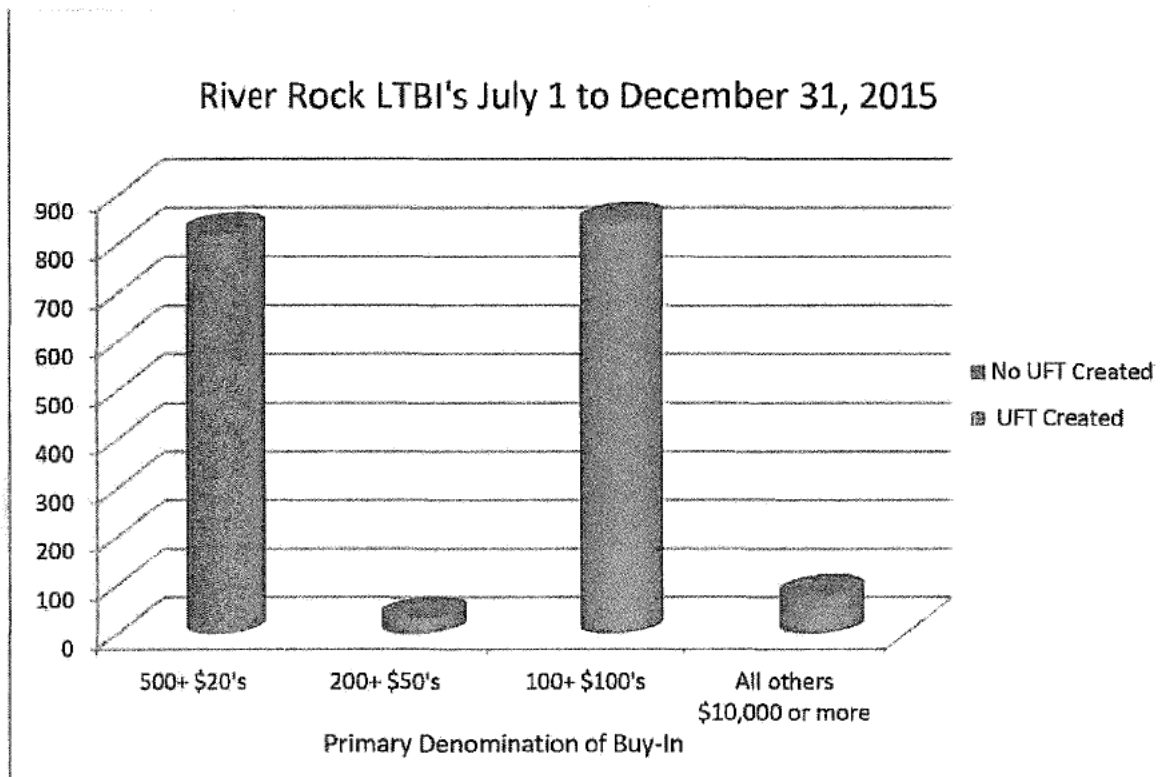
Primary Denomination (LTBI's ≥ \$10k)	Total # of Transactions	UFT Created	%	UFT Substantiated	%	No UFT Created
Cash LTBI's with 500+ \$20's <i>(regardless of volume of \$50's and \$100's)</i>	823	552	67.1%	550	99.6%	271
Cash LTBI's with 200+ \$50's <i>(no large volume of \$20's or \$100's - <\$10,000)</i>	34	14	41.2%	14	100.0%	20
Cash LTBI's with 100+ \$100's <i>(no large volume of \$20's or \$50's - <\$10,000)</i>	844	217	25.7%	186	85.7%	627
Remaining Cash LTBI's ≥ \$10,000 <i>(not included in above categories)</i>	79	32	40.5%	30	93.8%	47
Total	1,780	815	45.8%	780	95.7%	965

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A comparison was done between the results from the Phase II analysis (Jul to Dec 2015) against the work previously conducted in Phase I (Jan to Jun 2015):

Primary Denomination	% of LTBI's Where UFT Created	
	Jan - Jun	Jul - Dec
Cash LTBI's with 500+ \$20's <i>(regardless of volume of \$50's and \$100's)</i>	59.7%	67.1%
Cash LTBI's with 200+ \$50's <i>(no large volume of \$20's or \$100's - <\$10,000)</i>	8.5%	41.2%
Cash LTBI's with 100+ \$100's <i>(no large volume of \$20's or \$50's - <\$10,000)</i>	7.7%	25.7%
Remaining Cash LTBI's ≥ \$10,000 <i>(not included in above categories)</i>	n/a	40.5%
Total	34.5%	45.8%

The following chart illustrates the breakdown by primary denomination between LTBI's where an UFT was created versus those where there was not:



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Given the higher risk associated with \$20 bills, further analysis was conducted on the LTBI's made primarily with that denomination.

Volume of \$20's in LTBI	Total	UFT	%	No UFT	%
≥ \$100,000	151	145	96.0%	6	4.0%
\$50,000 to \$99,999	217	203	93.5%	14	6.5%
\$25,000 to \$49,999	156	100	64.1%	56	35.9%
\$10,000 to \$24,999	299	104	34.8%	195	65.2%
Grand Total	823	552	67.1%	271	32.9%

Transactions containing \$50,000 or more in \$20's are reported as UFT's with a greater frequency than those that had less than \$50,000 in \$20's. This was also noted in the analysis previously conducted for the period January to June 2015.

The following points need to be taken into consideration:

- LTBI's with \$100's and no UFT/STR do not necessarily indicate an issue. Casinos frequently cash out patrons in \$100's. LTBI's could be made with \$100's sourced from previous disbursements and therefore not considered suspicious.
- Patrons involved in the LTBI's reviewed may have had UFT's created for other gaming activity that same day. The analysis above was looking for specific mention of the LTBI transaction in question. If there was no mention in the related UFT of the LTBI then it was treated as "no UFT incident".

Conclusions from the data:

- A greater percentage of LTBI's are being reported as Unusual Financial Transactions than was noted in the review conducted on data for the first six months of 2015.
- 96% of those LTBI UFT's were deemed substantiated by the BCLC Investigators for River Rock and therefore reportable as an STR to FINTRAC. It is interesting to note that this percentage is considerably higher than the 85% noted for all UFT's deemed substantiated at River Rock (*as noted in Component I*). The overall number contains numerous unsubstantiated lower dollar transactions for which an LTBI was not created.
- Few UFT's are being created for LTBI's consisting primarily of \$100 bills. This reaffirms previous work we have done that indicates that buy-ins of \$100 bills are generally not considered suspicious based solely on volume. The reason behind this may be that the funds used in the buy-ins were sourced from previous disbursements and therefore not considered suspicious.

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- The dollar value of the buy-in appear to strongly determine whether a UFT was created for those LTBI's consisting of large volumes of \$20 bills. The overwhelming majority of the large value \$20 LTBI's ($\geq \$50,000$) did have a UFT created while those under that value tended not to be reported as a UFT as often.

CONCLUSIONS

More than 85% of all UFT's are being treated as substantiated and sent to FINTRAC. While this number is lower than the 95% identified in the first phase of this work (July 2014 to July 2015), it still indicates that there does not appear to be an intent on the part of BCLC to avoid reporting to FINTRAC those incidents which service provider staff deemed suspicious.

Based on the analysis of the River Rock data it was noted that a greater percentage of LTBI's are being reported as UFT's than what was noted in the first phase of this analysis. LTBI's consisting of primarily \$100 bills continue to be deemed largely non-suspicious but the number reported as UFT's has more than tripled since phase I. As was also noted in the Phase I analysis, transactions containing \$50,000 or more in \$20's are reported as UFT's with a greater frequency than those that had less than \$50,000 in \$20's . Overall the number of large volume \$20 LTBI's reported as suspicious has increased.

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This is **EXHIBIT "12"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.

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AUDIT REPORT

Review of BCLC Player Gaming Fund Accounts Pilot Project Interim Audit Report 2009/2010 GPEB File # COMM-5224

1.0 EXECUTIVE SUMMARY

An interim audit of BCLC's Patron Gaming Fund (PGF) pilot was conducted to verify compliance with the *Gaming Control Act, Regulation* and all applicable standards, policies and directives.

The purpose of the audit was to review the PGF pilot program to verify that PGF policies and procedures are being followed and to provide an overall evaluation to the Ministry Executive.

Notable exceptions include a failure by Great Canadian Gaming Corporation (GCGC) to correctly set-up the PGF bank account and procedural violations by GCGC cage staff.

2.0 AUDIT OBJECTIVES

The specific objectives of this interim audit were to examine the PGF pilot program to ensure that the receipt and disbursement of player funds is properly managed by GCGC head office and individual accounts are properly administered at site level.

3.0 AUDIT SCOPE

Information and data related to the program was analyzed for the period December 7, 2009 to January 25, 2010. All PGF transactions were reviewed. "2



Gaming Policy and Enforcement Division
Ministry of Housing & Social Development

Page 1 of 4

Discussed w/ James & Hanson Jan Feb 2

Discussed w/ GPEB/BCLC Joint
Ex. Meeting Jan 28/10

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4.0 GENERAL INFORMATION & OBSERVATIONS

- A total of nine accounts have been opened, all opened at Great Canadian Gaming Corporation's River Rock Casino;
- PGF initial deposits range from \$10,000 to \$250,000;
- Total PGF Account balance is \$38,200 (As of January 15, 2009);
- Funds are used by high limit table players;
- Deposited funds are promptly used for gaming;
- Large dollar values are not maintained in accounts for extended periods;
- Patrons complain about the requirement to wire transfer money in to fund their PGF account;
- Overall, PGF accounts are being managed well by the River Rock cage. Accounts are reconciled accurately and required documents (LCTR's, Transfer in/out sheets) are completed;
- There have been no issues identified in the management of verified wins in relation to the PGF accounts;
- Failure by GCGC head office to follow policy.

5.0 AUDIT FINDINGS & EXCEPTIONS

The details of the issues resulting from the audit procedures are discussed below:

1. A PGF account opened December 23, 2009 had the following problems:
 - a. A Large Cash Transaction Record (LCTR) was not created for the initial wire transfer deposit of \$17,000.

Control Failure: Preventative control failure at GCGC. Per section 1.10.1 of BCLC PGF policy LCTR's must be completed for deposits greater than \$10,000.

Severity: High

- b. An Incident report was not created in ITRAK for the account opening.

Control Failure: Preventative control failure at GCGC. Per section 1.10.2 of BCLC PGF policy an incident report in ITRAK must be completed when an account is opened.

Severity: Medium



• BCLC meeting w/ GCGC tomorrow
• will discuss use of chgs w/ enforcement back to them as trs. + verified wins reconciliation

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- c. There was lack of oversight by BCLC in a timely manner. BCLC did not identify the issues until December 30, 2009. The site created the ITRAK incident file and the LCTR after the GPEB auditor advised them of these errors.

Added in extra review at work see to know how

Control Failure: Detective control failure at GCGC. Per section 5.7.3 of BCLC PGF policy BCLC Security Investigators shall conduct a review, on a daily basis, of all Patron Gaming Funds Account activity to ensure accordance with reporting requirements for suspicious financial transactions/money laundering.

Severity: Medium

2. GCGC HQ did not open the PGF bank account in compliance with PGF policy. Specific problems include:

- a. The account is interest bearing and \$70.69 of interest was earned in December 2009.

Control Failure: Preventative control failure at the bank. Per section 1.8 of BCLC PGF policy the Service Provider must open a non-interest-accruing bank account specifically for use for patron gaming accounts funds.

Severity: High

- b. The account is not restricted to only allowing deposits via EFT from a registered Canadian bank.

Change in policy to clarify EFT only at start up.

Control Failure: Preventative control failure at the bank. Per section 1.9 of BCLC PGF policy the initial deposit for opening of account must be either by electronic funds transfer or wire transfer from a registered Canadian banking institution.

Severity: High

3. Electronic funds of \$270,696.21CAD were accepted into GCGC's HSBC PGF bank account from a foreign bank (Macau) on December 11, 2009. These funds were returned to the originating bank on December 15, 2009.

Control Failure: Preventative control failure at the bank. Per section 1.9 of BCLC PGF policy the initial deposit for opening of account must be either by electronic funds transfer or wire transfer from a registered Canadian banking institution.

Severity: High

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4. A bank draft for \$30,000CAD from a domestic financial institution was deposited directly by a casino patron to GCGC's HSBC PGF bank account on January 22, 2010. These funds were used for gaming by the patron on the same day. GCGC HQ failed to recognize the deposit as a non-EFT and improperly authorized the River Rock cage to release the funds for gaming.

Control Failure: Preventative control failure at the bank and detective control failure at GCGC head office. Policy violation per section 1.9 of BCLC PGF policy stated above in section 2(b).

Severity: Medium

6.0 CONCLUSION

Significant issues were identified in this interim audit. GPEB requires BCLC to provide in their response by February 15th an action plan indicating how the outstanding issues will be corrected and the date by which the issue will be addressed.

Commercial Gaming Audit
Audit and Compliance Branch
February 1, 2010

Distribution List:

Terry Towns, Vice President – Corporate Security, BCLC
Derek Sturko, Assistant Deputy Minister
Terri Van Sleuwen, Executive Director, Audit and Compliance
Larry Vander Graaf, Executive Director, Investigations and Regional Operations
Bill McCrea, Executive Director, Internal Compliance & Risk Management



Audit Report

Patron Gaming Fund Accounts Pilot Project 2nd Interim Audit Report For the Period January 26, 2010 – June 30, 2010 GPEB File # COMM-5507

1.0 EXECUTIVE SUMMARY

A second interim audit of BCLC's Patron Gaming Fund (PGF) pilot was conducted to verify compliance with the *Gaming Control Act, Regulation* and all applicable standards, policies and directives.

The purpose of the audit was to review the PGF pilot program to verify that PGF policies and procedures are being followed and to provide an overall evaluation to the Ministry Executive.

PII - FINTRAC

2.0 AUDIT OBJECTIVES

The specific objectives of this interim audit were to examine the PGF pilot program to ensure that the receipt, management and disbursement of player funds is properly managed by Great Canadian Gaming Corporation (GCGC) and Gateway Casinos head offices and individual accounts are properly administered at site level.

3.0 AUDIT SCOPE

Information and data related to the program was analyzed for the period January 26, 2010 to June 30, 2010. PGF transactions were reviewed on a full population testing basis and procedures reviewed included testing:

- Individual account opening and management.
- FINTRAC compliance.
- Reconciliation of PGF bank accounts.

This is **EXHIBIT "13"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.

A Commissioner for taking
Affidavits in British Columbia

Gaming Policy and Enforcement Branch
Ministry of Housing & Social Development

4.0 GENERAL INFORMATION & OBSERVATIONS

- As of June 30, 2010 a total of 25 accounts had been opened at River Rock Casino, of which 3 were subsequently closed upon opening due either to patron voluntary self exclusion or BCLC barring. Four accounts had been opened at Starlight Casino, of which 1 was subsequently closed upon opening due to BCLC barring.
- As of June 30, 2010 the PGF Account balance at River Rock Casino was \$116,050 and \$100,000 at Starlight Casino.
- All player gaming funds are appropriately accounted for.
- Bank reconciliations are appropriately completed. No interest has been earned on PGF funds.
- At River Rock Casino, initial deposits ranged from \$10,000 to \$100,000, with an average initial deposit of approximately \$45,000. At Starlight Casino, initial deposits ranged from \$15,000 to \$120,000 with an average initial deposit of approximately \$88,000.
- Large dollar values are not maintained in accounts for extended periods. Generally, funds held in PGF Accounts are promptly used towards gaming.
- Subsequent deposits were primarily by gaming chips from verified wins and EFT's.
- Overall, PGF Accounts are being well managed by Cage staff at River Rock and Starlight Casino. Accounts are reconciled accurately and all required documents (Patron Profile Card, Trust Entry List by Trust ID, LCTR's) are completed appropriately.
- There have been no issues identified in the management of verified wins in relation to the PGF accounts at both River Rock and Starlight Casino.

5.0 AUDIT FINDINGS & EXCEPTIONS

The issue resulting from the audit procedures is discussed below:

PII - FINTRAC

6.0 CONCLUSION

With the exception of the above finding, no other significant issues were identified in this interim audit. GPEB requires BCLC to provide in their response by **September 30, 2010** an action plan indicating how the outstanding issue will be corrected and the date by which the issue will be addressed.

Commercial Gaming Audit
Audit and Compliance Division
August 23, 2010

Distribution List:

Terry Towns, Vice President – Corporate Security, BCLC
Derek Sturko, Assistant Deputy Minister
Terri Van Sleuwen, Executive Director, Audit and Compliance
Larry Vander Graaf, Executive Director, Investigations and Regional Operations
Bill McCrea, Executive Director, Internal Compliance & Risk Management



Patron Gaming Fund Accounts Pilot Project
Final Audit Report
As of December 31, 2010
GPEB File # COMM-5781

1.0 EXECUTIVE SUMMARY

A final interim audit of BCLC's Patron Gaming Fund (PGF) pilot was conducted to verify compliance with the *Gaming Control Act, Regulation* and all applicable standards, policies and directives.

The purpose of the audit was to review the PGF pilot program to verify that PGF policies and procedures are being followed and to provide an overall evaluation to the Ministry Executive.

The only outstanding issue identified is a lack of oversight by BCLC in reviewing the reconciliation of the PGF bank account statements by the service providers.

2.0 AUDIT OBJECTIVES

The specific objectives of this interim audit were to examine the PGF pilot program to ensure the receipt, management and disbursement of player funds are properly managed by Great Canadian Gaming Corporation, Gateway Casinos Limited and Paragon Gaming Inc. In addition BCLC's management of the PGF pilot program was also reviewed.

3.0 AUDIT SCOPE

Information and data related to the program was analyzed for the full pilot period. PGF transactions were reviewed on a full population testing basis and testing was performed to ensure that all required documentation was completed for:

- Individual account opening, activity and withdrawals;
- ITRAK reporting;
- FINTRAC compliance;
- Reconciliation of PGF bank accounts.

This is **EXHIBIT "14"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.

A Commissioner for taking Affidavits in British Columbia Page 1 of 4

Ministry of Public Safety and Solicitor General
 Gaming Policy and Enforcement Branch
 Audit and Compliance Division

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Review and testing for the period December 2, 2009 to June 30, 2010 was performed in the first and second PGF audits. The final audit focused on activity from July 1, 2010 to December 31, 2010.

4.0 KEY STATISTICS

Statistics are for the period December 7, 2009 to December 31, 2010. As of December 31, 2010 the province wide PGF balance is \$430,725 and there are a total of 82 active accounts.

River Rock Casino

- 66 accounts were opened at River Rock Casino of which 25 were open the first half of the year and 41 during the second half. 61 accounts are active.
- Three accounts were closed by BCLC because the patrons were barred for suspicious financial activity and therefore the account was required to be closed. GPEB investigations division is aware of these individuals.
- 2 accounts were closed due to the patron's personal decision to close their account.
- PGF balance is \$327,275. Deposits ranged from \$10,000 to \$300,000 with an average deposit of \$67,747 and median deposit of \$50,000.

Starlight Casino

- 13 accounts were opened at Starlight Casino of which 4 were open the first half of the year and nine during the second half. 12 accounts are active.
- One account was closed by BCLC immediately following the opening of the account as the account was opened pre-maturely. No gaming activity occurred for this patron through the PGF.
- PGF balance is \$63,000. Deposits ranged from \$15,000 to \$199,986 with an average deposit of \$76,343 and median deposit of \$61,500.

Grand Villa Casino

- 8 accounts were opened at Grand Villa Casino and all were opened in the second half of the year. 7 accounts are active.
- One account was closed by BCLC because the Patron was barred for suspicious financial activity therefore the account was required to be closed. GPEB investigations division is aware of this individual.
- PGF balance is \$40,000. Deposits ranged from \$20,000 to \$149,986 with an average deposit of \$72,981 and median deposit of \$76,000.

Edgewater Casino

- 2 accounts were opened at Edgewater Casino and all were opened during the second half of the year. Both accounts are still active.
- PGF balance is \$0. Initial deposits were \$80,000 and \$150,000 with an average initial deposit of \$115,000.

5.0 GENERAL OBSERVATIONS

Observations are for the period December 7, 2009 to December 31, 2010.

- Large dollar values are not maintained in accounts for extended periods. Generally, funds held in PGF Accounts are promptly used towards gaming. As at December 31, 2010, the closing balance in majority of the accounts reviewed was nil.
- Subsequent deposits were primarily by gaming chips from verified wins, electronic fund transfers or bank drafts.
- Overall, PGF Accounts are being well managed by Cage staff at the casinos. Accounts are reconciled accurately and required documents (Patron Profile Card, Trust Entry List by Trust ID, LCTR's) are completed appropriately.

- PGF bank accounts statements have been reconciled accurately for all sites for each month by each service provider. No issues were identified with the PGF funds held by the service providers.
- BCLC operational auditors are reviewing PGF account activity at each site appropriately. This includes ensuring that all required paperwork is completed for each PGF transaction.
- There have been no issues identified in the management of verified wins in relation to the PGF accounts at both River Rock and Starlight Casino.

6.0 AUDIT FINDINGS & EXCEPTIONS

As of December 31, 2010 the only outstanding exception is as follows:

- 6.1 There is no evidence to confirm that BCLC is reviewing the specific PGF bank account statements for each service provider on a quarterly basis.

Control Failure: Bank statements should be reviewed to ensure that records are maintained correctly and that funds held in PGF accounts are used in accordance with policy.

(BCLC CSPP 3-8.3, 5.7.2a)

Impact: High

7.0 CONCLUSION

In our opinion we did not identify any material issues which should impact the continuance of the PGF program. The exception will be communicated to BCLC under separate document.

Commercial Gaming Audit
Audit and Compliance Division
February 4, 2011

Distribution List:

Sue Birge, Acting Assistant Deputy Minister
Terri Van Sleuwen, Executive Director, Audit and Compliance
Larry Vander Graaf, Executive Director, Investigations and Regional Operations
Bill McCrea, Executive Director, Internal Compliance & Risk Management



Audit Report

Patron Gaming Fund Accounts Pilot Project For the Period January 1, 2011 – June 30, 2011 GPEB File # COMM-6607

EXECUTIVE SUMMARY

An audit of BCLC's Patron Gaming Fund (PGF) pilot project was conducted to verify compliance with the Gaming Control Act, Regulation and all applicable standards, policies and directives.

The purpose of the audit was to review the PGF pilot project to verify PGF policies and procedures are being followed and to provide an overall evaluation to the Ministry Executive.

AUDIT OBJECTIVES

The specific objectives of this audit were to examine the PGF pilot project to ensure that the receipt, management and disbursement of player funds is properly managed by Great Canadian Gaming Corporation, Gateway Casinos and Entertainment Limited and Paragon Gaming Inc. The administration of the PGF accounts at the casino site level was also examined.

AUDIT SCOPE

Information and data related to the PGF pilot project was analyzed for the period January 1, 2011 – June 30, 2011. PGF transactions were reviewed on a full population test basis and procedures included a review of:

- Individual account opening, withdrawals, deposits and activity;
- iTrak reporting;
- FINTRAC compliance;
- PGF bank account reconciliations.

This is **EXHIBIT "15"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.

A handwritten signature in black ink, appearing to read "Ch. [unclear]".

A Commissioner for taking
Affidavits in British Columbia

GENERAL OBSERVATIONS AND KEY STATISTICS

- As at June 30, 2011, the province-wide PGF account balance is \$225,400 and a total of 144 accounts have been opened.
- Large dollar values are not maintained in accounts for extended periods. Generally, funds held in PGF accounts are promptly used towards gaming.
- Reconciliations for PGF bank accounts were accurately performed by the Service Providers on a monthly basis.

River Rock Casino

- A total of 102 accounts have been opened, of which three have been subsequently closed. A total of six accounts currently have a PGF account balance.
- The PGF account balance as at June 30, 2011, is \$122,400.

Starlight Casino

- A total of 21 accounts have been opened, of which five have been subsequently closed. All active accounts have zero balances.
- The PGF account balance as at June 30, 2011, is zero.

Grand Villa Casino

- A total of 16 accounts have been opened, of which two have been subsequently closed. A total of two accounts currently have a PGF account balance.
- The PGF account balance as at June 30, 2011, is \$73,000.

Edgewater Casino

- A total of five accounts have been opened, all of which are active. One account currently has a PGF account balance.
- The PGF account balance as at June 30, 2011, is \$30,000.

AUDIT FINDINGS

Details of the issues resulting from the audit procedures are discussed below:

1. PGF Account Number 75 was opened at River Rock Casino for a patron that had enrolled in the volunteer self exclusion program for the period October 2, 2009 to October 2, 2012. Despite being self excluded, the patron was permitted to make an initial deposit of \$15,000 into their PGF account and then subsequently buy in at table games and make additional deposits via bank drafts into their PGF account. It is also worth noting that this particular patron had two different Subject IDs in iTrak.

Control Failure: Patrons that have enrolled in the casino or community gaming centre self exclusion program are not permitted to enter any gaming facility with slot machines. The Service Provider is also required to search the Voluntary Self Excluded and Barred Patron databases in CRS to ensure the patron is eligible to open a PGF account. (CSPP S3-8.3, 12.2.4)

Impact: High

PII - FINTRAC

3. Patron Profile Cards were not created for PGF accounts opened at Edgewater Casino.

Control Failure: A Patron Profile Card must be created and retained in the PGF account file. The purpose of the Patron Profile Card is to document all deposits and withdrawals from the account, types of negotiable instruments presented and other miscellaneous information collected which may lead to further knowledge of patron activities. (CSPP S3-8.3, 4.4)

Impact: Medium

4. Incident Reports were not created for the openings of PGF Account Numbers 97 and 98 at River Rock Casino.

Control Failure: An Incident Report is required to be completed for PGF account openings. (CSPP S3-8.3, 12.2.11).

Impact: Medium

5. The Declaration of Source of Funds form was completed incorrectly at Edgewater Casino for PGF Account Number 318602. The patron's initial deposit upon account opening was \$20,000; however, the amount was incorrectly reported on the form as \$10,000.

Control Failure: The Declaration of Source of Funds form should be reviewed by the appropriate Cage staff to ensure all information entered is correct. (CSPP S3-8.3, 5.1.3)

Impact: Low

6. Copies of photo identification were not retained in the PGF account files for several PGF accounts at both Starlight Casino (PGF Account Numbers 15, 16 and 17) and Grand Villa Casino (PGF Account Numbers 11 and 17).

Control Failure: A copy of photo identification used for acceptable identification is required to be retained as part of the PGF account file when an account is opened. (CSPP S3-8.3, 5.1.1.h)

Impact: Low

DIRECTOR'S CONCLUSION

The PGF pilot project has been continuously reviewed since its launch in December 2009. Overall, the PGF accounts have been well administered by head office and casino staff; however, several inconsistencies attributed to all four lower mainland casinos have been identified throughout the course of our reviews. Significant issues were identified in this audit report which will be communicated to BCLC under a separate document. In our opinion, the issues identified should not impact the continuance of the PGF pilot project. For sites with few PGF accounts, the exceptions can be attributed to the learning curve and a lack of familiarity with policies and procedures. Our review of the PGF pilot project on a full population test basis will continue until the end of this calendar year, at which time we will re-evaluate our audit approach.

Commercial Gaming Audit
Audit and Compliance Division
September 7, 2011

DISTRIBUTION LIST

Douglas S. Scott, Assistant Deputy Minister
Sue Birge, Executive Director
Bill McCrea, Executive Director, Internal Compliance & Risk Management
Larry Vander Graaf, Executive Director, Investigations and Regional Operations
Terri Van Sleuwen, Executive Director, Audit and Compliance Division

**Gaming Policy and
Enforcement
Branch**



AUDIT REPORT

**BCLC
Patron Gaming Funds Account Audit
For the Period July 1, 2011 – December 31, 2011
GPEB File # COMM-6862
2011/2012**

EXECUTIVE SUMMARY

An audit of BCLC's Patron Gaming Fund (PGF) project was conducted to verify compliance with the *Gaming Control Act*, Regulation and all applicable standards, policies and directives.

The scope of the audit included a review of all new PGF accounts opened during the period July 1, 2011 to December 31, 2011. The following aspects of the accounts were reviewed: receipt and disbursement of player funds, management of individual account files and overall administration at the site level.

A notable exception at Edgewater Casino identified that the Declaration of Source of Funds form was not being completed for subsequent deposits into the account.

AUDIT OBJECTIVES

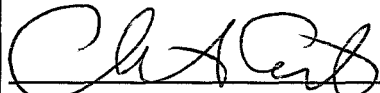
The objectives of the audit were to verify the receipt and disbursement of player activity, verify that appropriate records were maintained on file for each account holder and that accounts were being appropriately administered at the casino site level.

AUDIT SCOPE

All new PGF accounts opened during the period July 1, 2011 to December 31, 2011, were reviewed on a full population test basis. Audit procedures included a review of:

- Individual account opening, withdrawals, deposits and activity;
- iTrak reporting;
- FINTRAC compliance;
- PGF bank account statements, accounts and reconciliations.

This is **EXHIBIT "16"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.


A Commissioner for taking
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GENERAL OBSERVATIONS AND KEY STATISTICS

- The province-wide PGF account balance as at December 31, 2011, is \$334,559.00. A total of 199 accounts have been opened as of this date, of which 64 have been subsequently closed.
- Many patrons use their accounts for only short periods of time, and then discontinue their use once funds have depleted. Such accounts are often kept open, however with little to no activity.
- Large dollar values are not maintained in accounts for extended periods. Generally, funds held in the accounts are promptly used towards gaming.
- PGF bank statements and accounts are being accurately reconciled on a monthly basis by the service providers.
- Overall, the accounts are being well administrated by the service providers and cage staff.

River Rock Casino

- A total of 132 accounts have been opened, of which 30 have been subsequently closed. The PGF account balance as at December 31, 2011, is \$280,859.00.

Starlight Casino

- A total of 35 accounts have been opened, of which 13 have been subsequently closed. The PGF account balance as at December 31, 2011, is \$53,700.00.

Grand Villa Casino

- A total of 21 accounts have been opened, of which 13 have been subsequently closed. The PGF account balance as at December 31, 2011, is nil.

Edgewater Casino

- A total of 11 accounts have been opened, of which eight have been subsequently closed. The PGF account balance as at December 31, 2011, is nil.

EXCEPTIONS

Details of the issues resulting from the audit procedures are discussed below:

1. The Declaration of Source of Funds form was not completed for subsequent deposits made into accounts at Edgewater Casino. The form was only completed for initial deposits made to open the account.

Control Failure: The Cage Manager / Supervisor are required to complete the Declaration of Source of Funds form for all subsequent deposits made into the patron's account after initial opening. (CSPP S.3-8.3, 3.13)

Impact: High

BCLC Response: BCLC Investigator and BCLC Auditors spoke with an Edgewater Cage Manager to ensure that the site understood the requirements in relation to proper protocol surrounding the completion of a Declaration of Source of Funds form for all subsequent deposits made into PGF accounts held at Edgewater Casino. It was determined that Edgewater has remedied this "exception" and are now compliant with BCLC Policy in this area.

2. Patron Profile Cards were not created for accounts opened at Edgewater Casino. This issue was also identified as an exception in our previous audit report.

Control Failure: A Patron Profile Card is required to be created upon account opening. The Patron Profile Card is used to manually document deposit and withdrawal activity in the patron's account. (CSPP S.3-8.3, 2.10.1.b)

Impact: Medium

BCLC Response: BCLC Auditors spoke with an Edgewater Cage Manager to ensure that the site understood the requirements in relation to proper protocol surrounding the completion of Patron Profile Cards for every PGF account opened at the Edgewater Casino. It was determined that Edgewater Casino had remedied this "exception" prior to this audit and are now compliant with BCLC Policy in this area.

3. Signature Cards were not on file for two accounts opened at Starlight Casino.

Control Failure: Signature Cards are required to be created and maintained securely on file for each PGF account holder. The purpose of the Signature Card is to compare the signature on the Signature Card to the identification presented. (CSPP S.3-8.3, 2.10)

Impact: Low

BCLC Response: A BCLC Investigator spoke with a BCLC Auditor about this issue and determined that all PGF accounts held at Starlight Casino contain the Patron Signature

Cards as dictated by BCLC policy. It was however determined that the two accounts identified by GPEB [Accounts 24 & 25] contained several volumes and the Patron Signature Cards got buried in the paperwork. As a result the signature cards have now been placed in a location in the file where they can easily be observed during the course of an audit.

CONCLUSION

Several issues were identified in this audit. BCLC has acknowledged the exceptions in this report and either the risk will be accepted or changes will be made to the service provider operations as noted.

The PGF pilot project is now complete, and BCLC has incorporated the process into normal casino operations. GPEB will continue to monitor the PGF program on an ongoing basis.

Commercial Gaming Audit
Audit and Compliance Division
April 24, 2012

DISTRIBUTION LIST

Terry Towns, Vice-President, Corporate Security and Compliance, BCLC
Larry Vander Graaf, Executive Director, Investigations and Regional Operations, GPEB
Bill McCrea, Executive Director, Internal Compliance and Risk Management, GPEB

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Internal Memo

To: Len McNeill, 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: August 20, 2015

Subject: COMM-8490 PGF Review / January 1, 2015 - June 30, 2015

This is **EXHIBIT "17"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.

Christine
A Commissioner for taking Affidavits in British Columbia

EXECUTIVE SUMMARY

The Patron Gaming Fund (PGF) program allows patrons to deposit funds into their accounts, which can then be withdrawn for gaming, re-deposited for subsequent play or returned to the patron. Our objective is to analyze the utilization of PGF accounts within casinos in BC on a semi-annual basis. This update covers the period January 1, 2015 - June 30, 2015.

Key Observations

- Since the introduction of the PGF program in December 2009, a total of \$1.385 billion has been deposited, with nearly the same amount withdrawn. 30% of the \$1.385 billion deposited to PGF accounts were primarily from bank drafts, which represent "new money." Re-deposits and verified wins accounted for 68% of the deposited funds while cheques from a Canadian casino accounted for the remaining 2%.
- During the period January 1, 2015 - June 30, 2015, a total of \$164,926,511 was deposited into PGF accounts, and \$164,136,075 was withdrawn. This represents a decline of 30% from the previous six month period, and a decline of 62% from one year ago.
- Fluctuations in PGF activity are attributed to the program's dependence on a few patrons. 52% of PGF activity during the period January 1, 2015 - June 30, 2015 was generated by 10 patrons. During the previous six month period, 75% of the activity was generated by 10 patrons.
- Since the PGF program was introduced, a total of 823 accounts have been created, of which 46% have subsequently closed. As of June 30, 2015, a total of 443 accounts remain open, of which 22% have not had any activity for more than one year.
- In January 2015, BCLC revised its policy to state that if an account is inactive for three years, and no direction has been received from the patron, the account may be closed. Prior to the revision, accounts which were inactive for one year may be closed at the service provider's discretion. One effect of this policy change is that more dormant accounts will remain open.

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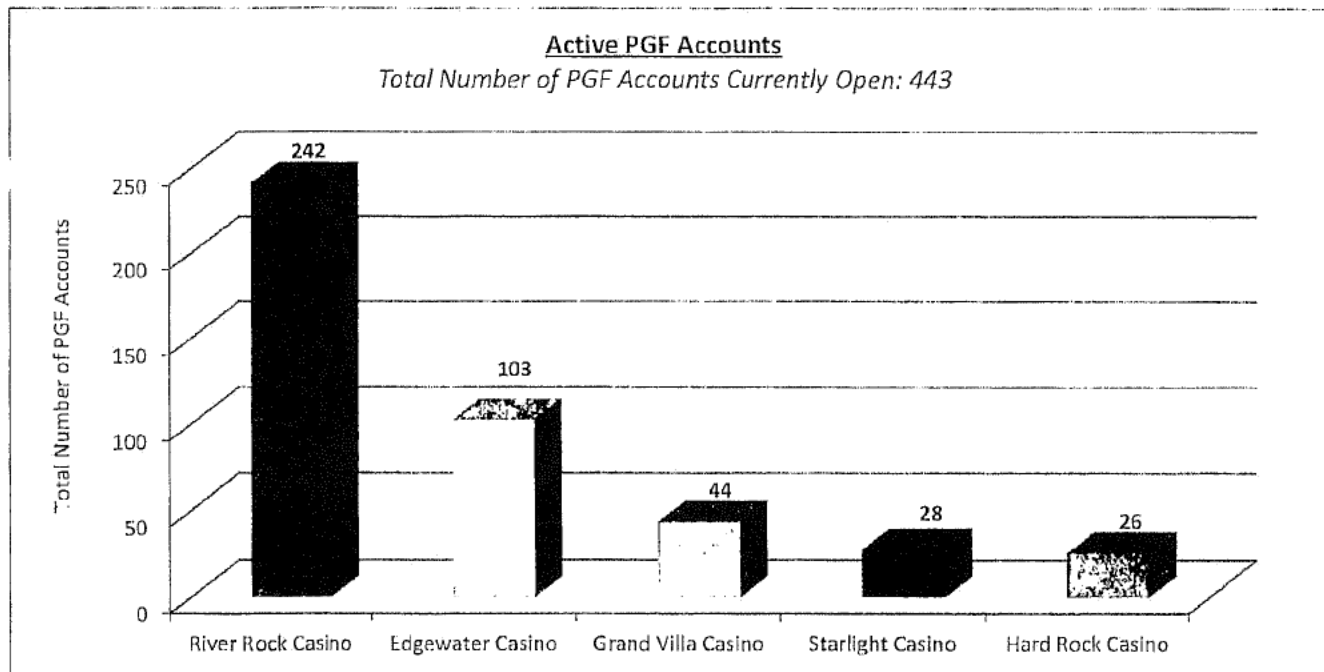
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PART 1: PGF ACCOUNT STATUS

The Patron Gaming Fund (PGF) program was created to offer high limit patrons at participating lower mainland casinos a viable option to transport large sums of money into the gaming facility. The program allows patrons to deposit funds into their PGF accounts, which can then be withdrawn for gaming, re-deposited for subsequent play or returned to the patron. The PGF program was launched in December 2009. The following five approved casinos offer PGF accounts to their patrons:

Site	PGF Program Launch Date
River Rock Casino	December 2009
Starlight Casino	January 2010
Grand Villa Casino	July 2010
Edgewater Casino	September 2010
Hard Rock Casino	February 2013

Since the PGF program was introduced, a total of 823 accounts have been created, of which 46% have subsequently closed. As of June 30, 2015, a total of 443 accounts remain open, as shown below.



In January 2015, BCLC revised its policy to state that if an account is inactive for three years, and no direction has been received from the patron, the account may be closed. Prior to the revision, accounts which were inactive for one year may be closed at the service provider's discretion. One effect of this policy change is that more dormant accounts will remain open. For instance, of the 443 PGF accounts that are currently open, 22% (99 accounts) have had no activity for more than one year.

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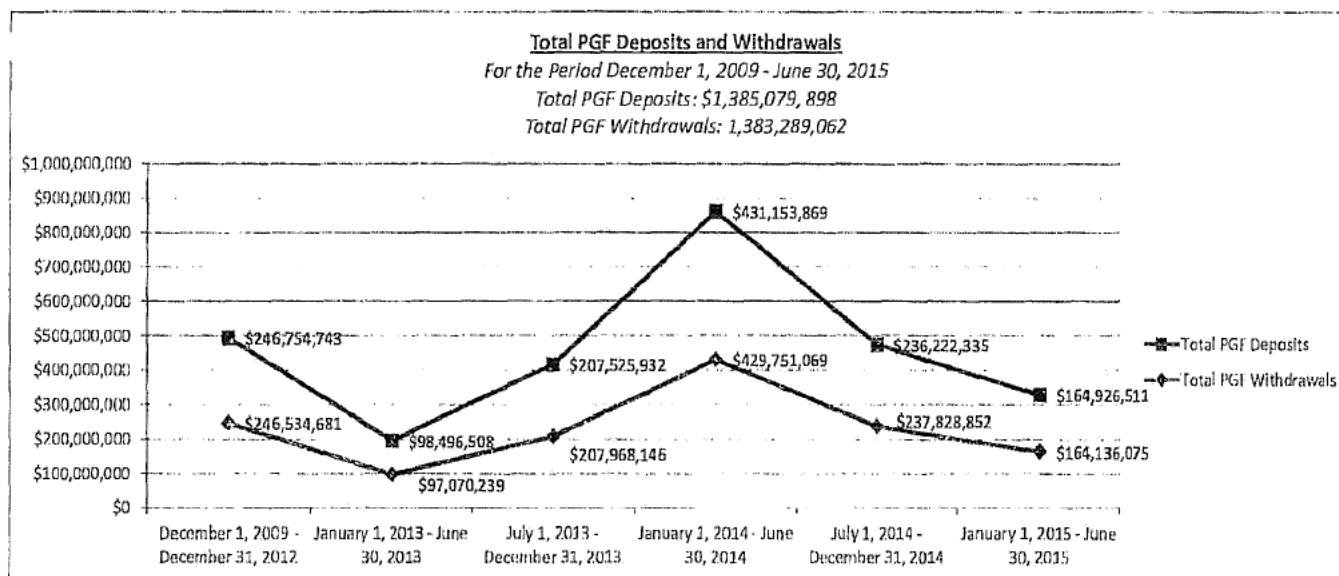
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PART 2: PGF ACCOUNT DEPOSITS AND WITHDRAWALS

A total of \$1.385 billion has been deposited, with nearly the same amount withdrawn since the introduction of the PGF program in December 2009. The closing PGF account balance as at June 30, 2015, is \$1,790,836 as shown below.

Site	December 1, 2009 – June 30, 2015		Closing PGF Account Balance, June 30, 2015
	PGF Account Deposits	PGF Account Withdrawals	
River Rock Casino	\$782,872,229	\$781,493,348	\$1,378,881
Edgewater Casino	\$274,502,621	\$274,255,521	\$247,100
Grand Villa Casino	\$215,281,824	\$215,181,824	\$100,000
Starlight Casino	\$94,806,894	\$94,786,894	\$20,000
Hard Rock Casino	\$17,616,330	\$17,571,475	\$44,855
Total	\$1,385,079,898	\$1,383,289,062	\$1,790,836

The line graph below shows total PGF deposits and withdrawals at different intervals throughout the past 5 ½ years. During the period, January 1, 2015 -- June 30, 2015 a total of \$164,926,511 was deposited into PGF accounts, and \$164,136,075 was withdrawn. This represents a decline of 30% from the previous six month period, and a decline of 62% from one year ago.



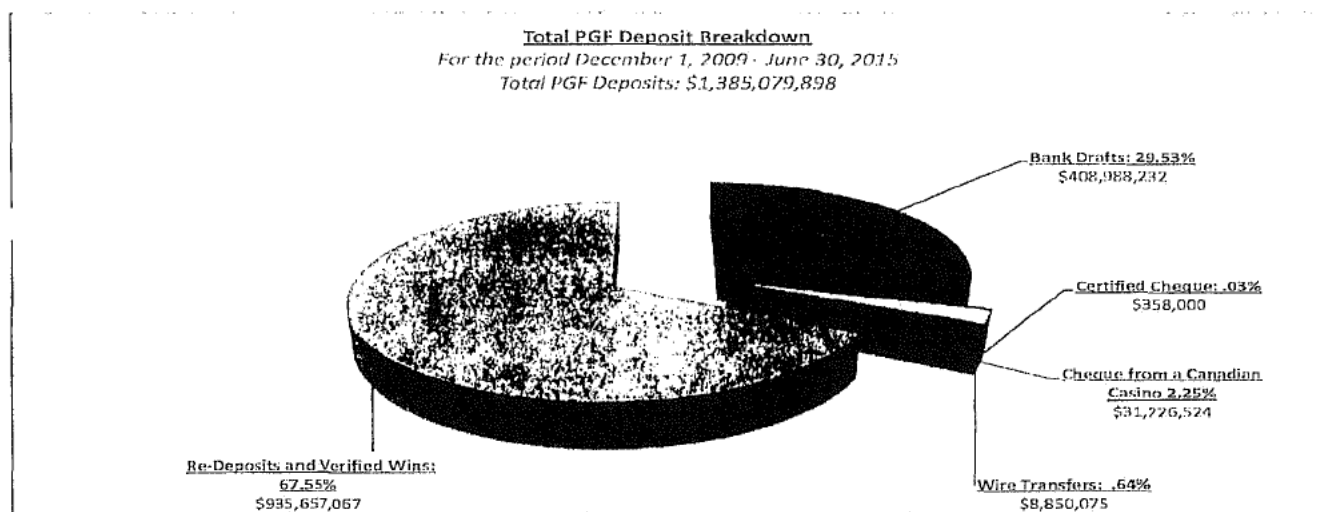
Fluctuations are largely attributed to the program's dependence on a few patrons to generate majority of the dollar volume activity. For instance, although, there are 443 PGF accounts that are currently open, 52% of the activity during the current review period January 1, 2015 – June 30, 2015 was generated by 10 patrons. During the previous six month period, July 1, 2014 - December 31, 2014, 75% of the activity was generated by 10 patrons. For the period January 1, 2014 - June 30, 2014, when PGF activity was at record highs, 84% of the activity was generated by 10 patrons.

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PART 3: PGF DEPOSIT BREAKDOWN

Deposits to PGF accounts can be made by bank draft, certified cheque, cheque from a Canadian casino, wire transfer, electronic funds transfer (EFT), debit card transaction, or internet banking transfer from an authorized personal bank account, and chips from a 'verified win' issued at the same casino opening the account.

The pie chart below provides a detailed breakdown of the \$1.385 billion that was deposited into PGF accounts since the program was introduced. Approximately 30% of the funds deposited into the accounts were from bank drafts, with less than one percent from wire transfers, and certified cheques. Together, bank drafts, wire transfers, and certified cheques represent "new money" coming into the casino. Re-deposits and verified wins accounted for 68% of the funds deposited into the accounts. Re-deposits are funds that patrons have withdrawn from their PGF account and then subsequently deposited back after any period of continuous play. Cheques from a Canadian casino accounted for 2% of the total deposits. Cheques from a Canadian casino are those that were issued to a patron at a Canadian casino different from the casino the patron is depositing them at.



CLOSING COMMENTS

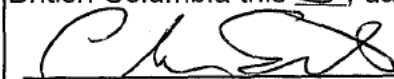
Over a billion dollars has flown in and out of PGF accounts since the program was introduced in December 2009. A majority of the funds deposited into PGF accounts consist of funds moving around the casino (re-deposits and verified wins). Without the existence of PGF accounts, patrons would either cash out their gaming chips or leave the facility with the gaming chips until their next visit. To this extent, re-deposits of funds into PGF accounts reduces the amount of cash patrons may leave and subsequently re-enter the casino with. In relation to "new money" such deposits into the accounts have been almost always with bank drafts. Only a handful of deposits have been made by wire transfers and certified cheques, while the other options for authorized deposits such as electronic funds transfer (EFT), debit card transactions, or internet banking transfers from an authorized personal bank account have not been utilized. The PGF program is highly dependent on a small number of patrons that generate a vast majority of the activity. Almost half of the accounts created to date have been closed, and the majority of those that remain open are seldom used.

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INTERNAL MEMO

This is **EXHIBIT "18"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.



A Commissioner for taking Affidavits in British Columbia



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

CC: Anna Fitzgerald, Senior Director, Lower Mainland Compliance Division, GPEB
Doug Mayer, Manager of Audit, Compliance Division, GPEB
Bob Stewart, Manager, Intelligence Unit, Compliance Division, GPEB

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

Date: January 30, 2017

Subject: COMM-8838 Patron Gaming Fund (PGF) Account Deposit Analysis

EXECUTIVE SUMMARY

In August 2016, GPEB Compliance (Investigations) raised concern around the Patron Gaming Fund (PGF) program, specifically the possibility of cash being deposited into accounts; the issuing source of bank drafts; and the potential of introducing unsourced chips for deposit.

BCLC policy permits a patron to deposit funds into their PGF account via means of bank draft or certified cheque from a regulated financial institution, cheque from a Canadian casino, wire transfer, electronic funds transfer (EFT), debit card transaction, internet banking transfer from an authorized personal bank account, or cash or chips from a 'verified win' issued at the same casino opening the account. Based on previous audit work, we had not encountered cash deposited into PGF accounts because patrons either deposited chips from the documented table win or the site has issued a 'verified win' cheque.

The scope of the audit included an examination of 100% of all deposits made to PGF accounts at River Rock, Hard Rock, Starlight, Grand Villa and Edgewater Casino for the period June 1, 2016 to the last date of fieldwork, November 8, 2016. In total, 291 PGF accounts were audited over 11 fieldwork days, by a team of two and three auditors.

The purpose of this audit was to conduct an in-depth review of PGF files and account transactions to provide GPEB Compliance (Investigations) and Executive with results on the following four objectives:

Objective # 1: Determine if cash was deposited into PGF accounts and if so, was it in accordance with BCLC policy.

Result: Of the 291 PGF accounts audited, cash was deposited into only one account, as detailed in the following paragraph. There was no other evidence of cash deposited into PGF accounts.

On two occasions, a total of \$770,000 was deposited into PGF Account # 572 at River Rock, which belongs to [REDACTED], the most active PGF player in the Province at this time, in terms of dollar volume



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activity. We identified the following issues with the circumstances under which the cash was accepted for deposit:

- The time frame for sourcing the cash does not seem to reflect the same criteria applied to chip deposits. Although, BCLC policy does not detail the duration to which cash shall be sourced, it does provide guidance in relation to chip deposits, which states, "chips can only be accepted for deposit in the same gaming day or, if the gaming time frame has overlapped gaming days, in the same gaming session as the verified win." The guidance provided for chip deposits should rationally apply to cash, but such was not the case for [REDACTED]
 - On August 8, 2016, [REDACTED] deposited \$700,000 cash into his PGF account. Through GPEB Compliance (Investigations) follow-up, BCLC indicated that the deposit was sourced to cash payouts made to him over the previous seven months [REDACTED] PII - FINTRAC and on October 8, 2016, [REDACTED] deposited \$70,000 cash into his PGF account, which was sourced to his gaming sessions on August 8 - 10, 2016.
- In relation to the \$700,000 cash deposit on August 8, 2016, BCLC informed GPEB Compliance (Investigations) that [REDACTED] had called Great Canadian Gaming Corporation (GCGC) on August 3, 2016, to inform them he would be bringing in the cash. BCLC advised GCGC in an email dated August 3, 2016, the "cash is previous winnings and no UFT or section 86 required."

Objective # 2: Determine if patrons introduced new chips to top up their PGF re-deposits.

Result: New chips were not introduced to top up re-deposits. Chips deposited to PGF accounts were from funds withdrawn from the account and substantiated with table play or sourced to a documented table win. This was confirmed through a review of table tracking cards corresponding to each chip deposit.

Objective# 3: Confirm if bank draft deposits were from Canadian or US regulated financial institutions.

Result: We manually verified 100% of the all bank drafts deposited into PGF accounts for the period June 1, 2016 to the last date of fieldwork, November 8, 2016. During this period, all bank drafts were from regulated Canadian financial institutions and one was from a US financial institution. An area of concern with bank drafts is they are not required to state the individual's name; therefore, the casino cannot always confirm it is coming from the patron's personal bank account. CIBC is the only financial institution that imprints the individual's name on the bank draft, and based on our review of CIBC bank drafts we did not identify any material concerns.

Objective# 4: Assess adequate supporting documentation was on file for each account deposit.

Result: PGF account files were well administrated at the site level and adequate supporting documentation was on file to support all transactions reviewed.

RECOMMENDATION

BCLC should be encouraged to establish policy to define the criteria around cash deposits to PGF accounts. Similar criteria currently applied to chips could be applied to cash, whereby it is only accepted for deposit in the same gaming day or, if the time frame has overlapped gaming days, in the same session as the verified win.

INTRODUCTION

BACKGROUND

In August 2016, GPEB Compliance (Investigations) raised concern around the Patron Gaming Fund (PGF) program, specifically the possibility of cash being deposited into accounts; the issuing source of bank drafts; and the potential of introducing unsourced chips for deposit. The information provided specified the period as June 2016 onwards.

BCLC policy permits a patron to deposit funds into their PGF account via means of bank draft or certified cheque from a regulated financial institution, cheque from a Canadian casino, wire transfer, electronic funds transfer (EFT), debit card transaction, internet banking transfer from an authorized personal bank account, or cash or chips from a 'verified win' issued at the same casino opening the account.

Based on previous audit work, we had not encountered cash deposited into PGF accounts because patrons either deposited chips from the documented table win or the site has issued a 'verified win' cheque. This audit was undertaken with the information provided by GPEB Compliance (Investigations) and the results of our past work in mind.

OBJECTIVE

The purpose of this audit was to conduct an in-depth review of PGF files and account transactions to provide GPEB Compliance (Investigations) and Executive with results on the following four objectives:

1. To determine if cash was deposited into PGF accounts. If so, was cash deposited in accordance to BCLC Casino and Community Gaming Centre Standards, Policies and Procedures, which require it to be sourced to a verified win disbursed to the patron at the same casino.
2. To determine that patrons did not introduce new chips to top up their re-deposits. Only chips from funds withdrawn from the account and substantiated with table play or acquired through a documented table win at the same casino are permitted to be deposited.
3. To confirm that bank drafts were from Canadian or US regulated financial institutions.
4. To assess whether supporting documentation was on file for each account deposit.

SCOPE

The scope of the audit included an examination of 100% of all deposits made to PGF accounts at River Rock, Hard Rock, Starlight, Grand Villa and Edgewater Casino for the period June 1, 2016 to the last date of fieldwork, November 8, 2016. In total, 291 PGF accounts were audited over 11 fieldwork days, by a team of two and three auditors. PGF accounts at Elements Casino were not audited due to low risk.

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APPROACH

The audit approach included the following steps:

- Coordinate with service provider management to obtain working spaces in their facilities to conduct reviews of PGF account files.
- Prior to the commencement of fieldwork, request from service provider management PGF trust ledgers, which are used by the sites to document each account transaction.
- Prepare a list of all PGF account files with activity during the audit period.
- Perform the following specific audit procedures:
 - Ensure adequate supporting documentation was on file for each account deposit.
 - Analyze table tracking cards to confirm chip deposits were substantiated.
 - Ensure the name on the bank draft was of the PGF account holder (where possible).
 - Confirm information entered by the sites on PGF trust ledgers for accuracy and completeness.

AUDIT RESULTS

RE: OBJECTIVE # 1- Determine if cash was deposited into PGF accounts and if so, was it in accordance with BCLC policy.

Of the 291 PGF accounts audited, cash was deposited into only one account, as detailed below. There was no other evidence of cash deposited into PGF accounts.

On two occasions, a total of \$770,000 was deposited into PGF Account # 572 at River Rock, which belongs to [REDACTED] the most active PGF player in the Province at this time, in terms of dollar volume activity. We have the following concerns with the circumstances under which the cash was accepted for deposit:

- The time frame for sourcing the cash does not seem to reflect the same criteria applied to chip deposits. Although, BCLC policy does not detail the duration to which cash shall be sourced, it does provide guidance in relation to chip deposits, which states, "chips can only be accepted for deposit in the same gaming day or, if the gaming time frame has overlapped gaming days, in the same gaming session as the verified win." The guidance provided for chip deposits should rationally apply to cash, but such was not the case for [REDACTED]:
 - On August 8, 2016, [REDACTED] deposited \$700,000 cash into his PGF account. Through GPEB Compliance (Investigations) follow-up, BCLC indicated that the deposit was sourced to cash payouts made to him over the previous seven month [REDACTED] PII - FINTRAC and on October 8, 2016, [REDACTED] deposited \$70,000 cash into his PGF account, which was sourced to his gaming sessions on August 8 - 10, 2016.

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- In relation to the \$700,000 cash deposit on August 8, 2016, BCLC informed GPEB Compliance (Investigations) that [REDACTED] had called Great Canadian Gaming Corporation (GCGC) on August 3, 2016, to inform them he would be bringing in the cash. BCLC advised GCGC in an email dated August 3, 2016, the "cash is previous winnings and no UFT or section 86 required."

RE: OBJECTIVE #2 – Determine if patrons introduced new chips to top up their PGF re-deposits.

New chips were not introduced to top up re-deposits. Chips deposited to PGF accounts were from funds withdrawn from the account and substantiated with table play or sourced to a documented table win. This was confirmed through a review of 100% of the table tracking cards corresponding to each chip deposit for the 291 PGF accounts audited.

RE: OBJECTIVE #3 – Confirm if bank draft deposits were from Canadian or US regulated financial institutions.

We manually verified 100% of the all bank drafts deposited into PGF accounts for the period June 1, 2016 to the last date of fieldwork, November 8, 2016. During this period, all bank drafts were from regulated Canadian financial institutions and one was from a US financial institution (CITI Bank).

We also reviewed the bank draft deposit information stated on PGF trust ledgers, for the period January 1 – September 14, 2016. The stub period is reflective of the cut-off date for the trust ledger reports received prior to commencement of field work. The table below provides a breakdown of PGF bank draft deposits, by financial institution.

Bank Draft Institution Summary for the Period January 1 - September 14, 2016		
	Total	Percentage
BMO	\$35,209,116	26%
TD	\$28,025,618	21%
RBC	\$25,247,027	18%
Gateway Casino Bank Drafts from Major Financial Institutions. <i>Note 1</i>	\$22,548,000	17%
CIBC	\$19,604,450	14%
HSBC	\$4,037,000	3%
Scotia Bank	\$1,150,800	1%
CITI Bank	\$246,000	0%
Vancity	\$163,500	0%
Coast Capital	\$155,000	0%
G&F Financial	\$79,800	0%
Tangerine	\$36,000	0%
National Bank of Canada	\$35,000	0%
Total	\$136,537,311	100%

Note 1 – The PGF trust ledgers for Gateway Casino sites (Grand Villa and Starlight) do not list the name of the bank draft financial institution.

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An area of concern with bank drafts is they are not required to state the individual's name; therefore, the casino cannot always confirm it is coming from the patron's personal bank account. CIBC is the only financial institution that imprints the individual's name on the bank draft, and based on our review of CIBC bank drafts we did not identify any material concerns.

RE: OBJECTIVE # 4 – Assess adequate supporting documentation was on file for each account deposit.

PGF account files were well administrated at the site level and adequate supporting documentation to support current policy was on file for each account deposit, specifically:

- A 'Declaration of Source of Funds' form was completed as required, and signed by the patron attesting to the source of funds, and site staff as acknowledgement for receipt. Where applicable, a dealer supervisor or floor manager signed off attesting to table action for any chip deposits.
- Negotiable instruments presented for deposit were bank drafts and casino cheques, for which copies were on file. In addition, table tracking cards were on file to substantiate table play and verified wins for chips deposits and jackpot slips were on file to support slot wins deposited.
- The information documented by the sites on PGF trust ledgers for each account transaction was corroborated with source documents on file. The information stated on the trust ledgers was accurate and complete.

CLOSING REMARKS AND RECOMMENDATION

Overall, funds deposited into PGF accounts were from sourced deposits; bank drafts were from regulated and recognized North American financial institutions, and where verifiable, the names on bank drafts were of the PGF account holder. The sites did an effective job administering PGF accounts, particularly with retention of supporting documentation and accounting for transactions in the trust ledgers.

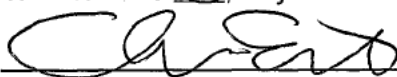
However a large deposit to one patron's account with cash from winnings from several months prior highlighted that there is currently no policy that speaks directly to the reasonable time frame for sourcing cash deposits made to the PGF account. As a result, we recommend that BCLC define policy and to strengthen controls around cash deposits to PGF accounts. Specifically cash, similar to chips, should only be accepted for deposit in the same gaming day or, if the time frame has overlapped gaming days, in the same session as the verified win.

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INTERNAL MEMO

This is **EXHIBIT "19"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.



A Commissioner for taking Affidavits in British Columbia
Executive Director, Compliance Division, GPEB



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

CC: Anna Fitzgerald, Senior Regional Director, Lower Mainland Compliance Division, GPEB
Doug Mayer, Manager of Audit, Compliance Division, GPEB
Bob Stewart, Manager, Intelligence Unit, Compliance Division, GPEB

From: Parminder Basi, Gambling Auditor, Compliance Division, GPEB

Date: August 9, 2017

Subject: COMM-8939 BCLC Directive Impact on Cash Buy-Ins and New Money PGF Deposits

EXECUTIVE SUMMARY

In the latter part of 2015, BCLC began issuing directives to certain high risk patrons advising them they are no longer permitted to buy-in with 'unsourced' cash. Patrons that received the directive were those conducting buy-ins with substantial amounts of cash, primarily \$20s.

A two year time period was chosen for review (January 1, 2015 – December 31, 2016) and involved five gaming facilities: River Rock, Edgewater, Grand Villa, Starlight and Hard Rock Casino. The objectives of our review were to:

1. Assess if the BCLC unsourced cash directive resulted in a reduction in cash buy-ins with \$20s.
2. Determine if the directive resulted in increased new money deposits to PGF accounts.

REVIEW RESULTS**Objective #1: Assess if BCLC unsourced cash directive resulted in a reduction in cash buy-ins with \$20s.**

- The BCLC unsourced cash directive had a significant impact in reducing the amount of cash buy-ins with \$20s, particularly at River Rock Casino.
 - Cash buy-ins with \$20s decreased by 53% in 2016 compared to 2015 at River Rock. The decrease notably started around directive issuance, in the second fiscal quarter of 2015,
 - For the two quarters before the directive, cash buy-ins at River Rock with \$20s ranged from \$37 to \$47 million. For the six quarters post directive, cash buy-ins with \$20s at River Rock ranged between \$13 and \$14 million each quarter.

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- Edgewater Casino, which is in close proximity to River Rock, experienced a 25% decrease in cash buy-ins with \$20s in 2016 compared to 2015. Post directive, cash buy-ins with \$20s steadily declined each quarter.
- The directive did not adversely nor materially impact cash buy-ins conducted with \$20s at Grand Villa, Starlight or Hard Rock Casino. This makes sense, from the perspective that the directive primarily targeted high limit gamblers at River Rock.

Objective # 2: Determine if the directive resulted in increased new money deposits to PGF accounts.

- When the directives started being issued to patrons, one theory was that in the short term it may lead to a reduction in the amount of gaming chips purchased; however, in the long term patrons would adjust, by sourcing their cash or transitioning to PGF accounts. Our analysis showed that the directive did result in increased new money deposits to PGF accounts.
 - For the six months before the directive, the average monthly new money deposit to PGF accounts was \$11.6 million. For the 18 months post directive, the average monthly new money deposit to PGF accounts was \$14.5 million, which represents an increase of 25%.
 - Total new money deposits to PGF accounts for the calendar year 2016 were \$186.1 million compared to \$145.4 million in 2015, which represents an annual increase of 28%.
 - River Rock was most impacted by the directive. Our analysis at River Rock showed that the correlation between the decrease in cash buy-ins with \$20s and the increase in new money deposits to PGF accounts started around the time of directive issuance.

CONCLUSION

Although fluctuations in the amount of money coming into casinos (cash and new money deposits to PGF accounts) may partly be attributed to changes in player behaviour, frequency and duration of visits; the most material procedural change over the past two years was the BCLC unsourced cash directive. The results of our analysis showed that the directive resulted in a significant reduction in cash buy-ins with \$20s which correlated with an increase in new money deposits to PGF accounts.

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INTRODUCTION

BACKGROUND

In the latter part of 2015, BCLC starting issuing directives to certain high risk patrons advising them they are no longer permitted to buy-in with 'unsourced' cash. Unsourced cash is defined as cash without a bank or ATM withdrawal slip; however, patrons under the directive may buy-in with cash they received as winnings from the same casino. Patrons that received the directive were those conducting buy-ins with substantial amounts of cash, primarily \$20s. The nature of the cash they presented often suggested the money did not come from a financial institution and may be of questionable source.

OBJECTIVE

The objectives of our review were to:

1. Assess if the BCLC unsourced cash directive resulted in a reduction in cash buy-ins with \$20s.
2. Determine if the directive resulted in increased new money deposits to PGF accounts.

SCOPE

The following five casinos were reviewed for the two year period January 1, 2015 – December 31, 2016: River Rock, Edgewater, Grand Villa, Starlight and Hard Rock Casino. Although the BCLC unsourced cash directive targeted primarily those frequenting the high limit rooms at River Rock, we expanded our scope to include the other four big lower mainland casinos to determine if they were impacted.

APPROACH

The approach consisted of the following steps:

- Analyzing GMS 'Report Drop Reconciliation' reports, which document cash buy-ins for the casino, by denomination.
- Analyzing PGF 'Trust Ledger' reports, which document PGF account transactions.
- Evaluating trends or patterns that emerged.

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REVIEW RESULTS

Objective #1: Assess if BCLC unsourced cash directive resulted in a reduction in cash buy-ins with \$20s

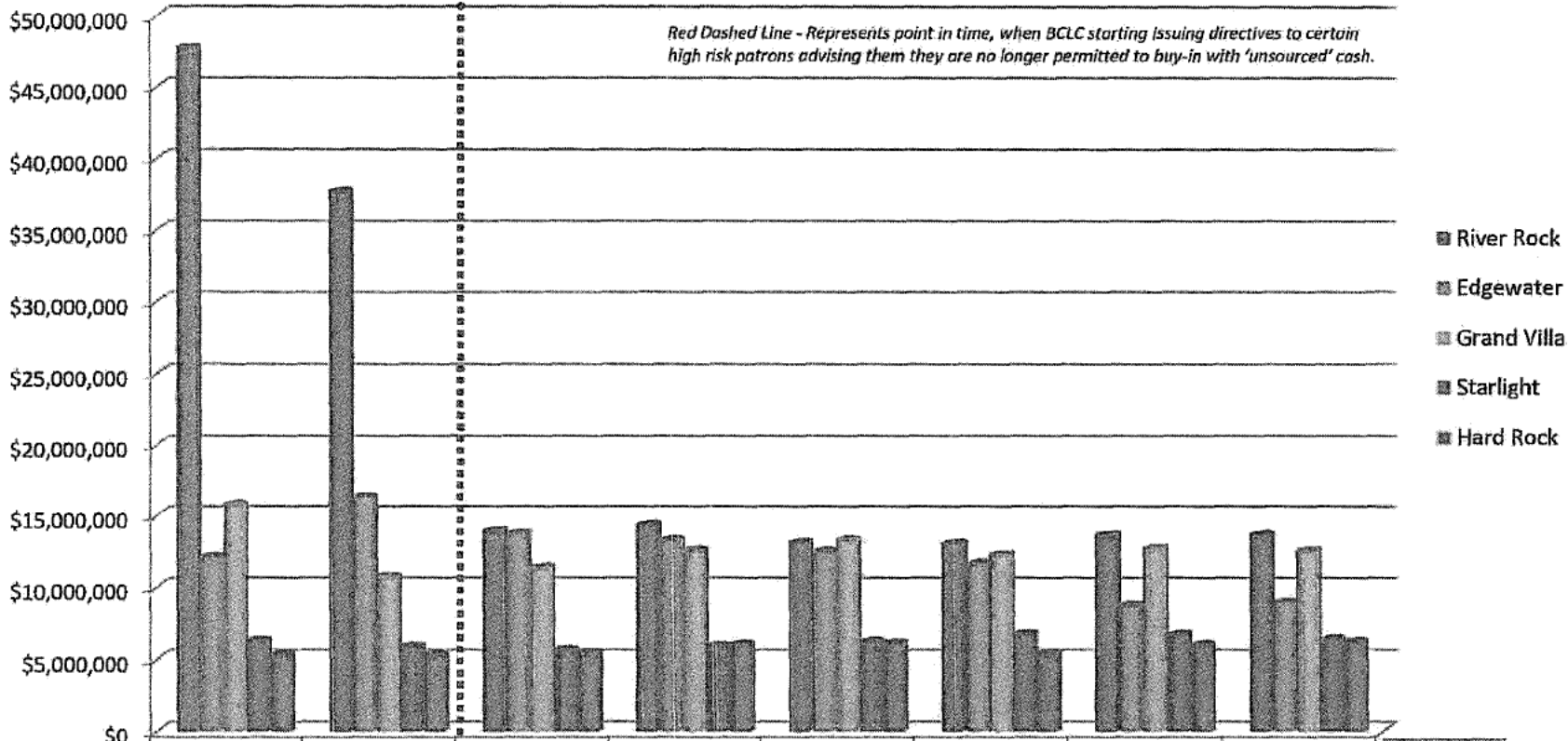
GMS 'Report Drop Reconciliation' reports document cash buy-ins for the casino, by denomination. These reports were filtered and then analyzed to show the total dollar amount of cash buy-ins with \$20s.

On the following page, Chart 1 provides a summary of cash buy-ins with \$20s, for the period January 1, 2015 – December 31, 2016, at River Rock, Edgewater, Grand Villa, Starlight and Hard Rock Casino. The chart highlights the following key points:

- The BCLC unsourced cash directive had a significant impact in reducing the amount of cash buy-ins with \$20s, particularly at River Rock Casino.
 - Cash buy-ins with \$20s decreased by 53% in 2016 compared to 2015 at River Rock. The decrease notably started around directive issuance, in the second fiscal quarter of 2015.
 - For the two quarters before the directive, cash buy-ins at River Rock with \$20s ranged from \$37 to \$47 million. For the six quarters post directive, cash buy-ins with \$20s at River Rock ranged between \$13 and \$14 million each quarter.
- Edgewater Casino, which is in close proximity to River Rock, experienced a 25% decrease in cash buy-ins with \$20s in 2016 compared to 2015. Post directive, cash buy-ins with \$20s steadily declined each quarter.
- The directive did not adversely nor materially impact cash buy-ins conducted with \$20s at Grand Villa, Starlight and Hard Rock Casino. This makes sense, from the perspective that the directive primarily targeted high limit gamblers at River Rock.

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Chart 1: Cash Buy-Ins with \$20 Bills
For the period January 1, 2015 - December 31, 2016



	Q4: Jan - Mar 2015	Q1: Apr - Jun 2015	Q2: Jul - Sep 2015	Q3: Oct - Dec 2015	Q4: Jan - Mar 2016	Q1: Apr - Jun 2016	Q2: Jul - Sep 2016	Q3: Oct - Dec 2016	Total
River Rock	\$47,769,320	\$37,671,500	\$13,932,520	\$14,348,040	\$13,102,520	\$13,075,060	\$13,614,540	\$13,627,220	\$167,140,720
Edgewater	\$12,089,140	\$16,317,980	\$13,700,780	\$13,290,900	\$12,466,100	\$11,644,860	\$8,770,640	\$8,933,260	\$97,213,660
Grand Villa	\$15,771,380	\$10,764,480	\$11,379,820	\$12,560,160	\$13,312,340	\$12,259,540	\$12,658,860	\$12,533,660	\$101,240,240
Starlight	\$6,270,680	\$5,874,460	\$5,663,720	\$5,919,200	\$6,215,420	\$6,772,820	\$6,717,920	\$6,397,260	\$49,831,480
Hard Rock	\$5,323,980	\$5,324,060	\$5,459,840	\$6,042,520	\$6,120,560	\$5,387,380	\$6,014,160	\$6,197,460	\$45,869,960

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Objective # 2: Determine if the directive resulted in increased new money deposits to PGF accounts.

When the directives started being issued to patrons, one theory was that in the short term it may lead to a reduction in the amount of gaming chips purchased; however, in the long term patrons would adjust, by sourcing their cash or transitioning to PGF accounts.

Table 1 provides a quick year over year comparison of total PGF deposits. As shown, total deposits to PGF accounts for the calendar year 2016 were \$564.3 million compared to \$353.5 million for 2015, which represents an annual increase of 59%.

Table 1: PGF Deposit Summary	2015	2016	% Change
New Money PGF Deposits	\$145,415,364	\$186,053,911	+28%
Churn	\$208,141,407	\$378,254,906	+82%
Total PGF Deposits	\$353,556,771	\$564,308,817	+59%

New Money - A patron may deposit new money into their PGF account via means of a bank draft or certified cheque from a regulated financial institution, wire transfer, electronic funds transfer (domestic and international) debit card transaction, or internet banking transfer from an authorized personal bank account. Despite various options, almost all new money deposits into PGF accounts are done with bank drafts.

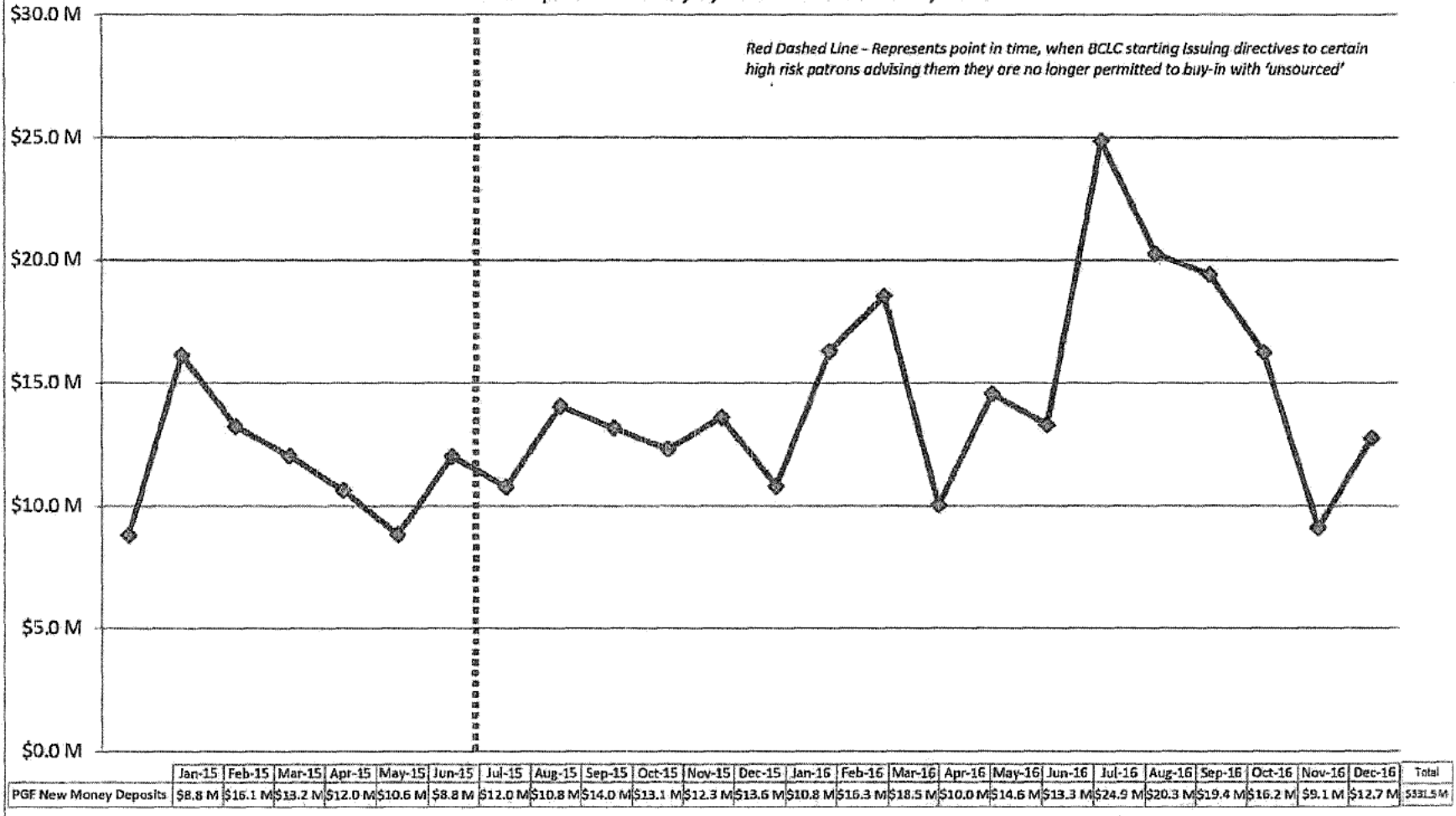
Churn - A patron may deposit churn into their PGF account via means of a cheque from a Canadian casino (either verified win cheque or a 'Return of Funds' cheque), chips from funds previously withdrawn from the account and substantiated with table play or sourced to a documented table win, slot jackpot slips, and cash from a verified win issued at the same casino.

Chart 2 on the following page provides a summary of new money PGF deposits on a monthly basis for the period January 1, 2015 – December 31, 2016. The chart highlights the following key points:

- For the six months before the directive, the average monthly new money deposit to PGF accounts was \$11.6 million. For the 18 months post directive, the average monthly new money deposit to PGF accounts was \$14.5 million, which represents an increase of 25%.
- Total new money deposits to PGF accounts for the calendar year 2016 were \$186.1 million compared to \$145.4 million in 2015, which represents an annual increase of 28%.

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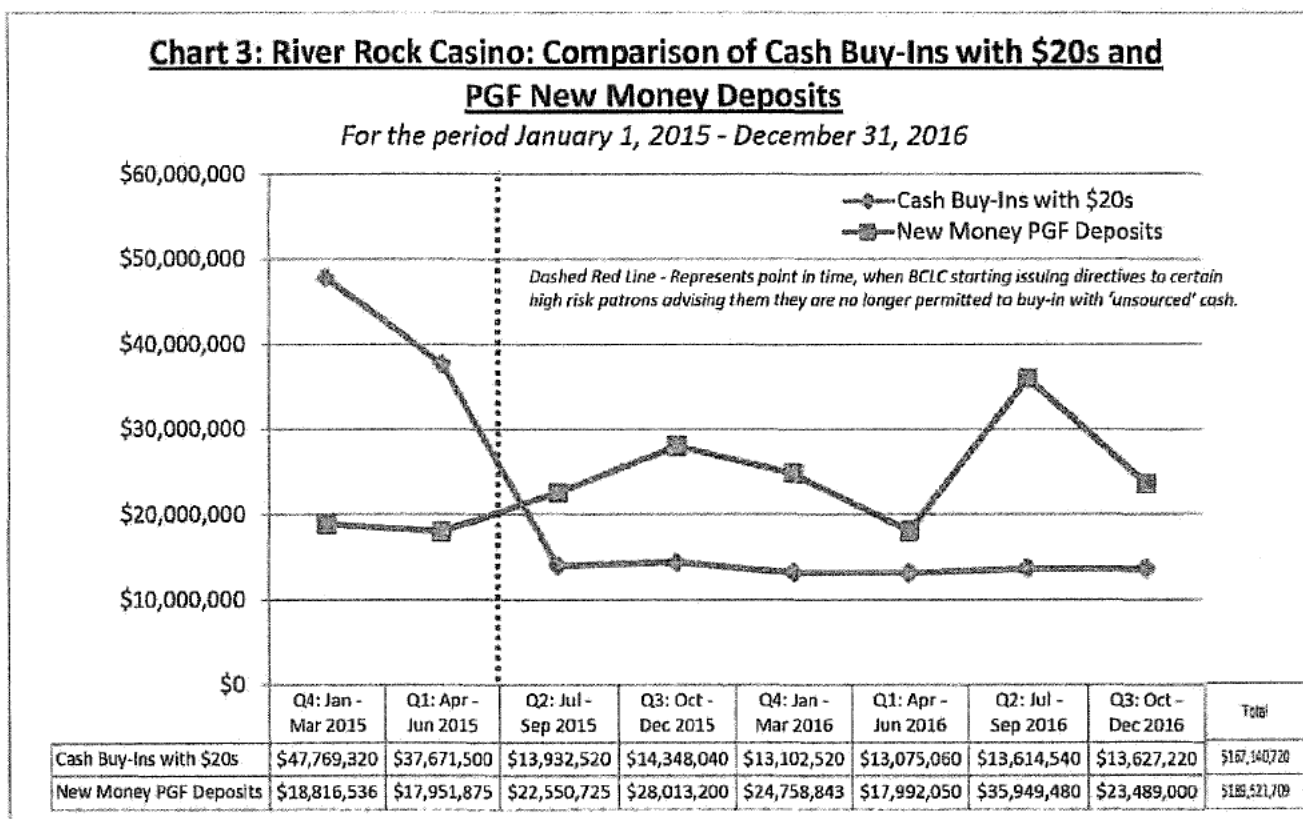
Chart 2: PGF New Money Deposits
For the period January 1, 2015 - December 31, 2016



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The BCLC unsourced cash directive targeted primarily those frequenting the high limit rooms at River Rock. Consequently, River Rock was most impacted by the directive. Chart 3 compares cash buy-ins with \$20s and new money deposits to PGF accounts at River Rock. The chart highlights the following key points:

- The decrease in cash buy-ins with \$20s and increase in new money deposits to PGF accounts was most significant from July 2015 onwards when BCLC starting issuing directives to certain high risk patrons advising them they are no longer permitted to buy-in with 'unsourced' cash.
- Overall, cash buy-ins with \$20s at River Rock for the calendar year 2016 were \$53.4 million compared to \$113.7 million in 2015, which represents a decrease of 53%. New money deposits to PGF accounts at River Rock for the calendar year 2016 were \$102.2 million compared to \$87.3 million, which represents an increase of 17%.



CONCLUSION

Although fluctuations in the amount of money coming into casinos (cash and new money deposits to PGF accounts) may partly be attributed to changes in player behaviour, frequency and duration of visits; the most material procedural change over the past two years was the BCLC unsourced cash directive. The results of our analysis showed that the directive resulted in a significant reduction in cash buy-ins with \$20s which correlated with an increase in new money deposits to PGF accounts.

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**Gaming Policy and
Enforcement
Branch**

This is **EXHIBIT "20"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3 day of March, 2021.


A Commissioner for taking
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**BRITISH
COLUMBIA**

INTERNAL DOCUMENT

**Great Canadian Gaming Corporation
River Rock Casino – VIP High Limit Table Rooms
GPEB File # COMM-6711
2011/2012**

EXECUTIVE SUMMARY

An audit of River Rock Casino's VIP high limit table rooms (Maple Leaf, Dogwood Club and Salon Prive) was conducted to verify compliance with the *Gaming Control Act*, Regulation and all applicable standards, policies and directives.

The objectives of the audit were to verify that Large Cash Transaction Reports (LCTR's) were being completed for patrons in the VIP high limit table rooms. The scope of the audit included a review of gaming operations in the VIP high limit table rooms for the period November 1, 2011 to December 1, 2011.

During the period reviewed, no exceptions were identified.

AUDIT OBJECTIVES

The audit is based on information from GPEB Investigations of a risk that LCTR's may not have been prepared for some patrons in the VIP high limit table rooms. The objectives of the audit were to verify that LCTR's were being completed as required for such patrons and that controls were in place to ensure this.

AUDIT SCOPE

The scope of the audit was limited to patron play in the VIP high limit table rooms. The audit period was November 1, 2011 to December 1, 2011. Surveillance footage, internal working papers, LCTR's, and FINTRAC reporting requirements were reviewed for this period. Interviews were also conducted to gather information about processes, procedures, roles, responsibilities, and internal controls.

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AUDIT PROCEDURES

The period of field work was November 30 to December 1, 2011. Audit procedures were conducted on a sample testing basis to provide reasonable assurance of compliance. The auditors performed on-site compliance work through observation, interview and testing. Specific fieldwork included:

- Observing gaming operations in the VIP high limit table rooms.
- Interviewing Dealer Supervisors, floor staff, and Surveillance Operators regarding processes, procedures, LCTR's, internal controls and staff roles and responsibilities.
- Reviewing surveillance footage to ensure that coverage in the VIP high limit table rooms was adequate and of sufficient quality.
- Reviewing internal working papers prepared by Surveillance Operators to monitor gaming activity of patrons in the VIP high limit table rooms. Information on patrons identified through the internal working papers as having reached the LCT threshold was traced to physical LCTR's. The LCTR's were reviewed to ensure that all required information was documented and corresponded to information recorded on the internal working papers.
- Comparing LCTR's to corresponding electronic submissions in iTrak to ensure that information was entered correctly and within the required timeframe.

GENERAL OBSERVATIONS

River Rock Casino has adequate controls in place to ensure that LCT's in the VIP high limit table rooms do not go unreported. Specifically, the following controls are in place:

- Dealer Supervisors are familiar with their patrons and have a good understanding of which patrons will likely reach the LCT threshold. Gaming activity for such patrons is monitored immediately.
- Dealer Supervisors track patron activity on player tracking cards and on CMS when transactions for a patron reach \$3,000.00.
- Surveillance is notified when transactions for a patron reach \$7,000.00. A patron's gaming activity is monitored by Surveillance from this point forward.
- Dealer Supervisors, Floor Persons and Surveillance are in constant communication. If a patron that is likely to reach the LCT threshold moves from one table to another or from one area of the gaming floor to another, this information is shared.

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- Each VIP Room has a Guest Services Department which maintains a computerized log to keep track of patron preferences (complimentary benefits). The log is shared by Guest Services Departments in all three VIP high limit table rooms. If a patron moves from high limit table room to another, Guest Services is aware and will notify appropriate staff.
- Player tracking cards are reviewed by Shift Managers each morning.

CONCLUSION

No exceptions were identified. LCT requirements appear to be met in the VIP high limit table rooms at River Rock Casino.

Commercial Gaming Audit
Audit and Compliance Division
January 31, 2012

DISTRIBUTION LIST

Larry Vander Graaf, Executive Director, Investigations and Regional Operations, GPEB

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**Gaming Policy and
Enforcement
Branch**



INTERNAL DOCUMENT

**BCLC
Cash Alternatives Review
For the Period Ended September 30, 2012
GPEB File # COMM-7199
2012/2013**

This is **EXHIBIT "21"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.

To: Terri Van Sleuwen, Executive Director, Audit and Compliance Division
Karen Kraan, A/Director, Commercial (Casino), Audit and Compliance Division
Chit Ed
A Commissioner for taking Affidavits in British Columbia

From: Parminder Basi, CGA, Commercial Gaming Auditor, Audit and Compliance Division

Date: November 19, 2012

EXECUTIVE SUMMARY

A review of the policy initiatives introduced by BCLC on April 2, 2012, to reduce the volume of cash being utilized within gaming facilities in BC was conducted to provide management with an overall summary and analysis of the policy in practice.

The scope of the audit was limited to a review of Patron Gaming Fund (PGF) accounts, Customer Convenience Cheques, debit transactions at the cash cage and the use of the Hold Cheque Option.

Our review concluded that while the PGF accounts are being utilized, the other cash reduction initiatives are either not being used, or utilization is minimal.

BACKGROUND

On April 2, 2012, BCLC introduced a series of policy changes governing how patrons buy-in at gaming facilities. The intent of these policy changes was to provide non-cash alternatives for patrons to use for buy-ins, thereby reducing the reliance on cash transactions. Policy changes consisted of the following:

- Allowing bank debit cards to be used at the cash cage for patrons to purchase funds to be used towards gaming.
- Accepting a Hold Cheque Option which allows a patron to provide a negotiable financial instrument such as a certified personal cheque as collateral in exchange for funds to be used towards gaming.

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- Making enhancements to the Patron Gaming Fund (PGF) program, specifically, in relation to authorized deposits and withdrawals.

In addition to the above, a policy was also introduced to allow service providers to issue cheques to patrons up to a maximum amount of \$5,000 for return of buy-in funds or for small unverified wins.

Together, the intent of these policy changes was to strengthen the existing anti-money laundering controls already in place, reduce the amount of cash being brought into gaming facilities and to further enhance patron safety.

OBJECTIVE

The objective of this review is to provide management with an overall summary and analysis of the progress of the cash alternative policy changes introduced by BCLC on April 2, 2012.

SCOPE

The scope of the audit was limited to a review of:

- PGF accounts opened from inception of the program on December 9, 2009 to September 30, 2012.
- Customer Convenience Cheques issued from inception of the program April 2, 2012 to September 30, 2012.
- Debt transactions at the cash cage from inception of the program on May 1 to September 30, 2012.
- Hold Cheque Options utilized.

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GENERAL OBSERVATIONS AND KEY STATISTICS

Patron Gaming Fund (PGF) Accounts

Approved casinos may offer Patron Gaming Fund (PGF) accounts to patrons wherein funds may be deposited, withdrawn for gaming, re-deposited for subsequent play or returned to the patron. PGF accounts were created primarily to offer high limit players at lower mainland casinos a viable option to transport large sums of cash to gaming facilities. Presently, the following casinos are approved to offer PGF accounts:

Site	PGF Program Launch
Edgewater Casino	September 2010
Grand Villa Casino	July 2010
Starlight Casino	July 2010
River Rock Casino	December 2009

On April 2, 2012, enhancements were made to the PGF program, specifically in relation to expanded terms for authorized deposits and withdrawals. Initially, patrons could deposit funds from bank drafts, certified cheques, cheques from a Canadian casino, wire transfers, electronic fund transfers, cash or chips from a 'verified win' issued at the same casino. Now, patrons are also permitted to deposit funds into their account by debit card transactions and internet banking transfers from an authorized personal bank account. Authorized withdrawals from the PGF account are now permitted to be made by internet transfer to an authorized bank account, in addition to the previous means of cash, 'return of funds' cheque, electronic funds transfer, and wire transfer.

Table 1 below, provides a summary of PGF account use for the period December 9, 2009 to September 30, 2012. Of the 282 PGF accounts opened, 43% have subsequently been closed. Through a review of the deposits and withdrawals, it has been determined that funds deposited into PGF accounts are promptly used towards gaming, and are not maintained for extended periods of time.

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TABLE 1: PGF ACCOUNT USE FOR THE PERIOD DECEMBER 9, 2009 TO SEPTEMBER 30, 2012

Site	Total Number of PGF Accounts Opened	Total Number of PGF Accounts Closed	Total Initial Deposits into PGF Accounts	Average Initial Deposit into PGF Accounts	Total Deposits into PGF Accounts	Total Withdrawals into PGF Accounts	PGF Account Closing Balance as at September 30, 2012
Edgewater Casino	20	8	\$930,800.00	\$46,540.00	\$6,868,101.00	\$6,868,101.00	\$0.00
Grand Villa Casino	31	13	\$1,630,840.00	\$52,607.74	\$34,504,462.00	\$34,474,462.00	\$30,000.00
Starlight Casino	43	16	\$3,269,958.00	\$76,045.53	\$44,224,198	\$44,224,198.00	\$0.00
River Rock Casino	188	83	\$11,124,820.00	\$59,174.57	\$116,905,236.48	\$116,800,674.00	\$104,562.48
Totals	282	120	\$16,956,418.00	\$60,129.14	\$202,501,997.48	\$202,367,435.00	\$134,562.48

Tables 2 and 3 below, provide a summary of PGF account use for the 6 month period (April 1 – September 30, 2012) since the new policy changes were introduced and compares the results and activity to the 6 month period (October 1, 2011 – March 31, 2012) prior to the policy changes being in effect. Based on the comparisons, early indications are that the expanded terms of use governing PGF accounts have not made a noticeable impact in terms of the number of new PGF account openings, or the amounts of deposits and withdrawals into PGF accounts. The two new initiatives introduced for authorized deposits (debit card transactions and internet banking transfers from an authorized personal bank account) have not been utilized. Internet transfers to an authorized bank account for withdrawals have also not been utilized.

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TABLE 2: COMPARISON BETWEEN PGF ACCOUNT OPENINGS FOR 6 MONTH PERIOD APRIL 1 – SEPTEMBER 30, 2012 TO PREVIOUS 6 MONTH PERIOD OCTOBER 1, 2011 – MARCH 31, 2012

Site	April 1, 2012 – September 30, 2012			October 1, 2011 – March 31, 2012		
	Total Number of New PGF Accounts Opened	Total Initial Deposits into PGF Accounts	Average Initial Deposit into PGF Accounts	Total Number of New PGF Accounts Opened	Total Initial Deposits into PGF Accounts	Average Initial Deposit into PGF Accounts
Edgewater Casino	6	\$212,000.00	\$35,333.33	6	\$258,800.00	\$43,133.33
Grand Villa Casino	5	\$150,000.00	\$30,000.00	7	\$375,000.00	\$53,571.43
Starlight Casino	3	\$238,000.00	\$79,333.33	14	\$894,000.00	\$63,857.14
River Rock Casino	32	\$2,208,800.00	\$69,025.00	31	\$2,203,920.00	\$71,094.19
Totals	46	\$2,808,800.00	\$61,060.87	58	\$3,731,720.00	\$64,340.00

TABLE 3: COMPARISON BETWEEN PGF ACCOUNT ACTIVITY (DEPOSITS AND WITHDRAWALS) FOR 6 MONTH PERIOD APRIL 1 – SEPTEMBER 30, 2012 TO PREVIOUS 6 MONTH PERIOD OCTOBER 1, 2011 – MARCH 31, 2012.

Site	April 1, 2012 – September 30, 2012		October 1, 2011 – March 31, 2012	
	Total Deposits into PGF Accounts	Total Withdrawals from PGF Accounts	Total Deposits into PGF Accounts	Total Withdrawals from PGF Accounts
Edgewater Casino	\$3,419,550.00	\$3,419,550.00	\$2,640,350.00	\$2,700,350.00
Grand Villa Casino	\$5,483,980.00	\$5,533,980.00	\$4,744,100.00	\$4,679,100.00
Starlight Casino	\$7,677,600.00	\$7,677,600.00	\$10,111,625.00	\$10,183,725.00
River Rock Casino	\$26,635,252.00	\$27,208,850.00	\$28,541,846.48	\$28,270,834.00
Totals	\$43,216,382.00	\$43,839,980.00	\$46,037,921.48	\$45,834,009.00

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Customer Convenience Cheques

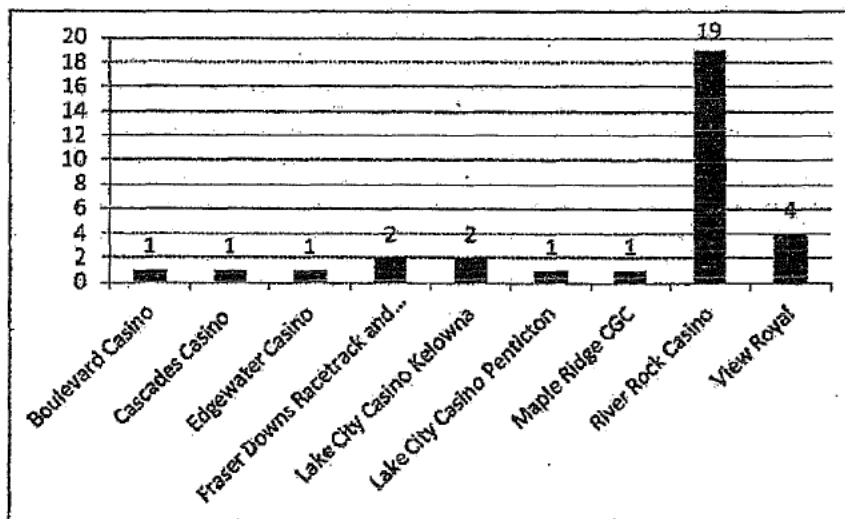
Service providers may at their discretion and upon request from the patron, issue a cheque that is not for a verified win. These cheques, referred to as Customer Convenience Cheques, must not exceed \$5,000 and may be issued for return of buy-in funds or for small unverified wins. Customer Convenience Cheques can only be issued by a service provider to a patron once a week. The intent of this policy is to enhance patron safety by reducing the amount of cash patrons leave the gaming facility with.

The policy governing the issuance of these cheques has changed since first being introduced. Initially, service providers were required to authenticate the identity of the patron by verifying and confirming the patron's name, date of birth, home address, and place of residence, phone number, and occupation details. Service providers were also required to make a copy of acceptable photo identification.

However, in mid May of 2012, BCLC, in consultation with GPEB and service providers, revised the policy in an effort to simplify the type and amount of data collected. Under the revised policy, service providers are required to establish the identity of the patron by verifying photo identification (no requirement to photocopy) and by documenting the patron's full name and date of birth.

For the six month period April 1 – September 30, 2012, a total of 32 Customer Convenience Cheques were issued for a total amount of \$126,224.40, as illustrated in the chart below. During the first quarter (April – June), 12 cheques were issued, and during the second quarter (July – September 30), 20 cheques were issued, which represents a 67% increase.

CUSTOMER CONVENIENCE CHEQUES ISSUED FOR THE PERIOD APRIL 1 – SEPTEMBER 30, 2012



Debit Transactions at Cash Cage

At the service provider's discretion, bank debit cards may be used at the cash cage for patrons to purchase funds to be used for gaming. The monetary threshold, both low and high, within which the use of the debit card will be accepted, is established by the service provider. At River Rock, for example, the minimum debit card purchase is \$3,000 with no maximum limit.

During the six month period April 1 – September 30, 2012, the total dollar value of debit transactions at the cash cages of all the participating sites was \$667,450. During the first quarter (April – June), the total value of debit card purchases at the cash cages was \$135,850 and during the second quarter (July – September), the value was \$531,600 which represents an increase of 290%. The average value of debit card purchases at the cash cage was \$3,500.

Despite significant increases in debit card purchases at the cash cages from quarter one to quarter two, the total value of the purchases in comparison to net win revenue at the sites during the period April 1 – September 30, 2012 is less than 1% as detailed in table 4 below. Net win revenue represents the total cash collected less the prizes paid, which is the true revenue to BCLC.

TABLE 4: TOTAL DOLLAR VALUE OF DEBIT TRANSACTIONS AT THE CASH CAGE IN COMPARISON TO NET WIN REVENUE FOR THE PERIOD APRIL 1 – SEPTEMBER 30, 2012

Site	Dollar Value of Debit Transactions for period April 1 – September 30, 2012	Net Win Revenue for period April 1 – September 30, 2012	Percentage of Debit Transactions within the Net Win Revenue
Boulevard Casino	\$172,000.00	\$60,236,467.42	0.286%
Fraser Downs Racetrack and Casino	\$57,870.00	\$22,731,874.45	0.255%
River Rock Casino	\$363,800.00	\$126,216,002.55	0.288%
View Royal Casino	\$9,000.00	\$31,226,119.83	0.029%
Treasure Cove Casino	\$64,780.00	\$19,560,313.88	0.33%
Total	\$667,450.00	\$259,970,778.13	0.26%

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Hold Cheque Option

Service providers are permitted to offer a Hold Cheque Option to individual patrons wherein a negotiable financial instrument such as a personal cheque will be authorized and accepted to be held for an agreed period of time, withdrawn and used for gaming before the cheque will be deposited and withdrawn from the patrons' personal bank account. The following participating casinos have received approval to offer the Hold Cheque Option.

Site	Cheque Hold Approval Date
Edgewater Casino	April 10, 2012
Grand Villa Casino	May 24, 2012
Starlight Casino	May 13, 2012
River Rock Casino	July 20, 2012

As at September 30, 2012, this option has not been utilized by any of the gaming facilities. Per discussions with a cage shift manager at River Rock Casino, patrons have inquired about the option, however, have declined once informed that it takes the site about five business days to perform credit record cheques on the patron before the personal cheque can be accepted and the hold cheque deferred payment option can be authorized.

CONCLUSION

While the PGF accounts are being utilized, the other cash reduction initiatives that were introduced in April, 2012 are either not being used, or utilization is minimal.

Commercial Gaming Audit
Audit and Compliance Division
November 19, 2012

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Gaming Policy and Enforcement Branch



INTERNAL DOCUMENT

BCLC
GPEB File # COMM-6883
2011/2012

This is **EXHIBIT "22"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.

A handwritten signature in black ink, appearing to read "Chris Ebb", written over a horizontal line.

A Commissioner for taking Affidavits in British Columbia

EXECUTIVE SUMMARY

A review of BCLC's anti-money laundering strategies employed, specifically related to the denomination of currency flowing through gaming facilities, was conducted.

The objectives of the review were to verify that when a patron buys-in with a large amount of small denomination bills that the site pays cash-outs in the same denomination. The scope included a review of cash-out procedures at Cascades, Edgewater, Grand Villa, River Rock and Starlight Casino.

Our review concluded that the practice of cashing out patrons in the same denomination of bills, for which they bought in with, is subject to discretion. Patrons that buy-in with large number of small denomination bills can be cashed out with large denomination of bills, if the site deems that the patron had reasonable play and / or reasonable net gaming losses.

OBJECTIVES

Presently, when a patron buys-in with a large number of small denomination bills, BCLC advises that current practice is to pay cash-outs in the same denomination. This practice is intended to prevent a patron from coloring up and placing proceeds of crime into the legitimate economy. The objectives of the review were to verify that this practice was being adhered to.

SCOPE

The scope was limited to a review of the cash-out procedures for large cash transaction buy-ins involving small denomination currency, i.e. \$20 bills. The review period was March 2012 and was limited to Cascades, Edgewater, Grand Villa, River Rock and Starlight Casino.

PROCEDURES

Procedures focused on interviews with management and front line staff, email confirmations with service providers, and a limited review of casino working paper and surveillance footage.

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CONTROLS IN PLACE

The practice of cashing out patrons in the same denomination of currency that they bought in with is based on what constitutes reasonable play. The following criterion is taken into consideration by all five sites when making this determination:

- The amount being wagered in proportion to the buy-in.
- The amount of time spent gaming in proportion to the buy-in. A patron's gaming activity would be deemed suspicious if they placed a few small bets (relative to the buy-in) over a short period of time and then attempted to cash-out.
- The amount of the gaming loss on part of the patron would not be consistent with a money-laundering scheme.

Edgewater Casino is the only site that has a quantitative threshold established in determining what constitutes reasonable play as follows:

- The patron's average bet amounts to 5% or greater of the buy-in.
- The customer's total wagers (the handle or turnover) exceed the original buy-in.

CONCLUSION

Although processes are in place to reduce the risk of patrons exchanging small denomination bills for large denomination bills for the purpose of money laundering, the practice is subject to discretion around what constitutes reasonable play.

Sites hold the view that reasonable play and / or reasonable net gaming losses on part of the patron (in proportion to the buy-in), is indication that the patron is not involved in money laundering activity. In such circumstances, the patron would be allowed to cash-out in large denomination bills despite buying in with small denomination bills.

Based on the sites interpretation of the policy, some concern exists. Due to the relationships between the sites and their patrons, the sites may be tempted to error on the side of the patron when determining if they were engaged in reasonable play prior to cashing out. This concern is slightly offset by the fact that gaming staff receive anti-money laundering training and thus should exercise better judgment.

With BCLC developing alternate means for patrons to bring funds into gaming facilities, some of the above mentioned concerns may be minimized.


Commercial Gaming Audit
Audit and Compliance Division
April 18, 2012

DISTRIBUTION LIST

Larry Vander Graaf, Executive Director, Investigations and Regional Operations
Derek Dickson, Director, Casino Investigations, LMD

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This is **EXHIBIT "23"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.



A Commissioner
INTERNAL MEMO
Affidavits in British Columbia



To: Terri Van Sleuwen, Executive Director, Audit and Compliance Division
Karen Kraan, Director, Commercial Gaming Audit (Casino)

From: Parminder Basi, Commercial Gaming Auditor

Date: January 25, 2013

Subject: Review of BCLC Cash Alternatives – 2012/13 Q3 Update

On April 1, 2012, BCLC introduced a series of initiatives to provide non-cash alternatives at gaming facilities. The intent of these initiatives was to enhance patron safety and strengthen existing anti-money laundering controls. These initiatives include:

1. Patron Gaming Fund (PGF) accounts – utilized since December 9, 2009.
2. Debit card transactions at the cash cage – utilized since May 1, 2012.
3. Hold Cheque Options – approved April 1, 2012.
4. Convenience Cheques – utilized since April 1, 2012.

On a quarterly basis, we are analyzing patron utilization of the cash alternatives that BCLC has implemented within commercial gaming facilities in BC. This third quarter update covers the period from the inception of each initiative to December 31, 2012.

In addition to our quarterly reviews, we will conduct additional work as comparative information to the previous year becomes available.

Although PGF accounts are being utilized with new account openings and increased activity, 50% of the total PGF accounts opened have subsequently been closed and 23% have had minimal or no activity.

Since the introduction of the debit card initiative, we have seen an increase in the dollar value of debit transactions each quarter; the Hold Cheque Option has not yet been utilized at any gaming facility; and, the number of convenience cheques issued has been consistently low from quarter to quarter.

In conclusion, we are seeing that patron safety initiatives are being utilized by a small number of patrons and the number of debit transactions is steadily increasing. At this point, we are unable to conclude on the effectiveness of these initiatives to strengthen anti-money laundering controls. We do expect that our ongoing quarterly analysis and the additional reviews of casino cash flows that we are conducting, along with the analysis that the Investigations Division is undertaking, will help to inform the Branch on the effectiveness of the controls.

In regards to BCLC's Third Quarter Report, we generally agree with the information contained within this report.

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BCLC's Third Quarter Changes

The option to use debit cards at the cash cage was made available to patrons at four additional gaming facilities (Cascades, Edgewater, Grand Villa and Starlight Casino).

October 12, 2012: The minimum allowed amount for debit card transactions at the cash cage was changed to \$500 per transaction. Previously, service providers had the discretion to stipulate monetary thresholds for both minimum and maximum amounts.

December 6, 2012: A change to the restriction in the PGF and Hold Cheque Option policies was authorized by GPEB to allow the use of U.S. bank accounts to fund these programs. This option is not yet available to patrons, as BCLC is in the process of developing policies governing these transactions.

December 7, 2012: The maximum dollar amount for a convenience cheque was increased from \$5,000 to \$8,000.

Analysis of Cash Alternative Options

1. Patron Gaming Fund (PGF) Accounts

The following four approved casinos offer PGF accounts to their patrons:

Site	PGF Program Launch Date
Edgewater Casino	September 2010
Grand Villa Casino	July 2010
River Rock Casino	December 2009
Starlight Casino	January 2010

Initially, patrons could only deposit funds into their PGF account using bank drafts, certified cheques, cheques from a Canadian casino, wire transfers, electronic fund transfers and cash or chips from a 'verified win' issued at the same casino.

On April 1, 2012, policy changed to allow patrons to:

- Deposit funds into their PGF account using debit card transactions.
- Use internet banking transfers for PGF account deposits and withdrawals.

As of December 31, 2012:

- There have been no deposits made to PGF accounts through debit card transactions at the cash cage. This is to be expected because once the debit card purchase has been processed by the cash cage, the patron receives cash, IVS tickets or chips.
- Although approved, Internet banking transfer functionality is not yet available to patrons.

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PGF Account Openings

Since the PGF program was launched on December 9, 2009, there have been a total of 305 PGF account openings, of which 152 (50%) have subsequently been closed. Accounts are primarily closed by sites due to inactivity for a period of 12 months although some have resulted from patrons being barred or by self-excluding. As at December 31, 2012, there were 153 accounts that were still open. However, a total of 35 (23%) accounts have had either:

- No activity (initial deposit is still pending);
- No activity within the past 12 months; or
- One deposit and three days or less of account activity.

PGF Deposit and Withdrawal Activity

A total of \$246,754,743 has been deposited into PGF accounts, and \$246,534,681 has been withdrawn since the program launch. The closing PGF account balance as at December 31, 2012, was \$220,062, and our analysis indicates that funds deposited into these accounts are not maintained for extended periods of time.

Site	Period	Total PGF Deposits	Total PGF Withdrawals	PGF Closing Balance (Dec 31/12)
Edgewater Casino	September 1, 2010 – December 31, 2012	\$7,111,660	\$7,111,660	\$0
Grand Villa Casino	July 1, 2010 – December 31, 2012	\$37,716,894	\$37,686,894	\$30,000
River Rock Casino	December 9, 2009 – December 31, 2012	\$159,216,406	\$159,121,344	\$95,062
Starlight Casino	January 1, 2010 – December 31, 2012	\$42,709,783	\$42,614,783	\$95,000
Total		\$246,754,743	\$246,534,681	\$220,062

As shown in the table below, 36% of the funds deposited into the PGF accounts are by way of bank drafts, wire transfers, electronic fund transfers and certified cheques, which together represent new money being brought into the gaming facilities. Re-deposits represent 64% of the total deposits. Re-deposits are funds that patrons have withdrawn from their account and then subsequently deposited back. For the purposes of this table, verified wins have been classified as re-deposits into PGF accounts as recognized by most sites.

	PGF Deposits (December 9, 2009 to December 31, 2012)	Percentage of Total PGF Deposits										
New Deposits into PGF Accounts	\$88,813,168	36%										
<table border="1" style="width: 100%;"> <tr> <td>Bank Drafts</td> <td>\$79,852,900</td> </tr> <tr> <td>Wire Transfers</td> <td>8,723,268</td> </tr> <tr> <td>Certified Cheques</td> <td>170,000</td> </tr> <tr> <td>EFTs</td> <td>67,000</td> </tr> <tr> <td></td> <td>\$88,813,168</td> </tr> </table>	Bank Drafts	\$79,852,900	Wire Transfers	8,723,268	Certified Cheques	170,000	EFTs	67,000		\$88,813,168		
Bank Drafts	\$79,852,900											
Wire Transfers	8,723,268											
Certified Cheques	170,000											
EFTs	67,000											
	\$88,813,168											
Re-deposits into PGF Accounts	\$157,941,575	64%										
Total Deposits into PGF Accounts	\$246,754,743	100%										

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The table below lists the top ten PGF account holders, in terms of PGF dollar volume (total of deposits and withdrawals). These ten accounts generate approximately 46 % of all PGF dollar volume in BC.

PGF Account #	Site	PGF Account Opening Date	Total PGF Deposits	Total PGF Withdrawals	PGF Closing Balance (Dec 31/12)	Account Status
48	River Rock	October 2010	\$17,746,000	\$17,746,000	\$0	Active
15	Starlight	January 2011	\$15,760,325	\$15,760,325	\$0	Active
26	River Rock	December 2010	\$15,624,100	\$15,624,100	\$0	Active
28	River Rock	July 2010	\$13,625,880	\$13,625,880	\$0	Active
1	Grand Villa	July 2010	\$11,444,682	\$11,444,682	\$0	Closed (October 2011)
26	Grand Villa	February 2012	\$10,972,200	\$10,942,200	\$30,000	Active
149	River Rock	February 2012	\$9,482,000	\$9,482,000	\$0	Active
2	Grand Villa	July 2010	\$8,157,930	\$8,157,930	\$0	Active
2	Starlight	April 2010	\$5,886,071	\$5,791,071	\$95,000	Active
77	River Rock	February 2011	\$5,625,000	\$5,625,000	\$0	Closed (May 2011)
Total			\$114,324,188	\$114,199,188	\$125,000	

2. Debit Transactions at Cash Cage

At the service provider's discretion, bank debit cards may be used by patrons at the cash cage to purchase funds to be used for gaming. The service provider may stipulate monetary thresholds for the maximum allowed amount of the debit card transaction. However, as of October 12, 2012, the minimum amount must be at least \$500 per transaction.

The option to use debit cards at the cash cage was made available to patrons at select sites on May 1, 2012. Four additional sites (Cascades, Edgewater, Grand Villa and Starlight Casino) made this option available to their patrons in the third quarter of 2012.

The total value of debit transactions at the cash cages has increased steadily overall from quarter one through quarter three, as more sites have made this option available to their patrons.

Debit Transactions at Cash Cages for the Period May 1, 2012 - December 31, 2012

Site	Quarter 1 April - June	Quarter 2 July - September	Quarter 3 October - December	Total
River Rock Casino	\$58,000	\$305,800	\$404,000	\$767,800
Boulevard Casino	\$54,000	\$118,000	\$330,700	\$502,700
Edgewater Casino *			\$357,200	\$357,200
Treasure Cove Casino	\$23,850	\$40,930	\$82,900	\$147,680
Grand Villa Casino *			\$120,000	\$120,000
View Royal Casino		\$9,000	\$56,000	\$65,000
Fraser Downs Casino		\$57,870	\$0	\$57,870
Starlight Casino *			\$33,500	\$33,500
Cascades Casino *			\$29,300	\$29,300
Total	\$135,850	\$531,600	\$1,413,600	\$2,081,050

*Approved Q3

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3. Hold Cheque Option

Service Providers are permitted to offer a Hold Cheque Option to individual patrons wherein a negotiable financial instrument such as a personal cheque can be held for a period of time before being settled (cashed). The cheque would be accepted for the purpose of allowing the patron to use funds for gaming at the facility. The following participating casinos have received approval to offer the Hold Cheque Option.

Site	Hold Cheque Option Approval Date
Edgewater Casino	April 10, 2012
Grand Villa Casino	May 24, 2012
River Rock Casino	July 20, 2012
Starlight Casino	May 13, 2012

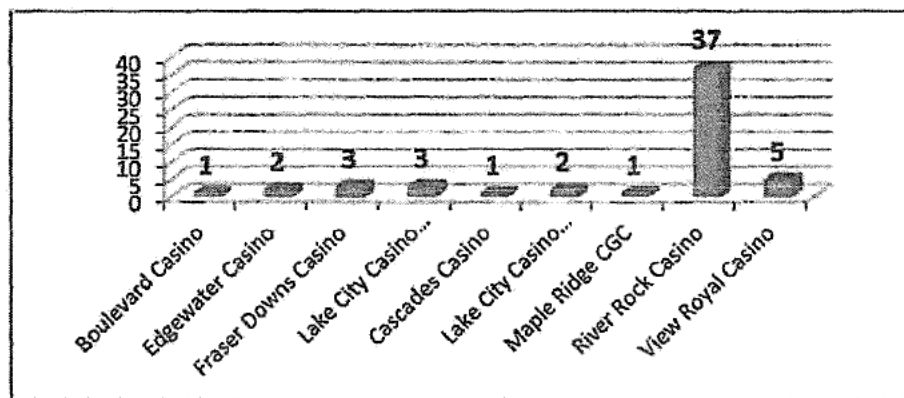
As of December 31, 2012, no patrons have utilized this option at any of the sites. A cage manager at River Rock Casino indicated that patrons have inquired about the option but declined the service due to the five business day delay for credit record checks.

4. Convenience Cheques

Upon request from the patron, service providers may, at their discretion, issue a cheque that is not for a verified win, but for the return of buy in funds or small unverified wins. Convenience cheques can only be issued by a service provider to a patron once a week. The intent of this policy is to enhance patron safety by reducing the amount of cash patrons leave the gaming facility with. On December 7, 2012, the maximum limit for convenience cheque issuance was increased from \$5,000 to \$8,000.

For the nine month period April 1 – December 31 2012, a total of 55 convenience cheques were issued for a total amount of \$216,947, as illustrated in the chart below. The number of convenience cheques issued each quarter: Q1 – 12; Q2 – 23; and Q3 – 20. All cheques were issued in compliance with policy requirements.

Number of Convenience Cheques Issued for the Period April 1, 2012 – December 31, 2012



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**Gaming Policy and
Enforcement
Branch**



AUDIT REPORT

**BCLC
Cash Alternatives Compliance Audit
GPEB File # COMM-7365
2012/2013**

EXECUTIVE SUMMARY

An audit of the policy initiatives introduced by BCLC to reduce the volume of cash being brought into gaming facilities was conducted to verify compliance with the Gaming Control Act, Regulation and all applicable standards, policies and directives.

The scope of the audit included a review of the Patron Gaming Fund (PGF) program, debit card transactions at the cash cage, and the issuance of convenience cheques for the period April 1, 2012 – March 21, 2013.

Although exceptions were identified in this audit, there were no significant (high impact) issues noted.

AUDIT OBJECTIVES

The objectives of the audit were to:

- Verify compliance with the Gaming Control Act (GCA) and Regulation (GCR);
- Verify compliance with GPEB standards, policies and directives;
- Verify compliance with BCLC Casino and Community Gaming Centre Standards, Policies and Procedures (CCGC SPP);
- Verify best practices are followed in the absence of policy.

AUDIT SCOPE

The scope of the audit included a review of the Patron Gaming Fund (PGF) program, debit card transactions at the cash cage, and the issuance of convenience cheques for the period April 1, 2012 – March 21, 2013.

This is **EXHIBIT "24"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.

A handwritten signature in black ink, appearing to be "C. A. Ed", written over a horizontal line.

A Commissioner for taking
Affidavits in British Columbia

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AUDIT PROCEDURES

Fieldwork was conducted throughout the audit period at BCLC gaming facilities. Audit procedures were conducted on a sample testing basis to provide reasonable assurance of compliance. Audit work included:

- Review of PGF account records, deposits, withdrawals and activity;
- Review of casino working papers, including CMS reports and slips, cheque registrars, and account ledgers;
- Review of iTrak and FINTRAC reporting;
- Discussions with front line site staff and management;
- Email correspondence.

EXCEPTIONS

Details of the issues resulting from the audit procedures are discussed below:

Patron Gaming Fund (PGF) Accounts

1. PGF account number 594036 at Edgewater Casino was opened on January 27, 2013, without the signed consent of the patron. During discussions, a cage manager indicated that the account was opened at the request of the VIP hostess in the high limit room. As of the audit date, March 14, 2013, there had been no activity in the account. The following concerns were noted:
 - The 'Patron Gaming Funds Account Application & Operating Agreement' was not signed by the patron and a required witness. This document states the terms and conditions that apply to the operation of a PGF account as administered by the site.
 - The 'Patron Gaming Fund Account Signature Card' was not signed by the patron and a required witness. The purpose of the signature card is to compare the signature to the identification presented.
 - The 'Account Holder Rules Regarding Deposits to Patron Gaming Fund Accounts' document was not signed by the patron. This document states the terms the patron must abide with in relation to cash and casino chip exchanges.
 - An incident report was created in iTrak indicating that the site was opening a PGF account for the patron.
 - The PGF account was listed as 'Active' on the site's account log.
 - The photocopy of the patron's identification on file was expired.

Control Failure: A PGF account may not be opened for a patron by the service provider without the patron's signed consent on all required account opening applications and agreements. Required documents must be signed to ensure that the patron understands the terms and conditions that apply to the operation of their PGF account. (*CCGC SPP S.3-8.3, 2.10.2*)

Impact: Medium

BCLC Response: The opening of the PGF Account in question was never completed. A BCLC Gaming Compliance Officer (GCO) reviewed the opening of PGF accounts with the Cage Manager at the Edgewater Casino on March 29, 2013. Since this issue was identified by GPEB, the Cage Manager has written a supplemental report in the incident file IN20130004582 to explain that the Patron did not make an initial minimum deposit of \$10,000 that is required to open a PGF Account; therefore the account was never opened.

When a customer expresses an intention to open a PGF account, the Cage staff will prepare the required documents, in order to expedite the process when the customer arrives with the initial minimum deposit that is required to open a PGF account. Moving forward, documents pertaining to a pending opening of a PGF account will not be kept indefinitely. If the customer does not return within 48 hours, the documents will be destroyed. In future occurrences, the incident file for a new PGF account will only be opened after the required minimum \$10,000.00 deposit is received.

2. At Edgewater Casino, the 'Declaration of Source of Funds' form was not signed by the dealer supervisor / floor manager confirming table action for re-deposit of gaming chips into PGF accounts. For verified win deposits, a copy of the table tracking card was not included with the deposit receipt or paperwork.

Control Failure: The Declaration of Source of Funds form must be signed by the dealer supervisor / floor manager for any re-deposit of gaming chips into a PGF account. The signature of the dealer supervisor / floor manager confirms table action and ensures that the previously withdrawn funds were bet within the gaming floor. For verified wins, the table tracking card confirms the verified win. (*CCGC SPP S.3-8.3, 5.3.9d (1)*)

Impact: Medium

BCLC Response: A BCLC GCO reviewed the 'Declaration of Source of Funds' form with the Cage Manager at Edgewater Casino on March 29, 2013, and with the Table Games Manager on April 09, 2013.

The "declaration of source of funds" form in use at the Edgewater Casino at the time of the cited occurrence did not contain a field for the Dealer Supervisor / Floor Manager to confirm table transactions. The GCO has provided the Cage Manager with an updated copy of the "Declaration of Source of Funds" form which contains a field that is signed by the Dealer Supervisor / Floor Manager when confirming table transactions for re-deposit of gaming chips into PGF accounts. The cage and table staff will ensure that the

'Declaration of Source of Funds' form is signed by the dealer supervisor / floor manager confirming table action for re-deposit of gaming chips into PGF accounts. The cage and table games managers will also ensure that the table tracking card is attached to the applicable paperwork for verified win deposits.

3. The occupation of the patron was not stated on the 'Patron Gaming Funds Account Application & Operating Agreement' for PGF account number 38 at Grand Villa Casino.

Control Failure: All required sections of the Patron Gaming Funds Account Application and Operating Agreement must be completed in full. Documenting the occupation of the patron is part of meeting customer due diligence obligations to ensure that the site knows the patron with whom they are dealing with. (CCGC SPP S.3-8.3, 2.10)

Impact: Medium

BCLC Response: The occupation for PGF account number # 38 has now been documented within the associated Itrak Subject Profile. The Application and Operating Agreement has been updated by a Cage Supervisor on April 2, 2013. A BCLC GCO has notified the Cage Manager of this issue, staff will ensure all required fields are completed as per policy. There were nine (9) PGF accounts opened at Grand Villa Casino during the period under review; 8 of the 9 were completed with the required information in the "occupation" field.

4. An incident report was not created for the opening of PGF account number 333185 at Edgewater Casino.

Control Failure: An incident report is required to be created for PGF account openings. The purpose of creating an incident report is to note the details of the occurrence while they are fresh in the minds of those who witnessed the event. This information may be useful when dealing with future matters stemming from the incident. (CCGC SPP S.3-8.3, 3.12)

Impact: Low

BCLC Response: A BCLC GCO reviewed the opening of PGF accounts with the Cage Manager at Edgewater Casino on March 29, 2013. Surveillance has opened incident IN20130015946 for the opening of this PGF account, and the Cage Manager has attached the required supplemental report. There were 13 new PGF accounts opened at Edgewater Casino between April 01, 2012 and March 30, 2013; 12 of the 13 account opening events were documented in a CRS Incident File.

5. The 'Patron Gaming Fund Account Signature Card' was not signed by the patron for PGF account number 208 at River Rock Casino.

Control Failure: Signature cards are required to be signed by each PGF account holder. The purpose of the signature card is to compare the signature to the identification presented.
(CCGC SPP S.3-8.3, 2.10.1(a))

Impact: Low

BCLC Response: BCLC acknowledges the Patron Gaming Fund Account Signature Card for PGF Account Number #208 was not signed by the patron. This was the only instance in which a Patron Gaming Fund Account Signature Card was unsigned during the review period, wherein seventy (70) PGF accounts were opened. This represents a 1.4% exception rate. Cage Personnel have been instructed to obtain a signature from this Patron upon his/her next visit to the Casino. Cage personnel have been reminded to ensure Signature Cards are completed with all required information as per policy.

Debit Card Transactions at the Cash Cage

6. Debit card purchases at the cash cage were completed for less than the minimum allowed amount of \$500 per transaction (effective October 12, 2012) on two separate occasions at Edgewater Casino. The debit card purchases were \$300 each and occurred February 18 and March 3, 2013.

Control Failure: The service provider may stipulate monetary thresholds for the maximum allowed amount of the debit card transaction; however, effective October 12, 2012, the minimum allowed amount shall not be less than \$500 per transaction. The idea of establishing a minimum threshold per transaction is to avoid delays occurring at the cash cage due to small dollar withdrawals by patrons.

Impact: Low

BCLC Response: A BCLC GCO reviewed debit card usage with the Cage Manager at Edgewater Casino on March 29, 2013, and with the Table Games Manager on April 09, 2013. The Cage staff will adhere to the transaction limits for debit cards; and add a report in the Casino Reporting System (CRS) for discrepancies/deviation from the stated policy. The GCO noted that there were a total of 274 debit card transactions at the Edgewater Casino cash cage between October 12, 2012 and March 21, 2013; these were the only two (2) of the 274 transactions that were in amounts less than \$500.00 minimum.

Convenience Cheques

7. A review of convenience cheques issued for the period April 1, 2012 - March 21, 2013, identified numerous instances at all sites reviewed where the patron's name, date of birth and / or convenience cheque amount were not documented in the 'narrative' field of the iTrak incident report.

Control Failure: An incident report is required to be created in iTrak for the issuance of any convenience cheque. The incident report shall state in the 'narrative' field the surname and given name of the patron, date of birth and cheque amount. The purpose of the narrative field is to provide a brief description of the incident without the user having to open up the entire record or read the follow-up supplemental reports. (CCGC SPP S.3-9.4, 3.2.3)

Impact: Low

BCLC Response: The BCLC Compliance & Trend Analyst and the BCLC Manager, Operational Gaming Compliance reviewed the records associated to the issuance of convenience cheques during the period of review. There were 76 convenience cheques issued during this period. While the DOB was not documented in the narrative field of numerous entries, the patron's name was documented in this field in 73 of the 76 entries. In two of the three instances in which the patron's name was not documented, the patron's CRS Subject ID was documented. In all instances, the information missing from the narrative field was recorded in the patron's Subject Profile, which is attached to the Incident File. BCLC recognizes these documentation errors and is satisfied with the level of compliance in this process.

CONCLUSION

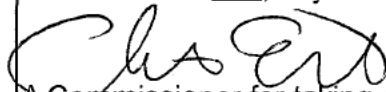
Issues were identified in this audit. BCLC has acknowledged the exceptions in this report and either risk will be accepted or changes will be made to service provider operations as noted.

Commercial Gaming Audit
Audit and Compliance Division
May 17, 2013

DISTRIBUTION LIST

Laird Robinson, Manager, Operational Gaming Compliance, BCLC
Bill McCrea, Executive Director, Quality Assurance and Risk, GPEB

This is **EXHIBIT "25"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of ~~17~~¹⁷ March, 2021.



A Commissioner for taking Affidavits in British Columbia



INTERNAL MEMO

To: Terri Van Sleuwen, Executive Director, Audit and Compliance Division
David Pyatt, Director, Commercial Gaming, Audit and Compliance Division

From: Parminder Basi, Commercial Gaming Auditor

Date: July 19, 2013

Subject: COMM-7530 BCLC Cash Alternatives Review / Quarter 1 Update (April 1– June 30, 2013)

Executive Summary

On April 1, 2012, BCLC introduced a series of initiatives to provide non-cash alternatives at gaming facilities. These initiatives included expanded terms of use governing Patron Gaming Fund (PGF) accounts, use of debit card transactions at the cash cage, issuance of convenience cheques and the creation of the Hold Cheque Option. Our objective is to analyze the utilization of these initiatives within commercial gaming facilities in BC. This first quarter update covers the period April 1 -June 30, 2013.

Key Observations

- 188 PGF accounts currently remain open. 22% of these accounts had no activity within the past six months to one year, and 6% of these accounts had no activity for more than one year.
- \$63,067,095 was deposited into PGF accounts, and \$61,958,925 was withdrawn during the first quarter. 39% of the funds deposited into the accounts were bank drafts and cheques from a Canadian casino, which together represent "new money." Re-deposits and verified wins accounted for 61% of the funds deposited into the accounts.
- 5,240 debit card transactions were conducted at the cash cage this quarter for a total amount of \$6,195,972. This represents a 212% increase in the number of transactions and a 77% increase in the dollar value of transactions from the previous quarter. The increased activity is slightly attributed to recent floods in Calgary, Alberta which disrupted service, resulting in ordinary debit card transactions which would otherwise get processed at ATMs on the gaming floor, being processed at the cash cage.
- 24 convenience cheques were issued this quarter for a total amount of \$99,347. A total of 99 convenience cheques have been issued to date for a total amount of \$415,652.

Conclusion

The cash alternative initiatives has had mixed results this quarter. The dollar value of PGF activity was significant; however, much of the activity was generated by a small number of patrons. Debit card transactions at the cash cage have increased significantly each quarter, while utilization of convenience cheques is minimal. We will continue to monitor these initiatives as they progress.

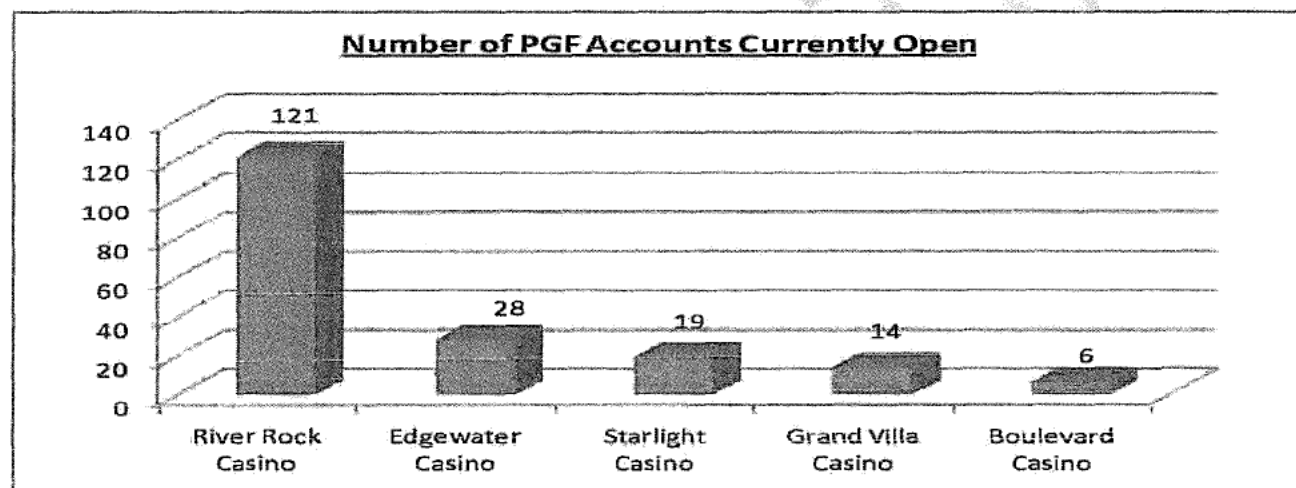
First Quarter Policy Updates

Effective April 1, 2013, U.S. regulated financial institutions are now acceptable as authorized bank accounts for the purpose of deposits and withdrawals into PGF accounts and for cheques presented for the Hold Cheque Option. In addition, a service charge may be applied to a debit card transaction at the cash cage, at the service provider's discretion, subject to specific conditions.

Analysis of Cash Alternative Options

1. Patron Gaming Fund (PGF) Accounts

As of June 30, 2013, 188 PGF accounts currently remain open, as shown below. 22% of these accounts had no activity within the past six months to one year, and 6% of these accounts had no activity for more than one year.



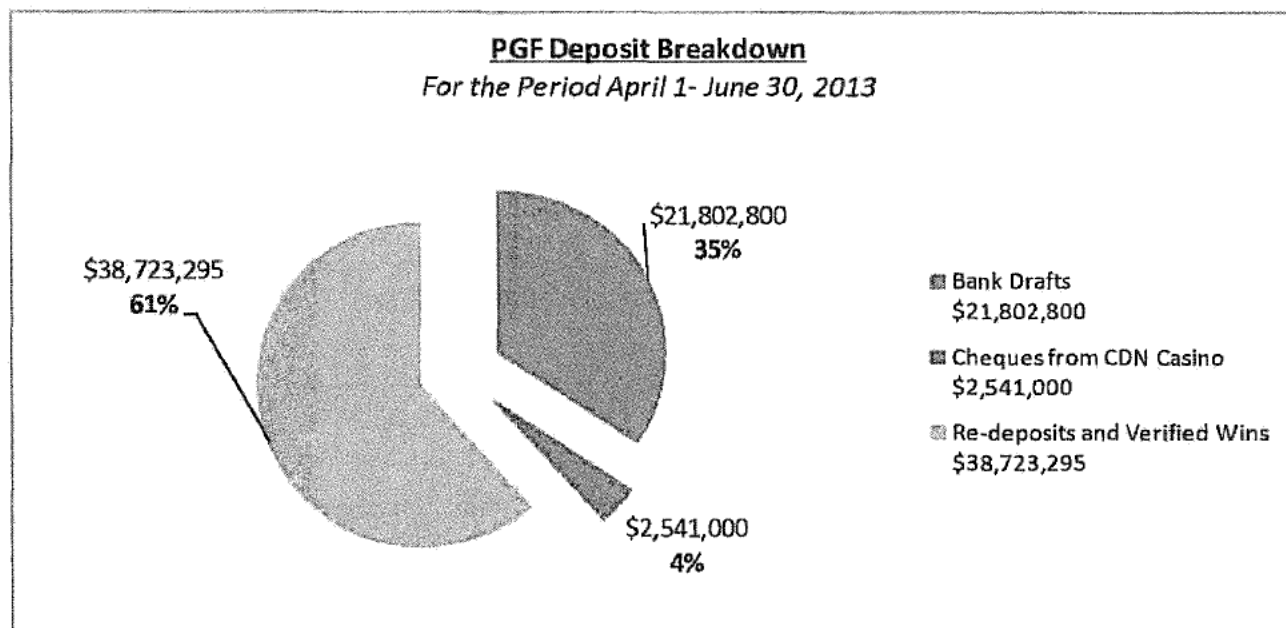
Quarter 1 (April 1 – June 30, 2013) PGF Account Deposit and Withdrawal Activity

A total of \$63,067,095 was deposited into PGF accounts, and \$61,958,925 was withdrawn during the first quarter. The closing PGF account balance as at June 30, 2013, is \$1,646,332 as detailed below:

Site	Opening Balance April 1, 2013	April 1– June 30, 2013		Closing Balance June 30, 2013
		PGF Account Deposits	PGF Account Withdrawals	
River Rock Casino	\$408,162	\$33,050,770	\$32,325,800	\$1,133,132
Grand Villa Casino	\$30,000	\$4,367,625	\$4,012,625	\$385,000
Edgewater Casino	\$0	\$21,264,700	\$21,136,500	\$128,200
Starlight Casino	\$100,000	\$4,219,000	\$4,319,000	\$0
Boulevard Casino	\$0	\$165,000	\$165,000	\$0
Total	\$538,162	\$63,067,095	\$61,958,925	\$1,646,332

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The pie chart below provides a detailed breakdown of the \$63,067,095 that was deposited into PGF accounts during the first quarter. 39% of the funds deposited into the accounts were bank drafts and cheques from a Canadian casino, which together represent "new money." Cheques from a Canadian casino are those that were issued to a patron at a Canadian casino different from the casino the patron is depositing them at. Re-deposits and verified wins accounted for 61% of the funds deposited into the accounts. Re-deposits are funds that patrons have withdrawn from their PGF account and then subsequently deposited back after any period of continuous play. There were no deposits into the accounts from any U.S. regulated financial institution during this quarter.



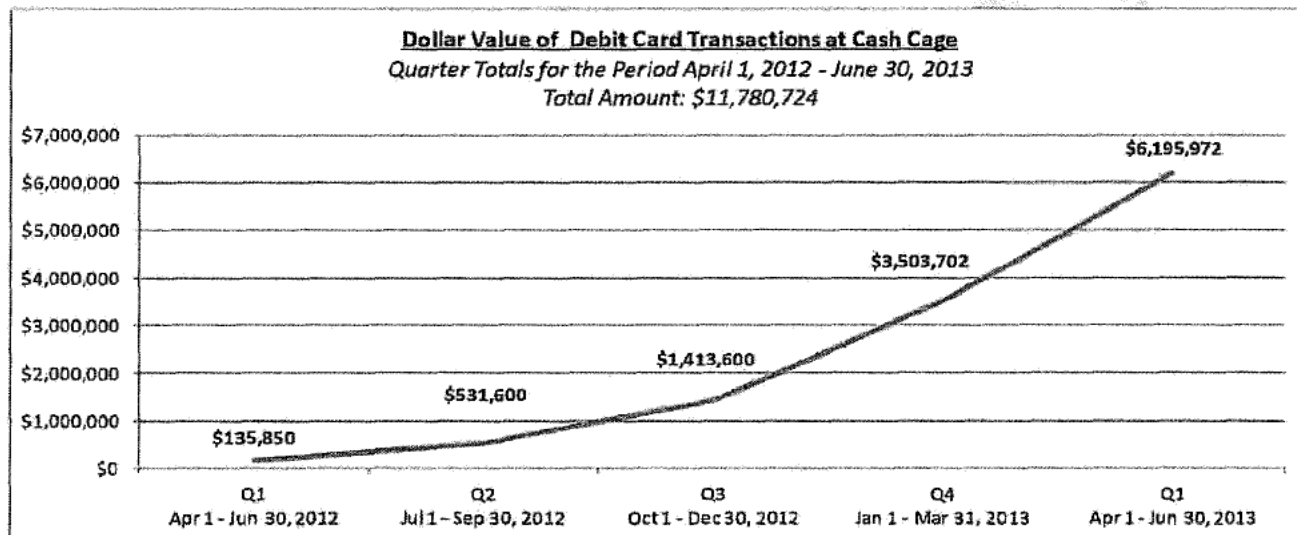
The following five PGF accounts generated 51% of all PGF dollar volume activity (total of deposits and withdrawals) during the first quarter. Of note, PGF account # 90745 (Edgewater Casino) and # 249 (River Rock Casino) are both held by the same patron.

Site	PGF Account #	Opening Balance April 1, 2013	April 1 – June 30, 2013		Closing Balance June 30, 2013
			PGF Account Deposits	PGF Account Withdrawals	
Edgewater Casino	90745	\$0	\$8,545,000	\$8,545,000	\$0
Edgewater Casino	155706	\$0	\$7,398,600	\$7,398,600	\$0
River Rock Casino	249	\$0	\$6,885,000	\$6,885,000	\$0
River Rock Casino	245	\$0	\$4,930,000	\$4,930,000	\$0
River Rock Casino	208	\$0	\$4,668,600	\$3,819,100	\$849,500
Total		\$0	\$32,427,200	\$31,577,700	\$849,500

2. Debit Card Transactions at Cash Cage

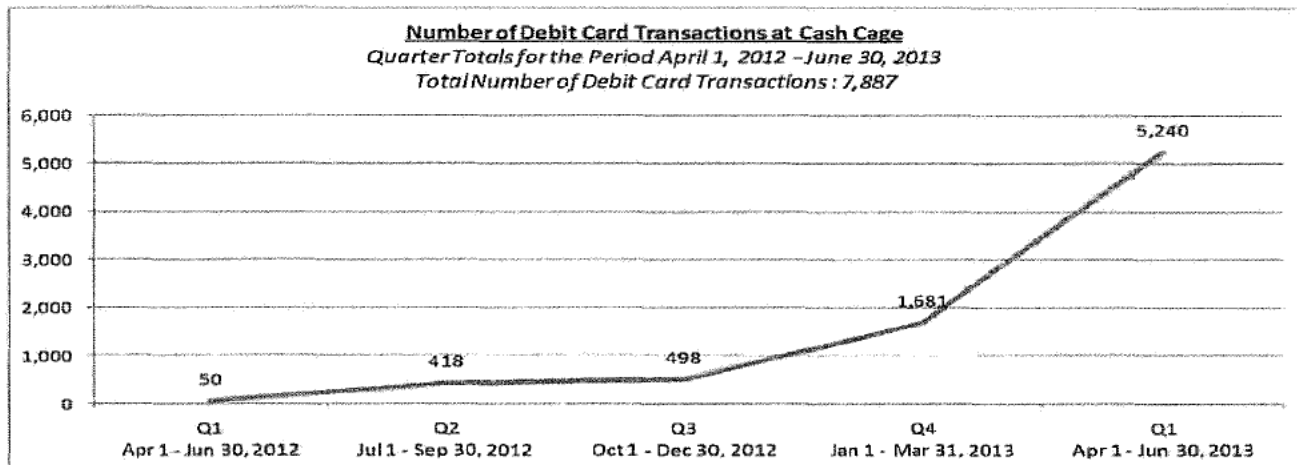
At the service provider's discretion, bank debit cards may be used at the cash cage for patrons to withdraw funds for gaming purposes. The service provider may stipulate monetary thresholds for the maximum allowed amount of the debit card transaction, however the minimum allowed amount shall not be less than \$500 per transaction.

The total dollar value of debit card transactions conducted at the cash cage during the first quarter of this fiscal year amounted to \$6,195,972 as shown below. This represents a 77% increase from the previous quarter, and is also more than the total dollar value of the previous four quarters combined.



Debit Card Transaction at Cash Cage by Site			
Site	Fiscal 2012/2013 (Quarters 1-4) April 1, 2012 - March 31, 2013	Fiscal 2013/2014 (Quarter 1) April 1 - June 30, 2013	Total
River Rock Casino	\$1,512,800	\$1,314,000	\$2,826,800
Grand Villa Casino	\$936,423	\$1,591,160	\$2,527,583
Edgewater Casino	\$978,500	\$918,386	\$1,896,886
Boulevard Casino	\$971,100	\$641,410	\$1,612,510
Starlight Casino	\$363,000	\$761,600	\$1,124,600
Cascades Casino	\$440,679	\$523,995	\$964,674
Treasure Cove Casino	\$234,480	\$213,150	\$447,630
View Royal Casino	\$86,000	\$166,595	\$252,595
Fraser Downs Casino	\$61,770	\$56,326	\$118,096
Casino Nanaimo	-	\$9,350	\$9,350
Total	\$5,584,752	\$6,195,972	\$11,780,724

The number of debit card transactions conducted at the cash cage has also increased significantly each quarter as shown below. During the first quarter of this fiscal year, there were a total of 5,240 debit card transactions conducted at the cash cage, which represents a 212% increase from the previous quarter and is almost double the combined total of the previous four quarters.

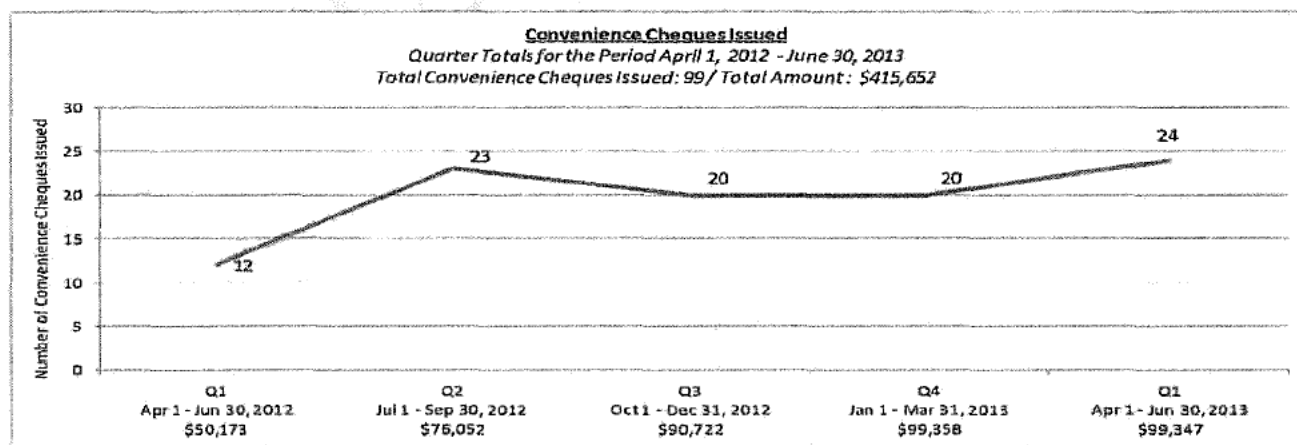


Calgary Flood Impact on Debit Card Transactions at Cash Cage

Due to the recent floods in Calgary, Alberta, ATMs at various gaming facilities across BC were temporarily out of service during the period June 21 - 27, 2013. As a result, patrons that required debit card services were permitted to process their transactions at the cash cage, below the minimum allowable amount of \$500 per transaction. During this disruption, 1,407 debit card transactions were processed at the cash cage below the minimum \$500 threshold for a total amount of \$271,761.

3. Convenience Cheques

Upon request from the patron, service providers may, at their discretion, issue a cheque that is not for a verified win, but for the return of buy-in funds or small unverified wins, up to a maximum amount of \$8,000. A total of 24 convenience cheques were issued this quarter for a total amount of \$99,347, as shown below.



4. Hold Cheque Option

Service providers are permitted to offer a Hold Cheque Option to individual patrons wherein a negotiable financial instrument such as a personal cheque can be held for a period of time before being settled (cashed). Once cleared, the full amount of the cheque can be accepted for gaming. As of June 30, 2013, no patrons have utilized this option at any of the approved sites.

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INTERNAL MEMO

To: Terri Van Sleuwen, Executive Director, Audit and Compliance Division
David Pyatt, Director, Commercial Gaming, Audit and Compliance Division

From: Parminder Basi, Commercial Gaming Auditor

Date: October 7, 2013

Subject: COMM-7429 Cash Flow Inventory Review / River Rock Casino / January 1 – June 30, 2013

EXECUTIVE SUMMARY

Gaming facilities in BC are primarily a cash intensive business. The objective of our review is to understand the volume of cash by denomination flowing through the casino. The scope of the review was limited to River Rock Casino for the period January 1- June 30, 2013. Review procedures consisted of: analyzing currency used for gambling; analyzing currency flow between the casino and its financial institution and reviewing suspicious financial transaction reports.

KEY OBSERVATIONS

- Buy-ins for table games consisted of 87% cash and 13% non-cash (i.e. use of patron gaming fund accounts, debit card transactions conducted at the cage, cheques from a Canadian casino). The breakdown by denomination type for cash buy-ins was as follows: 47% with \$100s, 44% with \$20s and the remaining 9% with \$50s, \$10s and \$5s.
- The Salon Privé (high limit room) contributed 43% of all table drop revenue. A review of cash buy-ins at the Salon Privé cage determined that 73% were with \$20s, 23% with \$100s, and the remaining 4% with \$50s, \$10s and \$5s.
- The denomination breakdown for slot play was as follows: 54% with \$20s, 24% with \$100s and the remaining 22% with \$50s, \$10s and \$5s. With majority of the slot machines on the gaming floor being penny games (one cent to 99 cents), slot play with lower denomination bills is not unusual.
- A review of bank deposit slips determined that the majority of bills deposited into the casino's bank accounts were \$20s. Furthermore, only 12% of the \$100 bills that the casino received through table and slot play was deposited into the casino's bank accounts.
- 273 suspicious financial transaction reports were submitted. The location of the suspicious incidents for 88% of the reports submitted was the Salon Privé. In addition, 90% of the reports submitted were in relation to large cash buy-ins with small denomination bills.

This is **EXHIBIT "26"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.

A Commissioner for taking Affidavits in British Columbia

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GENERAL COMMENTS

The denomination of currency used for table play in the high limit rooms, in particular cash buy-ins conducted at the Salon Privé cage is of concern. Reserved for high stakes betting, red flags arise when significant amount of large cash buy-ins with small denomination bills are processed at the high limit cage.

Although the casino has a high volume of \$100 bills coming in through table and slot play, only a small percentage of those bills were deposited into the casino's bank accounts. This partly supports our finding from a previous review (COMM-6883) conducted in 2012, where the casino acknowledged that it does not always pay out patrons in the same denomination of bills for which they bought in with. Their practice is subject to discretion.

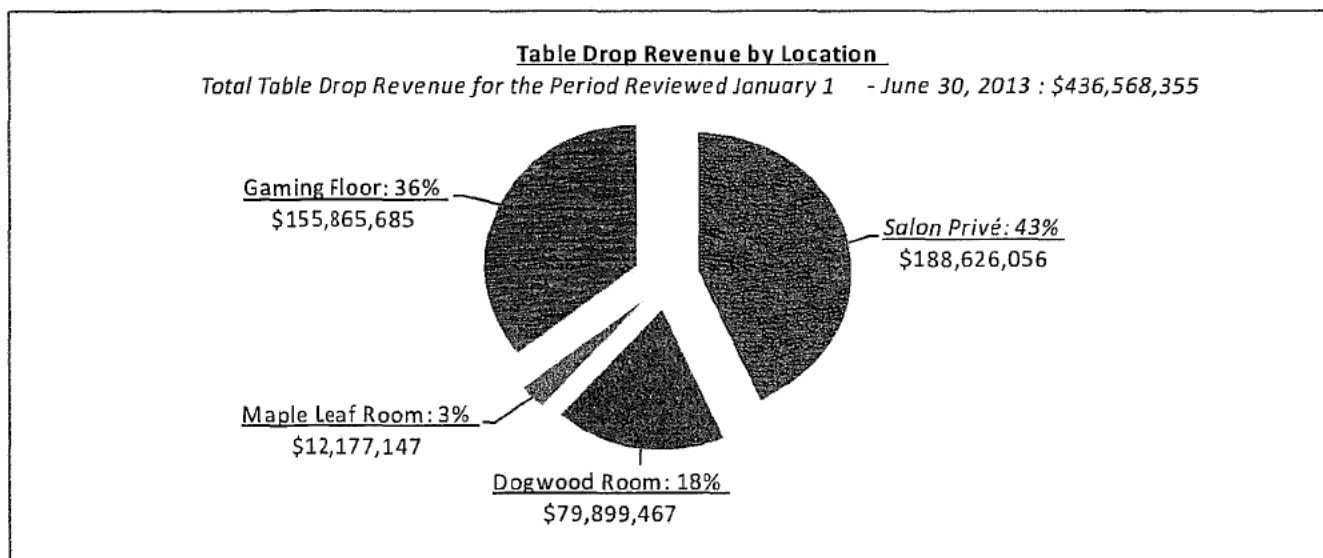
The risk of patrons using slot machines to launder money is not high, based on our analysis of the denomination of currency used for slot play and review of suspicious financial transaction reports. Of the 273 suspicious financial transaction reports submitted, only four were in relation to suspected money laundering at slot machines.

PART 1: CURRENCY USED FOR GAMBLING

The currency volumes and denominations used for gambling were analyzed by reviewing each table and slot count report for the period January 1 – June 30, 2013. A total of 181 table count and 181 slot count reports were reviewed.

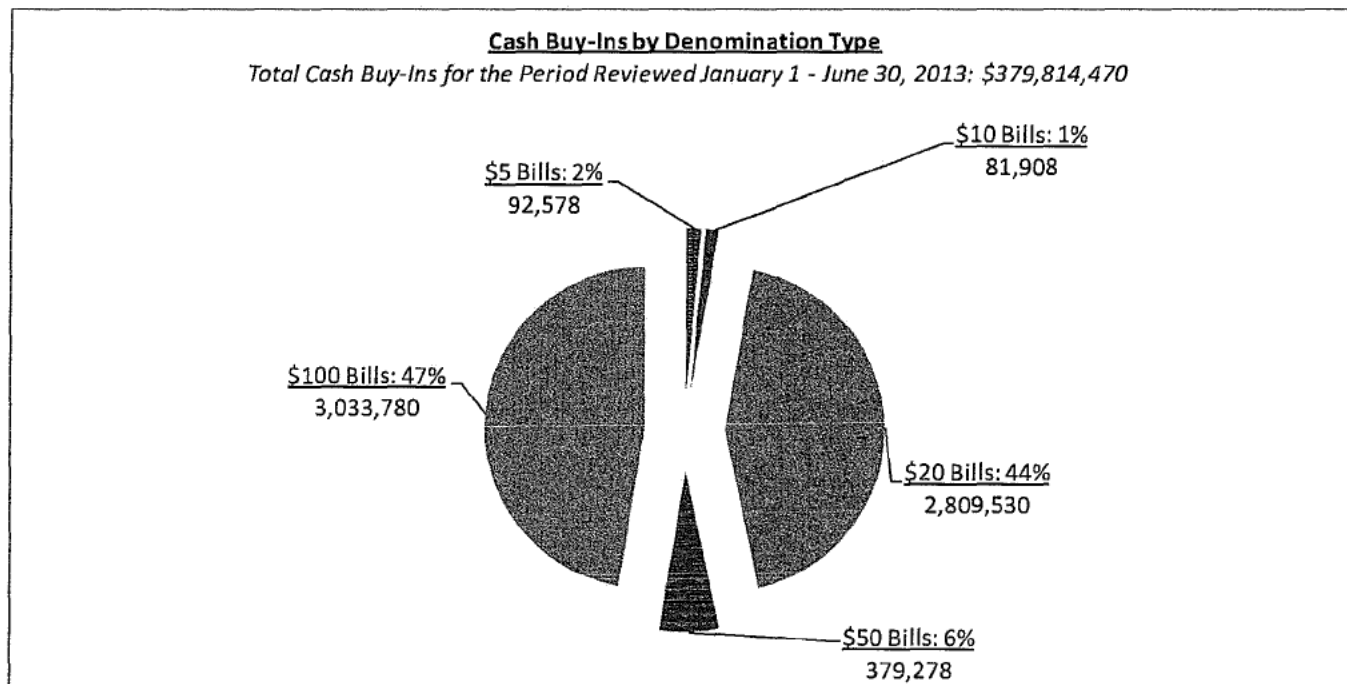
TABLE PLAY ANALYSIS

River Rock Casino has a total of 108 table games. The casino has three high limit rooms. The three high limit rooms consist of the Salon Privé (19 tables), Dogwood Room (10 tables) and Maple Leaf Room (six tables). For the period reviewed January 1 – June 30, 2013, the total table drop revenue was \$436,568,355, which equates to an average daily drop of \$2,411,980. The chart below provides a breakdown of the table drop revenue by location. As shown, 64% of the revenue was from the casino's three high limit rooms and 36% was from table games on the regular gaming floor.



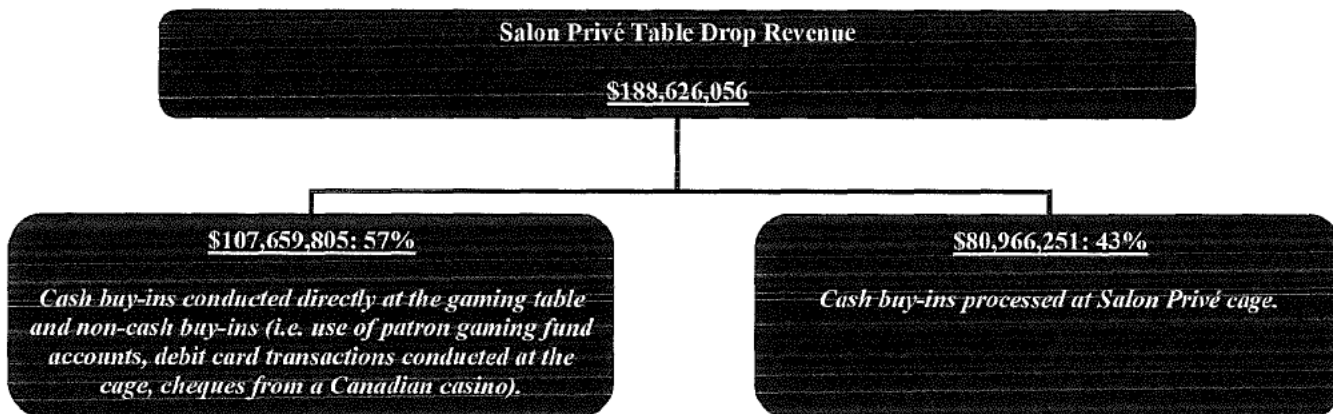
CASH BUY-INS

87% of the total table drop revenue of \$436,568,355 was from cash buy-ins. The remaining 13% consisted of non-cash buy-ins (i.e. use of patron gaming fund accounts, debit card transactions conducted at the cage, cheques from a Canadian casino). The chart below provides a breakdown by denomination type of the cash buy-ins for table games. As shown, 47% of the cash buy-ins was with \$100s, 44% with \$20s and the remaining 9% with \$50s, \$10s and \$5s.



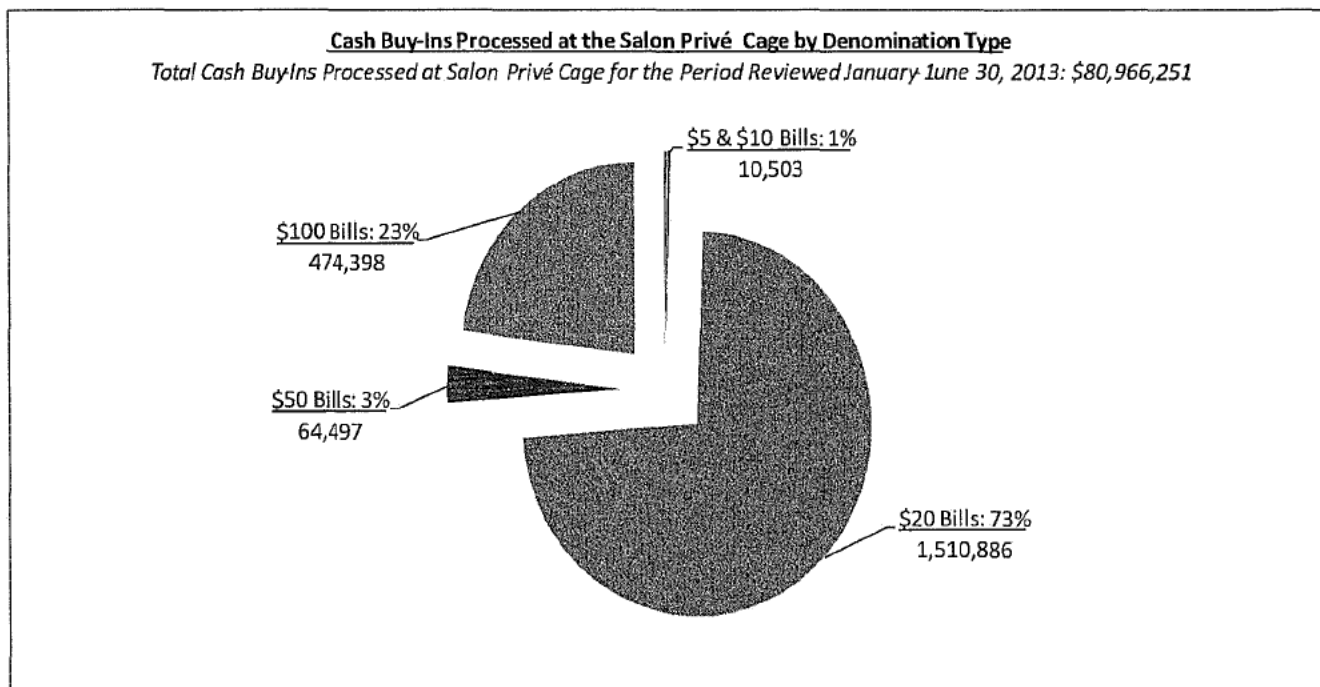
SALON PRIVÉ (HIGH LIMIT ROOM)

The Salon Privé is River Rock Casino’s premier high limit room, offering 19 table games in a private setting. River Rock Casino estimates that between 60 – 180 patrons per gaming day enter the Salon Privé. In comparison, the casino estimates approximately 10,000 visitors per gaming day. For the period reviewed January 1 – June 30, 2013, the total table drop revenue at the Salon Privé was \$188,626,056, as shown below:



All cash buy-ins that take place at the Salon Privé cage are documented on a tracking sheet. Large cash buy-ins with small denomination bills gets processed at the Salon Privé cage to minimize delays and disruptions at table games.

For the period reviewed January 1 – June 30, 2013, the cash buy-ins processed at the Salon Privé cage amounted to \$80,966,251. The chart below provides a breakdown of this figure by denomination type. As shown, 73% of the cash buy-ins was with \$20s, 23% with \$100s, and the remaining 4% with \$50s, \$10s and \$5s.



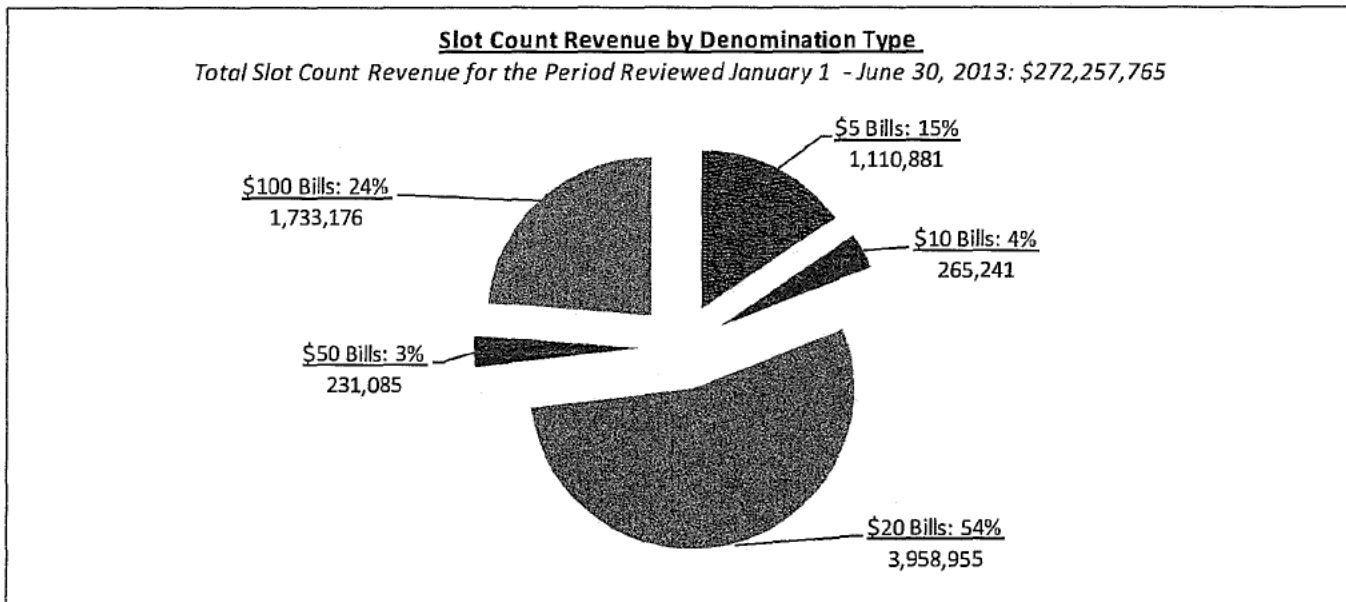
SLOT PLAY ANALYSIS

Slot machines require a patron to insert a bill (\$5, \$10, \$20, \$50 and \$100) into the machine’s currency acceptor, in exchange for machine credits. The machine credits, allow the patron to begin slot play. Slot machines do not take any coins. When the patron is finished playing, the slot machine will print out an IVS ticket. Remaining credits on the IVS ticket may be redeemed at the cage or NRT machine or used towards additional slot play.

River Rock Casino has a total of 1,110 slot machines, of which 91% (1,008 slot machines) are penny games (one cent to 99 cents) and 9% (102 slot machines) are dollar games. A patron can, however, wager \$1 or more per spin on a penny game, because with multi-line games, players can choose to play many credits over many lines, and some players will often play the maximum number of lines.

For the period reviewed January 1 – June 30, 2013, the total slot count revenue was \$272,257,765, which equates to an average daily drop of \$1,504,187. The chart below provides a breakdown by denomination type of the total slot count revenue. As shown, 54% of the contents of the slot cassettes were \$20s, 24% were \$100s and the remaining 22% were \$50s, \$10s and \$5s.

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PART 2: CURRENCY FLOW BETWEEN CASINO AND FINANCIAL INSTITUTION

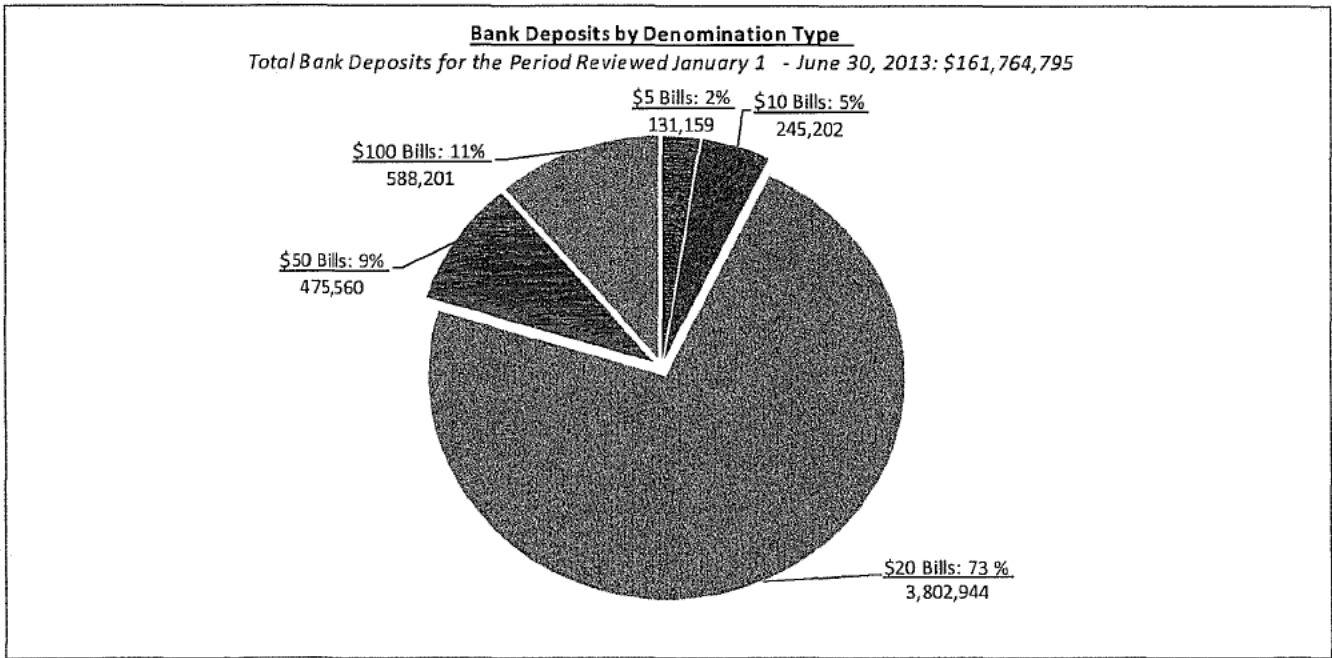
The currency flow between River Rock Casino and its financial institution (HSBC) was analyzed by reviewing bank deposits and the replenishment of bills.

BANK DEPOSIT ANALYSIS

River Rock Casino has 6 bank accounts for its gaming operations. Five bank accounts were analyzed below. The one bank account which was not analyzed was the foreign exchange bank account, which consisted of foreign deposits outside of US currency (primarily the British Pound, Hong Kong Dollar and the EURO). This bank account was not analyzed because deposits made were not separated by denomination type.

- Account [REDACTED] - Tables and Slots
- Account [REDACTED] - US Dollar
- Account [REDACTED] - Players Gaming Club Wins (PGF Funding)
- Account [REDACTED] - Bad Beat Poker-Seed
- Account [REDACTED] - Bad Beat Poker Jackpot

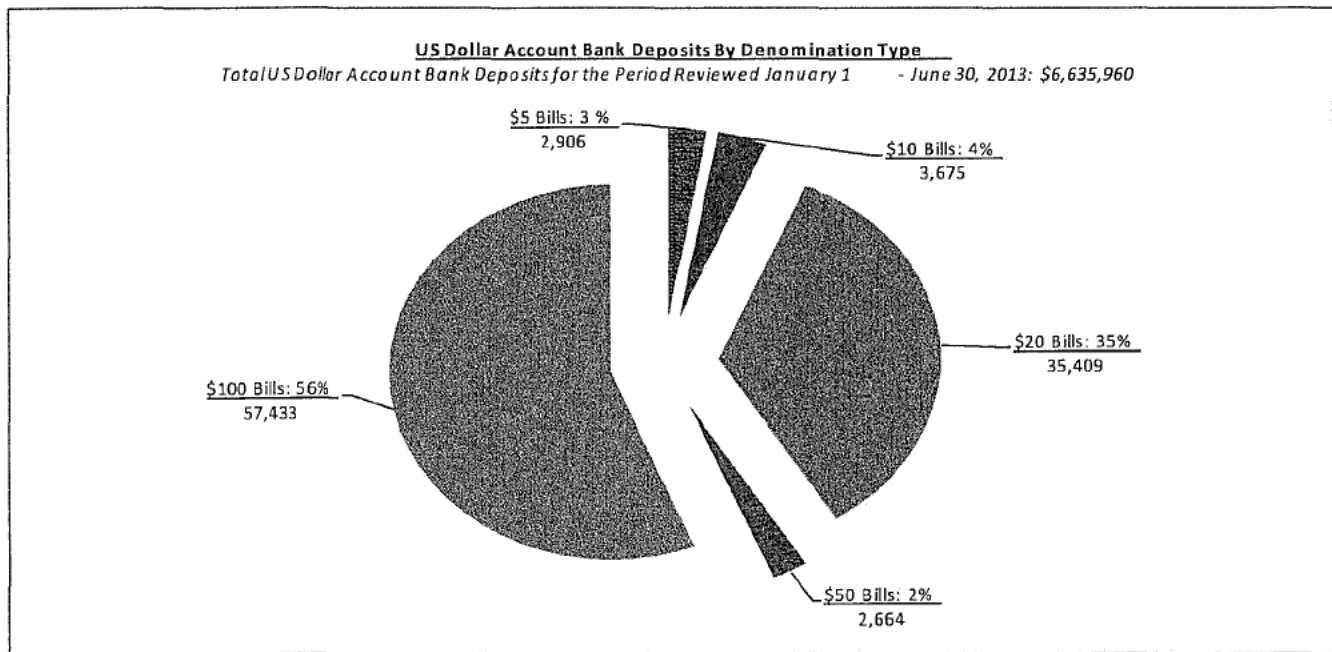
During the period reviewed January 1 – June 30, 2013, a total of \$161,764,795 was deposited into the five bank accounts analyzed. The chart below provides a breakdown of this figure by denomination type. As shown, 73% of the bills deposited into the bank accounts were \$20s, 11% were \$100s, and the remaining 16% were \$50s, \$10s and \$5s.



US DOLLAR ACCOUNT

River Rock Casino plays host to many foreign tourists every year, and as such, offers currency exchange services. The US dollar is the foreign currency most often exchanged for Canadian dollars at the casino.

Of the total \$161,764,795 deposited in the five bank accounts analyzed, \$6,635,960 was deposited into the US dollar bank account. The chart below provides a breakdown of this figure by denomination type. As shown, 56% of the bills deposited into the US dollar bank account were \$100s, 35% were \$20s, and the remaining 9% were \$50s, \$10s and \$5s.



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COMPARISON BETWEEN BILLS RECEIVED AND DEPOSITED

The table below provides a comparison between the volume of \$100 and \$20 bills that the casino received through table and slot play to those which the casino deposited into its bank accounts.

During the period reviewed January 1 – June 30, 2013, the casino deposited into its bank accounts 56% of the \$20 bills and only 12% of the \$100 bills that it received through table and slot play. The low percentage of \$100 bills being deposited in the casino's bank accounts, partly supports our finding from a previous review conducted in 2012 (COMM-6883) where the casino acknowledged that it does not always pay out patrons in the same denomination of bills for which they bought in with. Patrons that buy-in with large number of small denomination bills may be cashed out with large denomination bills, if the site deems that the patron had reasonable play and/or reasonable net gaming losses.

	Volume of \$100 Bills	Volume of \$20 Bills
Bills Received from Table Play	3,033,780	2,809,530
Bills Received from Slot Play	1,733,176	3,958,955
Total Bills Received from Table and Slot Play	4,766,956	6,768,485
Total Bills Deposited into Bank Accounts	588,201	3,802,944
Percentage of Bills Deposited to Bank	12%	56%

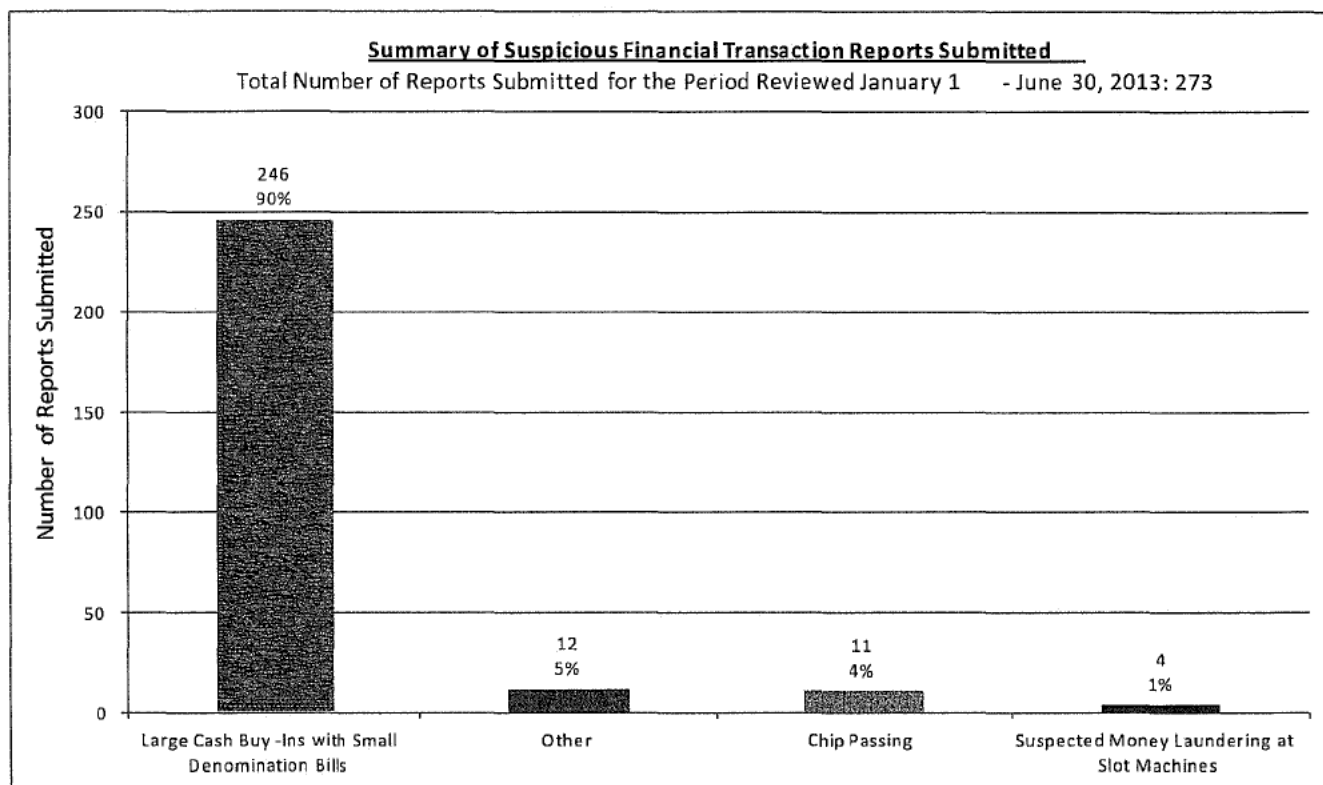
CURRENCY REPLENISHMENT ANALYSIS

On a weekly basis, River Rock Casino receives a re-supply of bills from its financial institution. The process consists of the casino returning a fixed amount of currency back to its financial institution in exchange for newer bills and bills of different denominations. During the period reviewed January 1 - June 30, 2013, River Rock Casino returned back to its financial institution \$3,723,000 in exchange for \$2,761,000 worth of \$5 and \$10 bills and \$962,000 worth of coins. The replenishment of currency was primarily to refill NRT machines and to provide float money to cashiers and slot attendants.

PART 3: SUSPICIOUS FINANCIAL TRANSACTION REPORTS

The Proceeds of Crime (Money Laundering) and Terrorist Financing Act requires casinos to report suspicious financial transactions to the Financial Transactions and Analysis Centre of Canada (FINTRAC). During the period reviewed January 1 – June 30, 2013, River Rock Casino filed 273 suspicious financial transaction reports. The location of the suspicious incidents for 88% of the reports submitted was the Salon Privé, while the location for 11% of the suspicious incidents was the regular gaming floor, Dogwood Room and Maple Leaf Room; and 1% was for suspicious activity in the casino parking lot.

The chart below summarizes the type of suspicious financial transaction reports submitted by River Rock Casino. 90% of the reports submitted were in relation to large cash buy-ins with small denomination bills; 5% for other suspicious activity (minimal play, refusal of identification, and suspicious parking lot activity); 4% for chip passing; and 1% for suspected money laundering at slot machines.



PART 4: APPENDIX - GAMING TERMINOLOGY

Slot Cassette – Cassette box inside slot machine used to hold currency received by slot currency acceptor.

Slot Count Report – Electronic report that details the count of all currency contained in a slot cassette.

Slot Currency Acceptor – Device on slot machine that accepts and reads currency by denomination in order to accurately register customer credits on the slot machine.

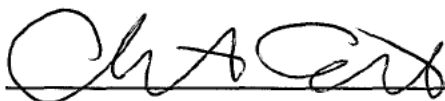
Table Buy-In – Purchase of casino chips for table play.

Table Count Report – Electronic report that details the count of all currency contained in a table drop box.

Table Drop Box - Locked container affixed to the gaming table that serves as a repository for currency collected from the table game.

Table Drop Revenue – Currency collected from table games.

This is **EXHIBIT "27"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of 18 March, 2021.




INTERNAL MEMO A Commissioner for taking Affidavits in British Columbia

To: Terri Van Sleuwen, Executive Director, Audit and Compliance Division
David Pyatt, Director, Commercial Gaming, Audit and Compliance Division

From: Parminder Basi, Commercial Gaming Auditor

Date: January 27, 2014

Subject: COMM-7530 BCLC Cash Alternatives Review / July 1, 2013 – December 31, 2013

Executive Summary

On April 1, 2012, BCLC introduced a series of initiatives to provide non-cash alternatives at gaming facilities. These initiatives included expanded terms of use governing Patron Gaming Fund (PGF) accounts, use of debit card transactions at the cash cage, issuance of convenience cheques and the creation of the Hold Cheque Option.

Our objective is to analyze the utilization of these initiatives within commercial gaming facilities in BC. This update covers the period July 1, 2013 – December 31, 2013.

Key Observations

- PGF dollar volume activity was at its highest levels this period, with slightly over \$207 million deposited and a similar amount withdrawn. However, 61% of this activity was generated by 2% of the account holders and 85% of the activity was generated by 10% of the account holders.
- 33% of the funds deposited into PGF accounts were bank drafts and wire transfers, which represent "new money." Re-deposits and verified wins accounted for 66% of the funds deposited into the accounts, and cheques from a Canadian casino accounted for the remaining 1%.
- 7,911 debit card transactions were conducted at the cash cage this period for a total amount of \$14,303,054. This represents a 14% increase in the number of debit card transactions and a 47% increase in the dollar value of transactions from the previous six month period.
- 62 convenience cheques were issued this period for a total amount of \$355,355. This represents a 41% increase in the number of convenience cheques issued from the previous six month period.
- The Hold Cheque Option has not been utilized by patrons at any gaming facility.

Conclusion

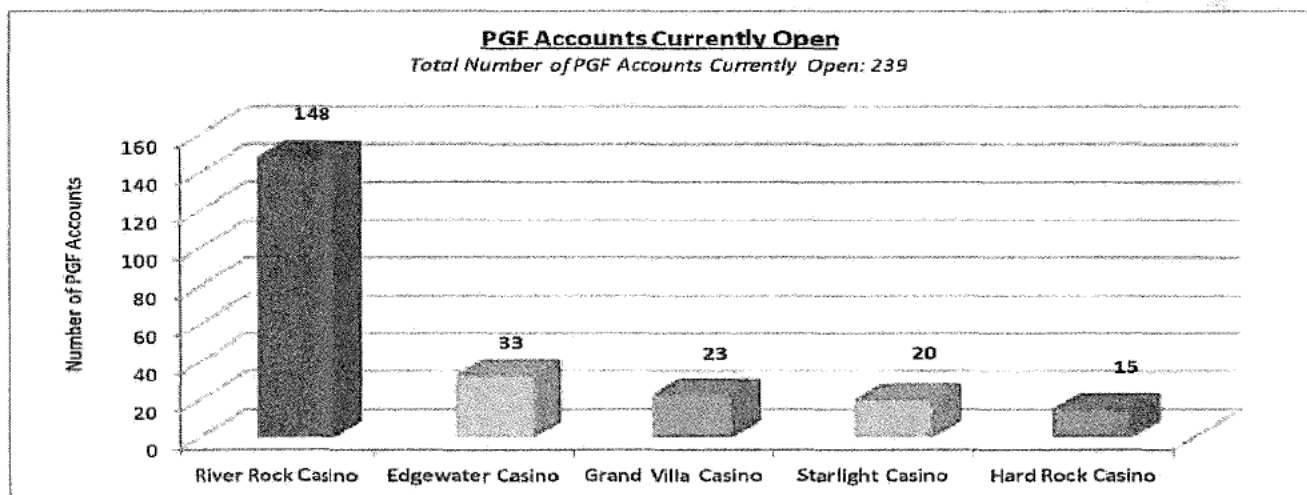
The cash alternative initiatives has had mixed results this period. The dollar value of PGF activity was significant; however, much of the activity was generated by a small number of patrons. Debit card transactions at the cash cage have increased significantly each period, while utilization of convenience cheques is minimal. We will continue to monitor these initiatives as they progress.

Analysis of Cash Alternative Options

1. Patron Gaming Fund (PGF) Accounts

Approved casinos may offer PGF accounts wherein funds may be deposited, withdrawn for gaming, re-deposited for subsequent play or returned to the patron. A minimum of \$10,000 must be initially deposited by a patron to open a PGF account. Subsequent deposits to PGF accounts after initial opening may be for less than \$10,000.

A total of 460 PGF accounts have been created, of which 221 (48%) have subsequently closed. As of December 31, 2013, there are 239 PGF accounts that remain open, as shown below.



Of the 239 PGF accounts that remain open, 29% had no activity during the past six months or more as shown below:

- 66 accounts had no activity within the past six months; and
- 4 accounts had no activity for more than a year.

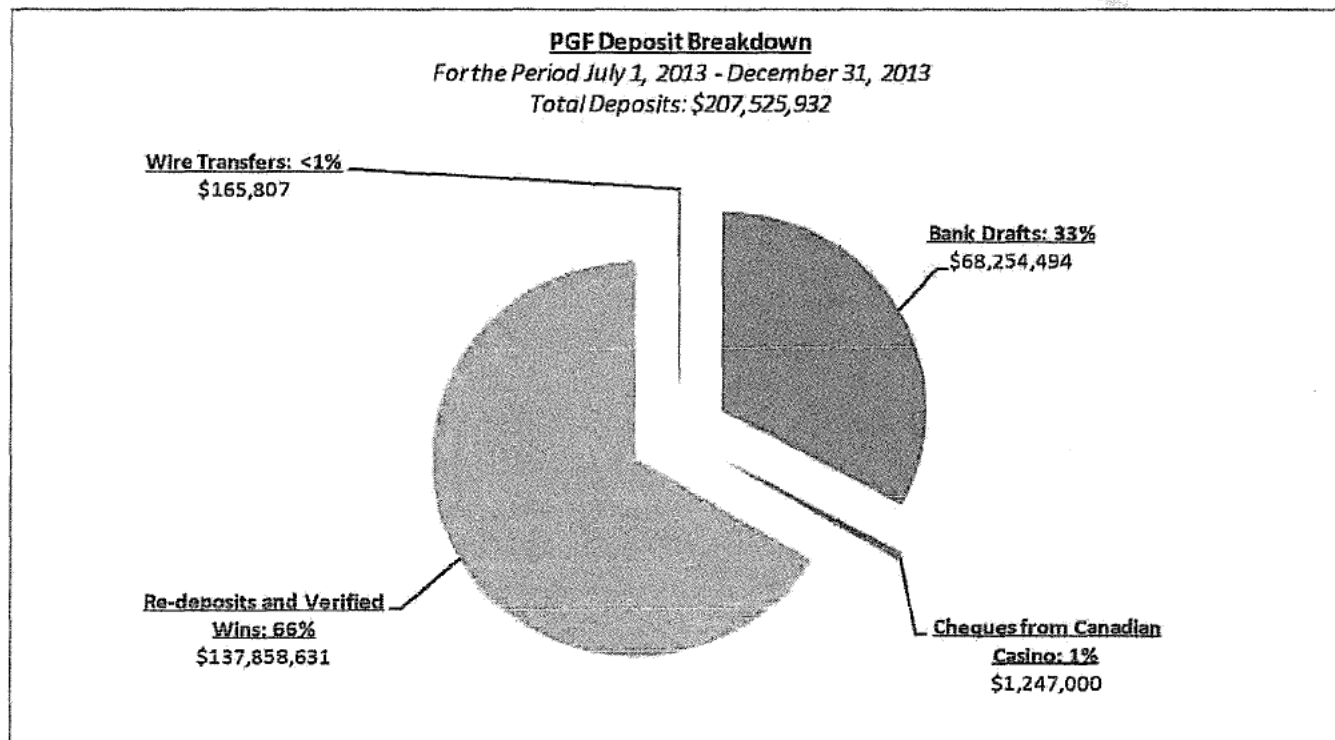
PGF Account Deposits and Withdrawals for the Period July 1, 2013 – December 31, 2013

A total of \$207,525,932 was deposited into PGF accounts, and \$207,968,146 was withdrawn during the period July 1, 2013 – December 31, 2013. The closing PGF account balance as at December 31, 2013, is \$1,204,118 as detailed below.

Site	Opening Balance July 1, 2013	July 1, 2013– December 31, 2013		Closing Balance December 31, 2013
		PGF Account Deposits	PGF Account Withdrawals	
River Rock Casino	\$1,133,132	\$129,940,647	\$130,665,416	\$408,363
Grand Villa Casino	\$385,000	\$45,316,100	\$45,271,100	\$430,000
Edgewater Casino	\$128,200	\$23,941,550	\$24,069,750	\$0
Starlight Casino	\$0	\$5,875,000	\$5,875,000	\$0
Hard Rock Casino	\$0	\$2,452,635	\$2,086,880	\$365,755
Total	\$1,646,332	\$207,525,932	\$207,968,146	\$1,204,118

The pie chart below provides a detailed breakdown of the \$207,525,932 that was deposited into PGF accounts. 33% of the funds deposited into the accounts were bank drafts and wire transfers which represent "new money." Re-deposits and verified wins accounted for 66% of the funds deposited into the accounts. Re-deposits are funds that patrons have withdrawn from their PGF account and then subsequently deposited back after any period of continuous play. Cheques from a Canadian casino accounted for 1% of the total deposits.

During the period reviewed, there was one deposit into a PGF account from a U.S. regulated financial institution. The deposit was a wire transfer in the amount of \$105,807. The amount is shown as part of the total wire transfers into PGF accounts, in the chart below.



The below five PGF accounts generated 61% of all PGF dollar volume activity (total of deposits and withdrawals) during the period. These five, represent 2% of the total 239 PGF accounts that are currently open. Overall, 85% of all PGF dollar volume activity was generated by 10% of the account holders.

Site	PGF Account #	July 1, 2013 – December 31, 2013			Closing Balance December 31, 2013
		Opening Balance July 31, 2013	PGF Account Deposits	PGF Account Withdrawals	
River Rock Casino	176	\$5,000	\$65,739,625	\$65,694,625	\$50,000
Grand Villa Casino	49	\$0	\$31,897,300	\$31,467,300	\$430,000
Edgewater Casino	155706	\$0	\$12,255,350	\$12,255,350	\$0
River Rock Casino	249	\$0	\$11,430,000	\$11,430,000	\$0
Grand Villa Casino	48	\$0	\$6,011,800	\$6,011,800	\$0
Total		\$5,000	\$127,334,075	\$126,859,075	\$480,000

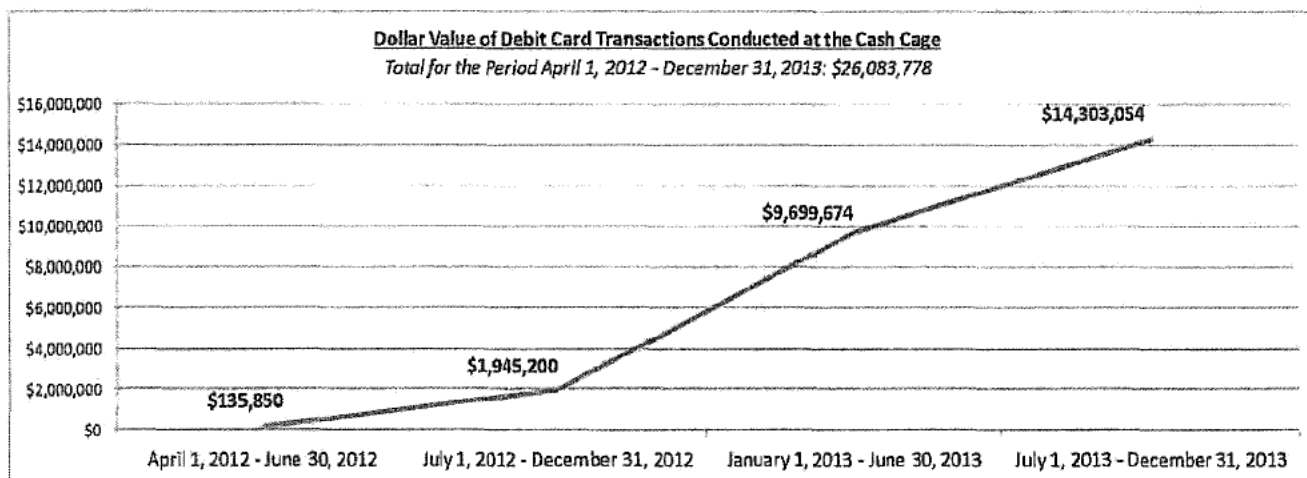
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2. Debit Card Transactions at Cash Cage

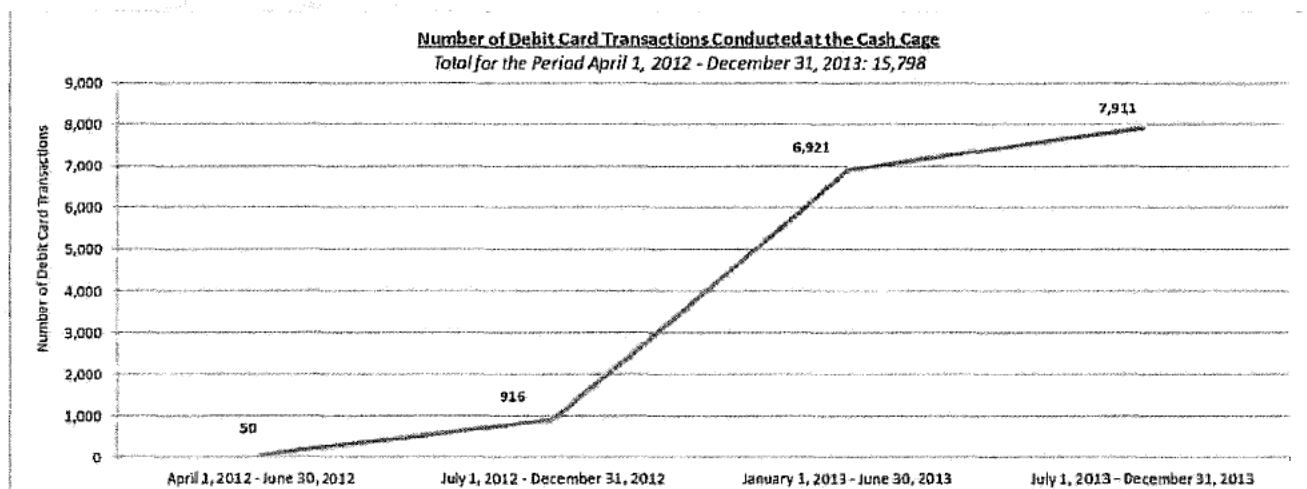
At the service provider's discretion, bank debit cards may be used at the cash cage for patrons to purchase funds to be used for gaming. The service provider may stipulate monetary thresholds for the maximum allowed amount of the debit card transaction however; the minimum amount shall not be less than \$500 per transaction.

The following gaming facilities presently offer debit card services at the cash cage: Cascades Casino, Casino Nanaimo, Chances Chilliwack, Chances Maple Ridge, Edgewater Casino, Fraser Downs Casino, Grand Villa Casino, Hard Rock Casino, Lake City Casino Kelowna, River Rock Casino, Starlight Casino, Treasure Cove Casino, and View Royal Casino.

The total dollar value of debit card transactions conducted at the cash cage during the period July 1, 2013 – December 31, 2013, was \$14,303,054. This represents a 47% increase from the previous six month period, and is also more than the previous 15 months combined, as shown below.



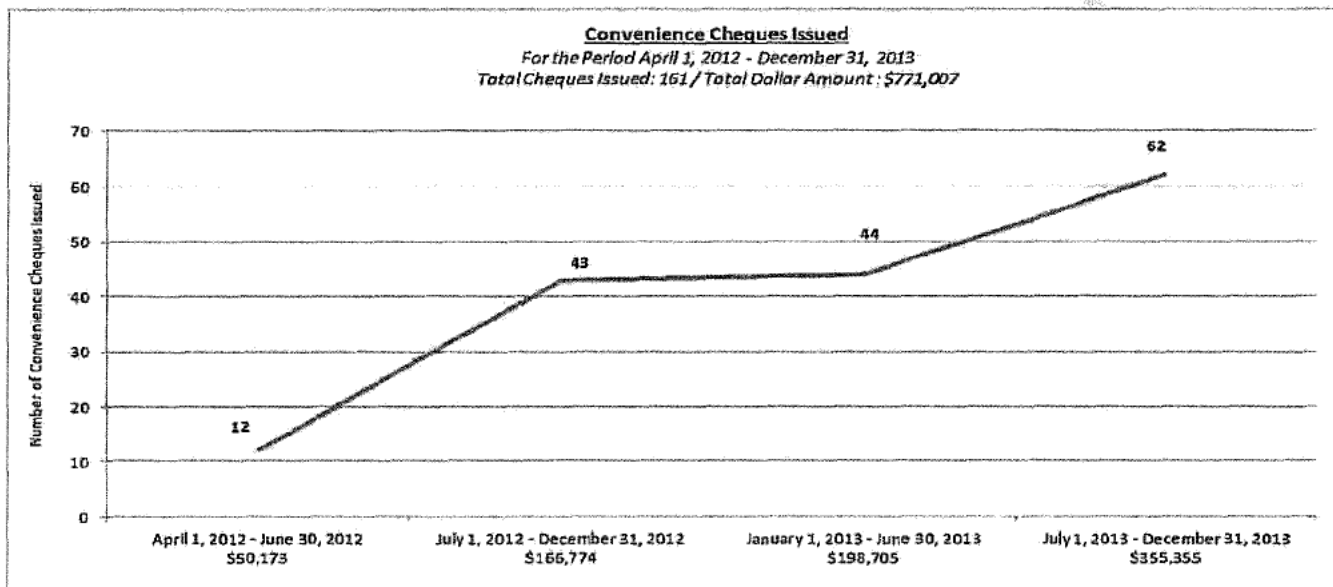
The number of debit card transactions conducted at the cash cage has also increased each period as shown below. During the period July 1, 2013 – December 31, 2013, there were a total of 7,911 debit card transactions conducted at the cash cage, which represents a 14% increase from the previous six month period.



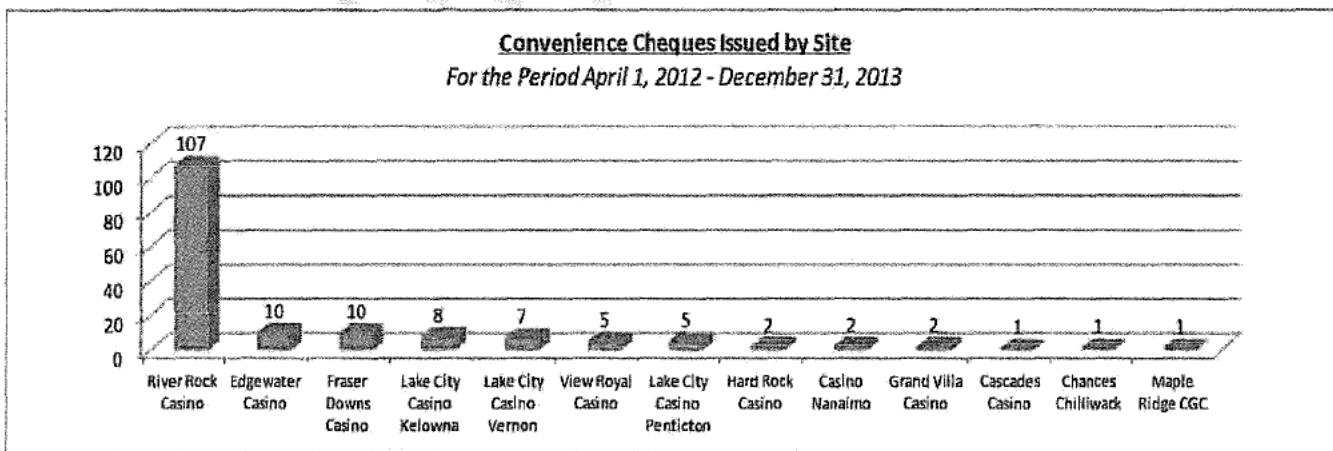
3. Convenience Cheques

Service providers may, at their discretion and upon the request of the patron, issue a cheque that is not for a verified win, but for the return of buy-in funds or unverified wins, up to a maximum amount of \$8,000.

A total of 62 convenience cheques were issued during the period July 1, 2013 – December 31, 2013, which represents a 41% increase from the previous six month period, as shown below. The total dollar value of convenience cheques issued this period was \$355,355. To date, a total of 161 convenience cheques have been issued for a total amount of \$771,007.



River Rock Casino has issued 107 of the total 161 convenience cheques, as shown below.

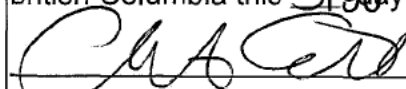


4. Hold Cheque Option

Service providers are permitted to offer a Hold Cheque Option to individual patrons wherein a negotiable financial instrument such as a personal cheque can be held for a period of time before being settled (cashed). Once cleared, the full amount of the cheque can be accepted for gaming. As of December 31, 2013, no patrons have utilized this option at any of the approved sites.

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This is **EXHIBIT "28"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this ~~31st~~ day of March, 2021.



A Commissioner for taking Affidavits in British Columbia



INTERNAL MEMO

To: Terri Van Sledright, Executive Director, Audit and Compliance Division
David Pyatt, Director, Commercial Gaming, Audit and Compliance Division

From: Parminder Basi, Commercial Gaming Auditor

Date: March 18, 2014

Subject: COMM-7866 Accuracy Review of BCLC's Third Quarter Report – Reducing Reliance on Cash, New Payment Initiatives

Executive Summary

In February 2014, we received a copy of BCLC's 'Third Quarter Report – Reducing Reliance on Cash, New Payment Initiatives.' The report issued by BCLC analyzed data pertaining to cash alternative/reduction initiatives for the period April 1, 2013 – December 31, 2013. As we have continuously monitored these initiatives since inception, a decision was made to review the report issued by BCLC for accuracy. Our review focused on the accuracy of information presented, from both a financial and assertion perspective, specifically as it relates to: patron gaming fund accounts; debit card transactions conducted at the cash cage; issuance of convenience cheques; and the utilization of the Hold Cheque Option.

Key Observations

- Financial information presented in BCLC's third quarter report regarding Patron Gaming Fund (PGF) accounts, specifically total deposit and withdrawal activity, and figures pertaining to the Hard Rock Casino were not accurate.
- Financial information presented in the report regarding debit card transactions conducted at the cash cage, issuance of convenience cheques and utilization of the Hold Cheque Option were accurate.
- A discrepancy was noted concerning policy requirements pertaining to the issuance of convenience cheques. BCLC's report incorrectly suggested that a patron was only permitted to receive one convenience cheque per week. However, under current BCLC standards, policies and procedures, a patron is permitted to receive more than one convenience cheque per week, provided that the cheques are issued by different service providers.

Conclusion

Although, discrepancies were noted in regards to specific information presented by BCLC in their third quarter report, the misstatements as a whole were not material enough to impact a user's assessment of the effectiveness of cash alternative/reduction initiatives.

Accuracy Review of BCLC's Third Quarter Report

1. Patron Gaming Fund (PGF) Accounts

PGF Deposit and Withdrawal Activity

The BCLC third quarter report states that during the period April 1, 2013 – December 31, 2013, the total deposits into PGF accounts were \$277,367,701 and total withdrawals were \$271,121,891. These figures suggest a closing PGF account balance of more than \$6 million, which is not accurate.

Based on our analysis, as shown in the table below, the opening PGF account balance as at April 1, 2013, was \$538,162 and the closing balance as at December 31, 2013, was \$1,204,118. These opening and closing balances were reconciled to the cumulative PGF account bank statements, general ledgers and trust ledgers at each individual site. During the period April 1, 2013 – December 31, 2013, the total PGF deposits were \$270,593,027 and PGF withdrawals were \$269,927,071.

Site	Opening Balance, April 1, 2013	April 1, 2013 – December 31, 2013		Closing Balance, December 31, 2013
		PGF Account Deposits	PGF Account Withdrawals	
River Rock Casino	\$408,162	\$162,991,417	\$162,991,216	\$408,363
Grand Villa Casino	\$30,000	\$49,683,725	\$49,283,725	\$430,000
Edgewater Casino	\$0	\$45,206,250	\$45,206,250	\$0
Starlight Casino	\$100,000	\$10,094,000	\$10,194,000	\$0
Hard Rock Casino	\$0	\$2,617,635	\$2,251,880	\$365,755
Total	\$538,162	\$270,593,027	\$269,927,071	\$1,204,118

Hard Rock Casino

The BCLC report states, "PGF account use at the Hard Rock Casino had its strongest month in December with over \$2.8 million in deposits. This monthly total is greater than the combined deposit totals from April to November (\$1.8 million)." These statements are both incorrect.

Based on our analysis, the total deposits at the Hard Rock Casino for the month of December 2013 were \$1,205,580 and not \$2.8 million as suggested in the BCLC report. On March 14, 2014, we emailed BCLC for an explanation. In their response back to our email, BCLC indicated that they were given incorrect data by Hard Rock Casino, and the actual PGF deposits for the month of December 2013 were more in alignment with our figure.

Additional Comments

The BCLC report states that 159 PGF accounts were opened during the period April 1, 2013 – December 31, 2013. This is correct; however, it is worth noting that during the same period, 82 PGF accounts were also closed. The report also states that "PGF accounts continue to be an excellent option for VIP players at the lower mainland casinos." Although PGF accounts represent a good viable option for patrons, our analysis has shown that overall, the accounts are being used by a small number of patrons, and a small percentage of those are VIPs.

2. Debit Card Transactions Conducted at the Cash Cage

The information presented in the BCLC third quarter report about debit card use at the cash cage is accurate. In their report, BCLC also recommended the three suggestions below to make the initiative more successful. We have offered our thoughts about each suggestion in italics.

- **Offer Debit Use at the Cash Cage at More Gaming Facilities** – *Presently, 11 of the 15 casinos and two of the 19 community gaming centres in the province offer debit card services at the cash cage.*
- **Remove the Minimum Debit Purchase Limits** – *No comment.*
- **Advertise the Service to Patrons** – *Agreed. Based on our onsite observations at various casinos and community gaming centres, there is very minimal signage posted at the sites advertising the service.*

3. Convenience Cheques

The financial information presented in BCLC's third quarter report for the issuance of convenience cheques for the period April 1, 2013 – December 31, 2013 is accurate. However, a discrepancy was noted about the following assertion:

- BCLC's report states, "patrons are permitted to receive one cheque per week" This statement is not accurate. BCLC standards, policies and procedures, state that patrons are restricted to receive only one convenience cheque, per week, per patron, per service provider. The key word here is service provider. Therefore, a patron may receive more than one convenience within the same week, provided that it is issued by different service providers. In fact, we have had one instance, where a patron received two convenience cheques in the same week. The patron in question received an \$8,000 convenience cheque from River Rock Casino (GCGC) on November 19, 2013 and an \$8,000 convenience cheque on November 20, 2013, from Edgewater Casino (Paragon).

4. Hold Cheque Option

Information presented in the BCLC third quarter report in relation to the Hold Cheque Option is accurate. As of December 31, 2013, no patrons have utilized this option at any of the approved sites.

5. Internet Banking Transfers / ATM / Global Cash / Credit Card Advance Tools

The accuracy of information presented in the BCLC third quarter report pertaining to internet banking transfers, ATMs, global cash and credit card advances was not reviewed as part of our analysis.

**Gaming Policy and
Enforcement
Branch**



AUDIT REPORT

**BCLC
Cash Alternatives Compliance Audit
GPEB File # COMM-7758
2013/2014**

EXECUTIVE SUMMARY

An audit of the policy initiatives introduced by BCLC to reduce the volume of cash being brought into gaming facilities was conducted to verify compliance with the Gaming Control Act, Regulation and all applicable standards, policies and directives.

The scope of the audit included a review of the Patron Gaming Fund (PGF) program, debit card transactions conducted at the cash cage, and the issuance of convenience cheques for the period April 1, 2013 - February 6, 2014.

A notable exception included the issuance of a convenience cheque by Lake City Casino Kelowna greater than the maximum allowed amount of \$8,000.

AUDIT OBJECTIVES

The objectives of the audit were to:

- Verify compliance with the Gaming Control Act (GCA) and Regulation (GCR);
- Verify compliance with GPEB standards, policies and directives;
- Verify compliance with BCLC Casino and Community Gaming Centre Standards, Policies and Procedures (CCGC SPP);
- Verify best practices are followed in the absence of policy.

This is **EXHIBIT "29"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.

[Signature]
A Commissioner for taking Affidavits in British Columbia

AUDIT SCOPE

The scope of the audit included a review of the Patron Gaming Fund (PGF) program, debit card transactions conducted at the cash cage, and the issuance of convenience cheques for the period April 1, 2013 - February 6, 2014. The scope was limited to sites that utilized these initiatives.

AUDIT PROCEDURES

Fieldwork was conducted throughout the audit period at applicable gaming facilities. Audit procedures were conducted on a sample testing basis to provide reasonable assurance of compliance, and included a review of:

- PGF account records, deposits, and withdrawal activity;
- CMS and GMS debit card transaction reports;
- Convenience cheques issued;
- iTrak incident reports;
- Gaming related paperwork and transaction slips.

EXCEPTIONS

Details of the issues resulting from the audit procedures are discussed below:

Patron Gaming Fund (PGF) Accounts

1. At River Rock Casino, numerous PGF accounts were created for patrons that had not made their initial minimum deposit of \$10,000. As of February 5, 2014, the site retained personal information and photocopies of the identification of these patrons on file. In addition, for these pending accounts, PGF account numbers were assigned, and incident reports created referencing the account openings, despite the initial deposits not being made to effectively open the accounts.

Control Failure: Patrons must make an initial minimum deposit of \$10,000 to open a PGF account. Incident reports indicating account openings shall only be created after receipt of the initial minimum deposit. The account is not considered open until then. Documents containing personal information of the patron (account application, signature card, and photocopy of identification) shall not be retained for extended periods if the account has not been opened. (CCGC SPP S.3-8.3, 3.12)

Impact: Medium

BCLC Response: BCLC acknowledges this issue and accepts the risk associated with this practice. Player ID is collected from the Patron prior to receiving the initial deposit. PGF account paperwork is completed, an account is created and immediately designated "inactive". The collected information is secured at all times and if no deposit is received within 30 days all paperwork is destroyed. Assisting patrons in completing the paperwork in advance promotes the use of a cash-alternative program; no account is activated until the requisite initial deposit is received. When the patron has made their initial deposit of 10K or more, iTrak is updated. At no time is an account activated for less than the required 10K.

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This process provides an efficient and timely exchange for the patron during their first deposit transaction as the paperwork has been prepared in advance.

2. For PGF account number 39 at Grand Villa Casino, and PGF account numbers 47 and 50 at Starlight Casino, the table tracking cards were not included with the Declaration of Source of Funds form to support the deposit of gaming chips. Although the forms were signed by the dealer supervisor/table games floor manager confirming table action, this does not substantiate the net win or loss of the associated table tracking card to ensure that the table play matches the amount of the deposit.

Control Failure: The Declaration of Source of Funds form must be signed by the dealer supervisor/table games floor manager for any deposit of gaming chips into a PGF account. Their signature confirms table action and ensures that any previously withdrawn funds were bet within the gaming floor. A copy of the table tracking card shall be included with the form for gaming chip deposits to further substantiate the re-deposit, net win or loss. (CCGC SPP S.3-8.3, 5.3.9d (1))

Impact: Medium

BCLC Response: BCLC acknowledges this issue. As of March 24, 2014 Gateway Casinos Cage supervisors and table games managers and supervisor were spoken to and received an email reminding them of the requirement for the tracking card to be signed by the attesting Dealer Supervisor prior to attaching to the Declaration of Source of funds. If a tracking card has not been properly completed when handed to the Cage and prior to completing the transaction, the Cage has been instructed to call over a host/supervisor/manager in order to have the tracking card taken back and completed properly. Cage/Cashier Supervisors are now to conduct daily/weekly checks on all open PGF Accounts paperwork.

3. The following discrepancies were noted in relation to the occupation field on the Patron Gaming Funds Account Application and Operating Agreement:
 - At Hard Rock Casino, the occupation of the patron for PGF account number 16 was stated as “business owner”. This description is too vague and differs from the stated occupation on the Declaration of Source Funds form and subject details tab in iTrak.
 - The occupation of the patron was not stated on the application for PGF account number 132642 at Edgewater Casino, and PGF account number 51 at Starlight Casino.

Control Failure: All required sections of the Patron Gaming Funds Account Application and Operating Agreement must be completed. A vague description of the occupation such as “business owner” or “self-employed” is not acceptable. Documenting sufficient information in relation to the occupation is part of meeting customer due diligence obligations to ensure that the site knows the patron with whom they are dealing with. (CCGC SPP S.3-8.3, 2.10.2)

Impact: Medium

BCLC Response: BCLC acknowledges the finding at Edgewater Casino. As of March 24, 2014, the occupation for the holder of PGF Account # 51 has been updated accordingly. Edgewater Casino Cage and cashier supervisors received an email with applicable BCLC policy and procedure reminding them that a vague occupation of a patron is not acceptable. Cage/Cage/Cashier Supervisors are now to conduct daily/weekly checks on all open PGF Accounts paperwork.

In relation to the matter identified at Hard Rock Casino, BCLC acknowledges this finding. The noted omission was an isolated occurrence and was due to the oversight by the on duty Cage Supervisor. All cage management were reminded of the PGF check list that was developed to ensure required information is collected upon application. The BCLC Gaming Compliance Officer reviewed all PGF account applications completed since this date and confirmed the completion of these duties on 28 March 2014 with no issues noted.

4. The following discrepancies were noted in relation to the Patron Profile Card:

- At Edgewater Casino, the card for PGF account number 98432 was blank, despite the patron having PGF transactions.
- At Starlight Casino, the card for PGF account number 54 was missing the signature and GPEB identification tag number of the employee that attested to the transactions.

Control Failure: A Patron Profile Card must be created and retained in the PGF account file. The purpose of the card is to manually document all deposits and withdrawals from the account, types of negotiable instruments presented and other miscellaneous information collected which may lead to further knowledge of patron activities. The signature and GPEB identification tag number of the employee attesting to the transactions must also be documented. (CCGC SPP S.3-8.3, 2.10.1.b)

Impact: Medium

BCLC Response: BCLC acknowledges the finding at Starlight Casino. As of March 24, 2014, for PGF Account # 54 the missing signature and GPEB tag # of the employee who attested to transaction have been recorded. Gateway Cage/Cashier Supervisors are now to conduct daily/weekly checks on all open PGF Accounts paperwork.

In relation to the matter identified at Edgewater Casino, BCLC acknowledges this finding. Through confirmation by the BCLC Gaming Compliance Officer and the site Director of Cage Operations, the account holder opened PGF#98432 immediately prior to the new High Limit Salons being opened, which caused confusion as to the physical location of the file, due to the site being unaware where the patron would be attending and using the PGF account. It was confirmed that all transactions were being recorded and the folder has since been updated with all associated play by this patron. With the full operations of the high limit salons, this type of incident is unlikely to reoccur.

Debit Card Transactions at the Cash Cage

5. For the period reviewed August 1, 2013 – January 31, 2014, numerous debit card purchases at the cash cage were completed for less than the minimum allowed amount of \$500. The exceptions were identified at the following gaming facilities: Cascades Casino, Casino Nanaimo, Chances Chilliwack, Chances Maple Ridge, Edgewater Casino, Fraser Downs Casino, Grand Villa Casino, Starlight Casino and View Royal Casino.

Control Failure: The service provider may stipulate monetary thresholds for the maximum allowed amount of the debit card transaction; however, the minimum allowed amount shall not be less than \$500 per transaction. The idea of establishing a minimum threshold per transaction is to avoid delays occurring at the cash cage due to small dollar withdrawals by patrons. (CCGC SPP S.3-9.5, 1.2)

Impact: Low

BCLC Response: BCLC acknowledges this finding, however it is noted that in the interest of safety and customer service, our Service Partners will conduct debit card transactions at their Cash Cages in amounts less than \$500.00 in the event that on-site ATM service becomes temporarily unavailable. In such an event, the Service Provider is required to complete an Incident File to notify BCLC of the issue.

Convenience Cheques

6. A convenience cheque was issued by Lake City Casino Kelowna in the amount of \$15,163, which is greater than the maximum allowed amount of \$8,000. It is worth nothing, that soon after the incident occurred, the site did speak with cage staff to remind them of the policy requirements pertaining to the issuance of convenience cheques.

Control Failure: Service providers may, at their discretion and upon the request of the patron, issue a cheque that is not for a verified win, but for the return of buy-in funds or unverified wins, up to a maximum amount of \$8,000. (CCGC SPP S.3-9.4, 3.2)

Impact: High

BCLC Response: BCLC acknowledges this finding, however it is noted that this was an isolated occurrence which resulted from an individual staff training deficiency. BCLC finds that the risk associated with this event is low, whereas the cheque issued to the patron was affixed with notation indicating the funds were not for a verified win. The staff member has received supplemental instruction in this regard.

7. A review of convenience cheques issued for the period April 1, 2013 – January 31, 2014, identified numerous instances where the patron's date of birth was not documented in the 'narrative' field of the iTrak incident report. In addition, several instances were identified where the narrative field did not state any information.

Control Failure: An incident report is required to be created in iTrak for the issuance of any convenience cheque. The incident report shall state in the narrative field the surname and given name of the patron, date of birth and cheque amount. The purpose of the narrative field is to provide a brief description of the incident without the user having to open up the entire record or read the follow-up supplemental reports. (CCGC SPP S.3-9.4, 3.2.3)

Impact: Low

BCLC Response: BCLC acknowledges this finding. BCLC Gaming Compliance Officers will continue to monitor these Daily Log entries to ensure the required information is included. The BCLC Manager, Operational Gaming Compliance has issued noticed to all Compliance Officers regarding the importance of reviewing this process and communicating discrepancies to our Service Partners in a timely manner.

CONCLUSION

Significant issues were identified in this audit. BCLC has acknowledged the exceptions in this report and either risk will be accepted or changes will be made to service provider operations as noted.

Commercial Gaming Audit
Audit and Compliance Division
April 28, 2014

DISTRIBUTION LIST

Laird Robinson, Manager, Operational Gaming Compliance, BCLC
Donna Dickson, Coordinator Audit Services, BCLC
Bill McCrea, Executive Director, Internal Compliance and Risk Management, GPEB

This is **EXHIBIT "30"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.

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A Confidential **INTERNAL MEMO**

Affidavits in British Columbia

To: Terry Van Sleuwen, Executive Director, Audit and Compliance Division

David Pyatt, Director, Commercial Gaming, Audit and Compliance Division

From: Parminder Basi, Commercial Gaming Auditor

Date: July 24, 2014

Subject: COMM-8030 BCLC Cash Alternatives Review / January 1, 2014 – June 30, 2014

Executive Summary

On April 1, 2012, BCLC introduced a series of initiatives to provide non-cash alternatives at gaming facilities. These initiatives included expanded terms of use governing Patron Gaming Fund (PGF) accounts, use of debit card transactions at the cash cage, issuance of convenience cheques and the creation of the Hold Cheque Option.

Our objective is to analyze the utilization of these initiatives within commercial gaming facilities in BC on a semi-annual basis. This update covers the period January 1, 2014 – June 30, 2014.

Key Observations

- PGF dollar volume activity was at record highs, with slightly over \$430 million deposited and a similar amount withdrawn. This represents a 107% increase from the previous six month period. However, 52% of the total PGF deposits and withdrawals this period were generated by one patron, and 84% generated by 10 patrons.
- 20% of the funds deposited into PGF accounts were from bank drafts which represent "new money." Re-deposits and verified wins accounted for 74% of the funds deposited into the accounts, and cheques from a Canadian casino accounted for the remaining 6%.
- Debit card transactions conducted at the cash cage amounted to \$18,158,390, which represents a 27% increase from the previous six month period.
- 48 convenience cheques were issued this period for a total amount of \$266,083. This represents a 22% decrease in the number of convenience cheques issued from the previous six month period.
- The Hold Cheque Option has not been utilized by patrons at any gaming facility.

Conclusion

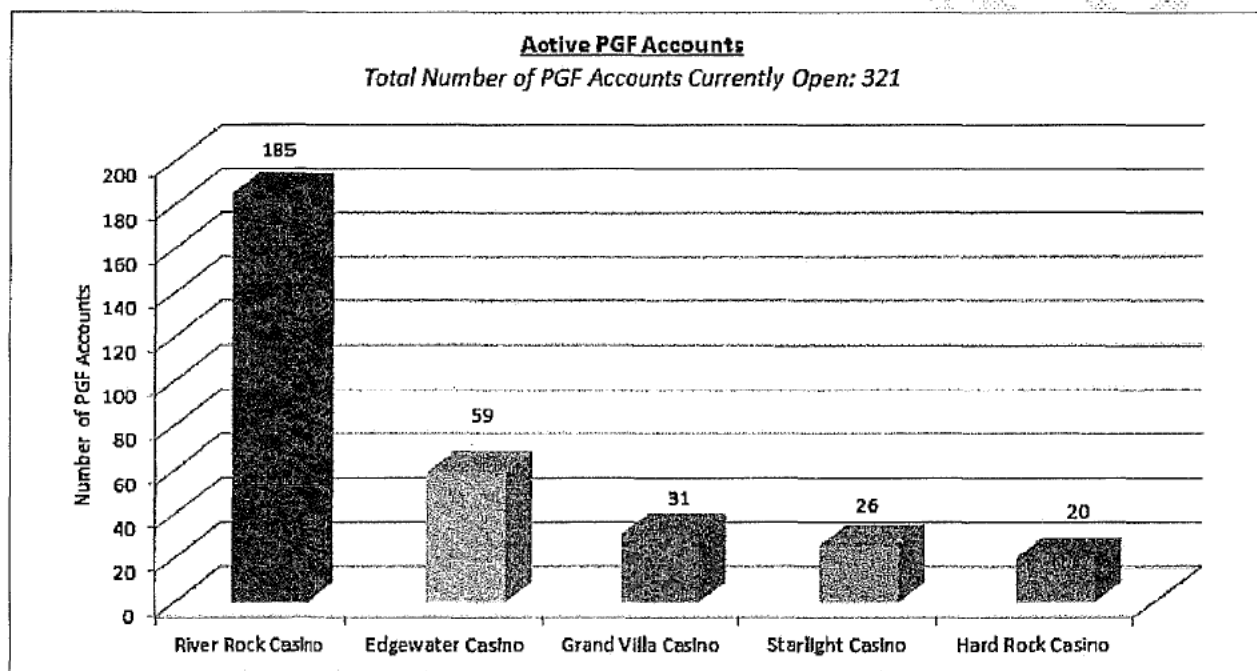
The cash alternative initiatives has had mixed results this period. The dollar value of PGF activity was significant; however, much of the activity was generated by a small number of patrons. Debit card transactions at the cash cage have increased each period, while utilization of convenience cheques is minimal. We will continue to monitor these initiatives as they progress.

Analysis of Cash Alternative Options

1. Patron Gaming Fund (PGF) Accounts

Approved casinos may offer PGF accounts wherein funds may be deposited, withdrawn for gaming, re-deposited for subsequent play or returned to the patron. A minimum of \$10,000 must be initially deposited by a patron to open a PGF account. Subsequent deposits to PGF accounts after initial opening may be for less than \$10,000.

During the period January 1, 2014 – June 30, 2014, a total of 134 new PGF accounts were created and 52 existing accounts were closed. 321 accounts remain open as at June 30, 2014, as shown below.

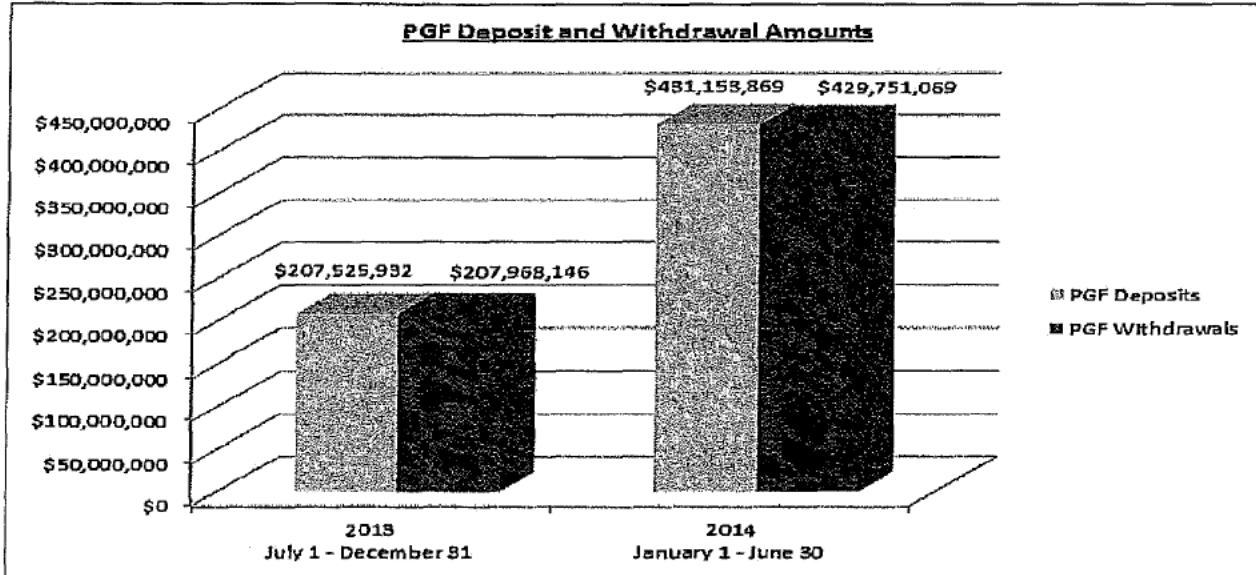


PGF Account Deposits and Withdrawals for the Period January 1, 2014 – June 30, 2014

A total of \$431,153,869 was deposited into PGF accounts, and \$429,751,069 was withdrawn during the period January 1, 2014 – June 30, 2014. The closing PGF account balance as at June 30, 2014, is \$2,606,918 as detailed below.

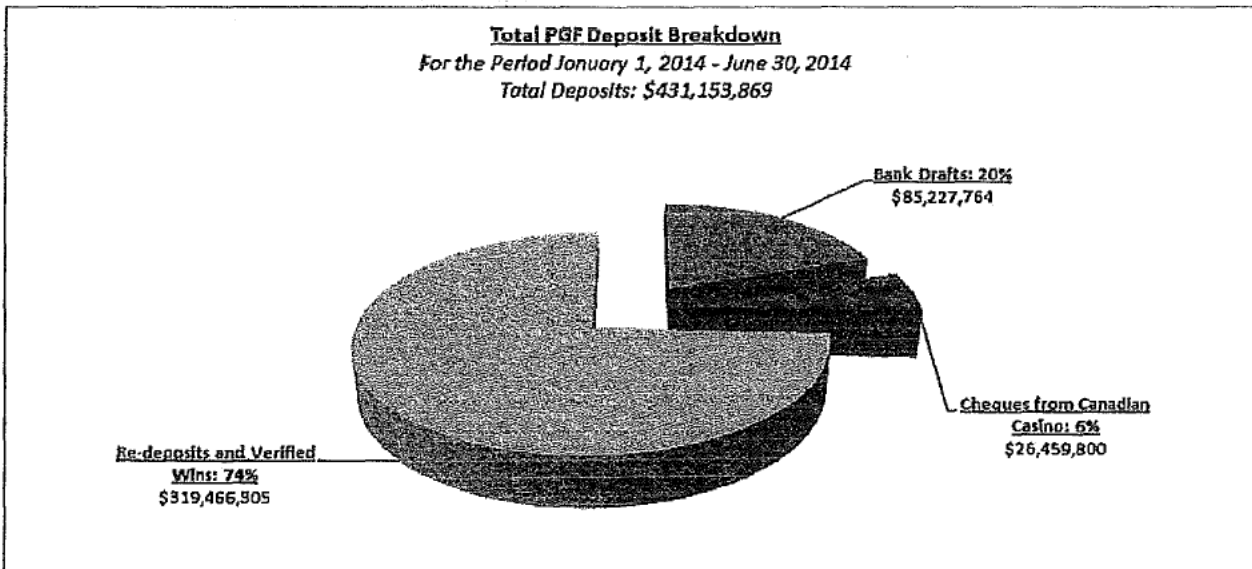
Site	Opening Balance January 1, 2014	January 1, 2014 – June 30, 2014		Closing Balance June 30, 2014
		PGF Account Deposits	PGF Account Withdrawals	
River Rock Casino	\$408,363	\$195,228,246	\$193,420,846	\$2,215,763
Edgewater Casino	\$0	\$127,159,260	\$126,818,260	\$341,000
Grand Villa Casino	\$430,000	\$74,783,513	\$75,208,213	\$5,300
Starlight Casino	\$0	\$23,945,800	\$23,945,800	\$0
Hard Rock Casino	\$365,755	\$10,037,050	\$10,357,950	\$44,855
Total	\$1,204,118	\$431,153,869	\$429,751,069	\$2,606,918

The total PGF deposit and withdrawal amounts increased by 107% from the previous six month period, as shown in the following chart.



PGF Deposit Breakdown for the Period January 1, 2014 – June 30, 2014

The pie chart below provides a detailed breakdown of the \$431,153,869 that was deposited into PGF accounts during the period January 1, 2014 – June 30, 2014. 20% of the funds deposited into the accounts were bank drafts which represent “new money.” Re-deposits and verified wins accounted for 74% of the funds deposited into the accounts. Re-deposits are funds that patrons have withdrawn from their PGF account and then subsequently deposited back after any period of continuous play. Cheques from a Canadian casino accounted for 6% of the total deposits. Cheques from a Canadian casino are those that were issued to a patron at a Canadian casino different from the casino the patron is depositing them at. During the period reviewed, there were no deposits into PGF accounts from a U.S. regulated financial institution.

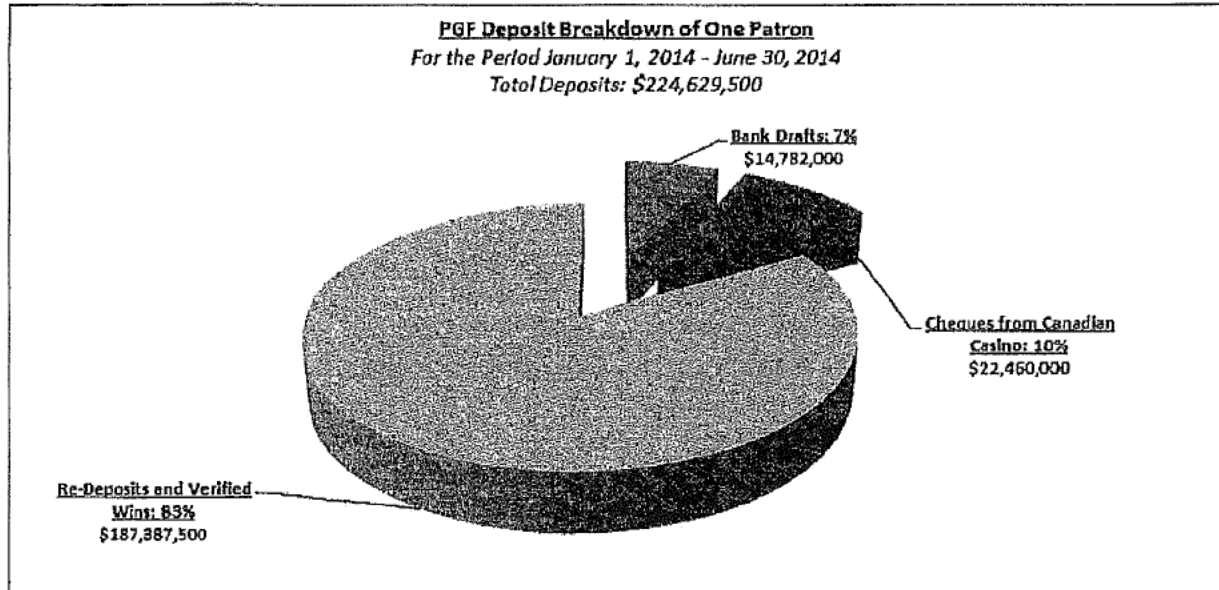


In-Depth Look at PGF Activity for the Period January 1, 2014 – June 30, 2014

Although PGF deposit and withdrawal amounts for the period January 1, 2014 – June 30, 2014, were at record highs, 52% of this activity was generated by one patron. This patron has three PGF accounts (an account at Edgewater, River Rock and Starlight Casino).

During the period January 1, 2014 – June 30, 2014, this particular patron had PGF deposits of \$224,629,500 and PGF withdrawals in the same amount. To put this into perspective, the PGF deposits and withdrawals of this one patron were more than those of all account holders combined during the previous six months and 13.6 times greater than the patron's own activity during the same period.

The pie chart below provides a detailed breakdown of this patron's PGF deposits of \$224,629,500. 7% of the funds deposited into this patron's PGF accounts were bank drafts which represent "new money" while re-deposits and verified wins accounted for 83% and cheques from a Canadian casino accounted for the remaining 10%.



Overall, of the total 321 PGF accounts that are currently open:

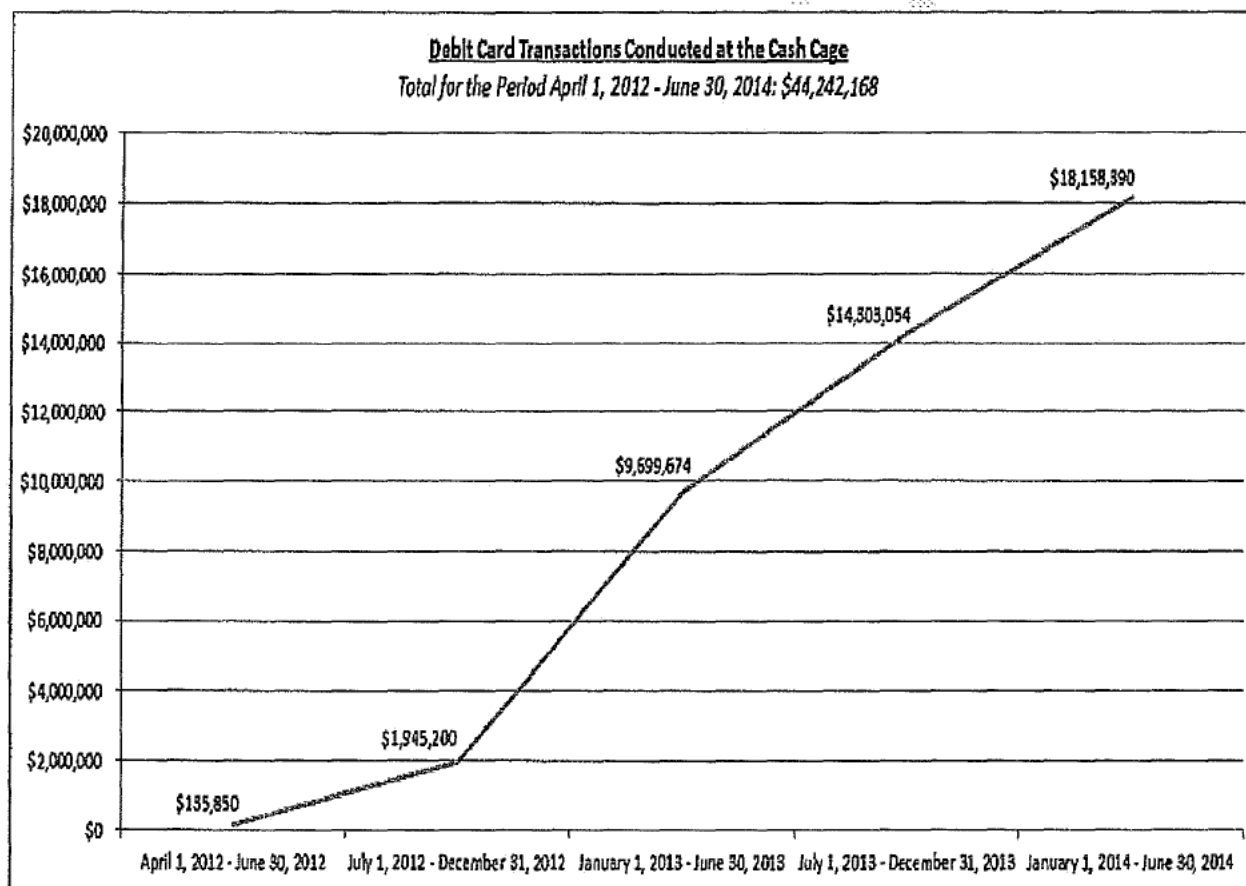
- 93 accounts had no activity within the past six months;
- 7 accounts had no activity for more than 365 days; and
- 52% of the total PGF deposit and withdrawal activity was generated by one patron, and 84% generated by 10 patrons.

2. Debit Card Transactions at Cash Cage

At the service provider's discretion, bank debit cards may be used at the cash cage for patrons to access funds for gaming. The service provider may stipulate monetary thresholds for the maximum allowed amount of the debit card transaction. Although BCLC Casino and Community Gaming Centre Standards, Policies and Procedures state that the minimum amount shall not be less than \$500 per transaction, BCLC has allowed service providers to let patrons purchase funds below the minimum threshold.

Presently, 17 of the total 34 casinos and community gaming centres in the province offer debit card services at the cash cage as follows: Cascades Casino, Casino Nanaimo, Chances Abbotsford, Chances Campbell River, Chances Chilliwack, Chances Courtenay, Chances Maple Ridge, Edgewater Casino, Fraser Downs Casino, Grand Villa Casino, Hard Rock Casino, Lake City Casino Kelowna, Playtime Gaming Langley, River Rock Casino, Starlight Casino, Treasure Cove Casino, and View Royal Casino.

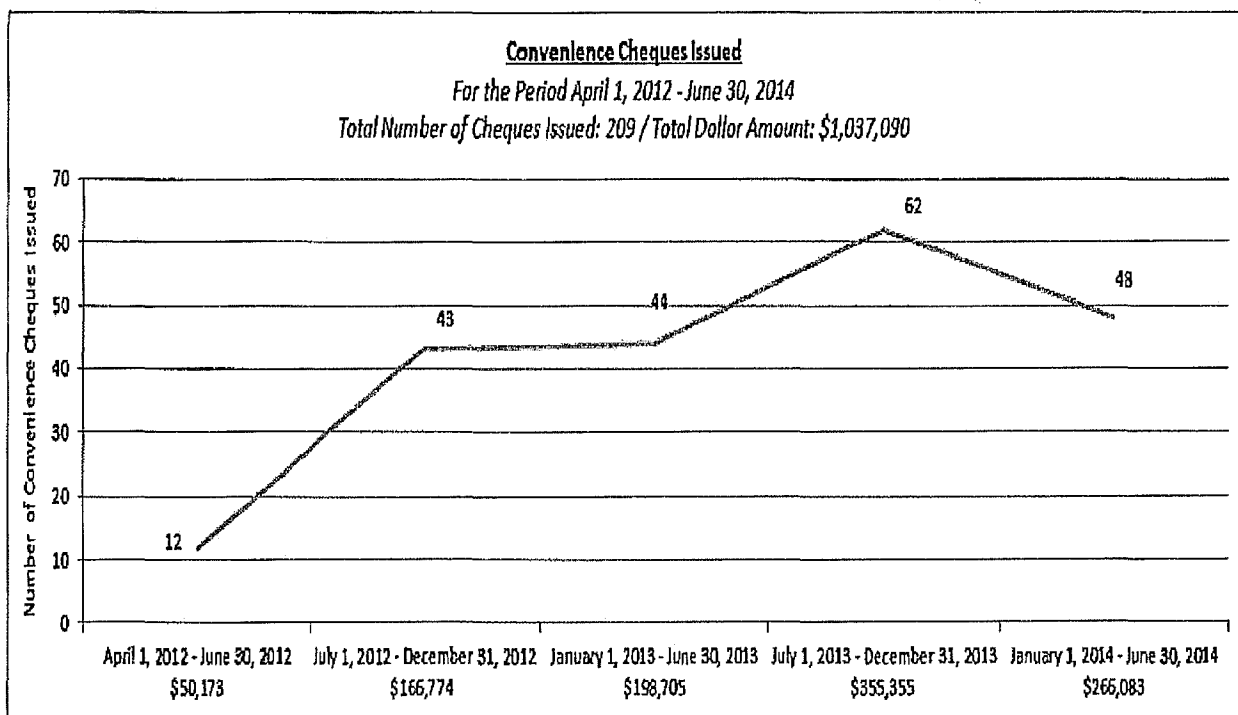
Debit card transactions conducted at the cash cage during the period January 1, 2014 – June 30, 2014, amounted to \$18,158,390. This represents a 27% increase from the previous six month period, as shown below.



3. Convenience Cheques

Service providers may, at their discretion and upon the request of the patron, issue a cheque that is not for a verified win, but for the return of buy-in funds or unverified wins. At the launch of this initiative, the maximum limit for convenience cheque issuance was \$5,000, which was later increased to \$8,000 and now effective April 2014, has been increased to \$10,000.

A total of 48 convenience cheques were issued during the period January 1, 2014 – June 30, 2014, which represents a 22% decrease from the previous six month period, as shown below. The dollar value of convenience cheques issued this period was \$266,083, which represents a 25% decrease from the previous six month period. To date, a total of 209 convenience cheques have been issued for a total amount of \$1,037,090.



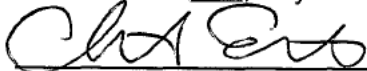
Since this initiative was launched:

- River Rock Casino has issued 140 of the total 209 convenience cheques.
- 24 patrons have received more than one convenience cheque each.
- One patron has received 19 convenience cheques totaling \$146,000.

4. Hold Cheque Option

Service providers are permitted to offer a Hold Cheque Option to individual patrons wherein a negotiable financial instrument such as a personal cheque can be held for a period of time before being settled (cashed). Once cleared, the full amount of the cheque can be accepted for gaming. As of June 30, 2014, no patrons have utilized this option at any of the approved sites.

This is **EXHIBIT "31"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of 2015 March, 2021.



A Commissioner for taking Affidavits in British Columbia



INTERNAL MEMO

To: Len Meilleur, Executive Director, Compliance Division
David Pyatt, Director, Commercial Gaming, Compliance Division

From: Parminder Basi, Commercial Gaming Auditor

Date: November 27, 2014

Subject: COMM-8038 Cash Flow Inventory Review / Grand Villa Casino / January 1 – June 30, 2014

EXECUTIVE SUMMARY

Gaming facilities in BC are primarily a cash intensive business. The objective of our review is to understand the volume of cash by denomination flowing through the casino. The scope of the review was limited to Grand Villa Casino for the period January 1, 2014 - June 30, 2014. Review procedures consisted of: analyzing currency used for gambling; analyzing currency flow between the casino and its financial institution and reviewing suspicious financial transaction reports.

KEY OBSERVATIONS

- Buy-ins for table games consisted of 70% cash and 30% non-cash. Non-cash buy-ins was conducted through use of Patron Gaming Fund (PGF) accounts. The breakdown by denomination type for cash buy-ins was as follows: 50% with \$20s, 39% with \$100s, and the remaining 11% with \$50s, \$10s and \$5s.
- The Cypress Room, which is Grand Villa Casino's premier high limit room, contributed 53% of all table drop revenues. The breakdown by denomination type for cash buy-ins in the Cypress Room was as follows: 49% with \$20s, 45% with \$100s, and the remaining 6% with \$50s, \$10s and \$5s.
- The total amount of PGF buy-ins during the review period was \$67,807,360. Of the buy-ins, 93% was for table play in the Cypress Room, and 7% for table play in the Lions Rooms. Together, PGF buy-ins contributed to 30% of the table drop revenue.
- The denomination breakdown for slot play was as follows: 54% with \$20s, 25% with \$100s and the remaining 21% with \$50s, \$10s and \$5s. With majority of the slot machines on the gaming floor being penny games (one cent to 99 cents), slot play with lower denomination bills is not unusual.
- A review of bank deposit slips determined that majority of the bills deposited into the casino's bank accounts were \$20s, while only a small percentage were \$100s.
- 65 suspicious financial transaction reports were submitted. 82% of the reports were in relation to large cash buy-ins with small denomination bills; 11% pertained to cash passing between patrons; 5% for other suspicious activity (unusual activity in the parking lot, minimal play, etc.); and 2% for chip passing and suspected money laundering at slot machines.

GENERAL COMMENTS

The denomination of currency used to conduct cash buy-ins for tables in the Cypress Room (high limit room) was consistent with that for cash buy-ins for tables for the rest of the casino. This is notable, considering that the Cypress Room is reserved for high stakes betting, and a reasonable expectation would be greater cash buy-ins with the more manageable currency of \$100 bills. However, a majority of the table buy-ins that occurred in the Cypress Room were conducted through the use of PGF accounts, which is an alternative to cash. Overall, in an industry that is still predominantly cash intensive, Grand Villa Casino, submitted 53 suspicious financial transaction reports to FINTRAC in relation to large cash buy-ins with small denomination bills, which equates to less than one report per day, over the six month period reviewed.

A comparison between the volumes of cash being brought into the casino to that being deposited to its bank accounts raises concerns of possible money refinement. Specifically, only 4% of the \$100 bills that the casino received through table and slot play was deposited into the bank, compared to deposits of 51% of the \$20 bills received. This, together with work that our audit and compliance division has conducted at the casino in the past, suggests that the site does not always pay out its patrons in the same denomination of bills for which they bought in with. Although the casino's payout practices at the cash cage may be subject to some discretion, the disproportionate percentage of deposits is disturbing.

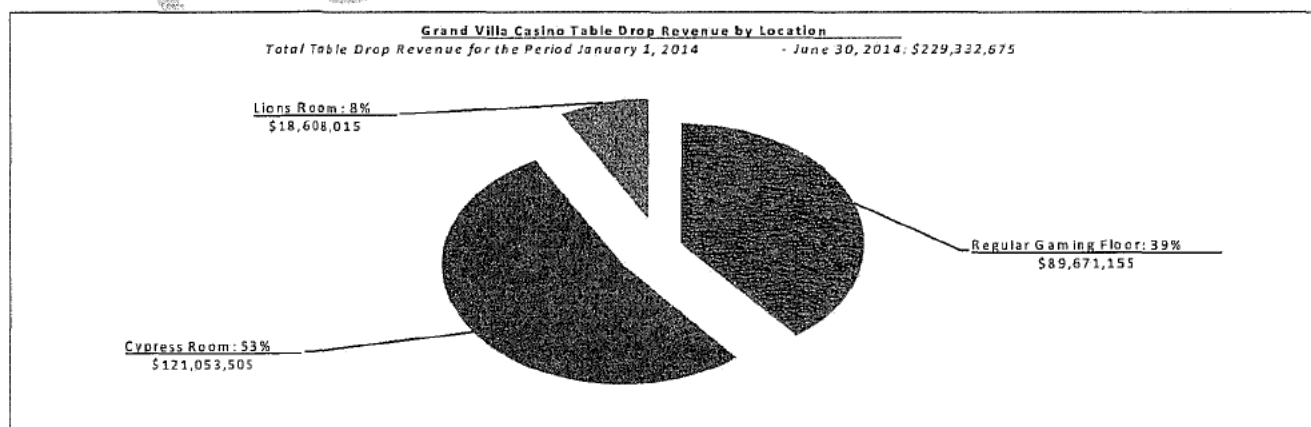
The risk of patrons using slot machines to launder money does not appear high, based on our analysis of the denomination of currency used for slot play and a review of suspicious financial transaction reports.

PART 1: CURRENCY USED FOR GAMBLING

The currency volumes and denominations used for gambling were analyzed by reviewing each table and slot count daily report for the period January 1, 2014 – June 30, 2014. A total of 181 table count and 181 slot count reports were reviewed.

TABLE PLAY ANALYSIS

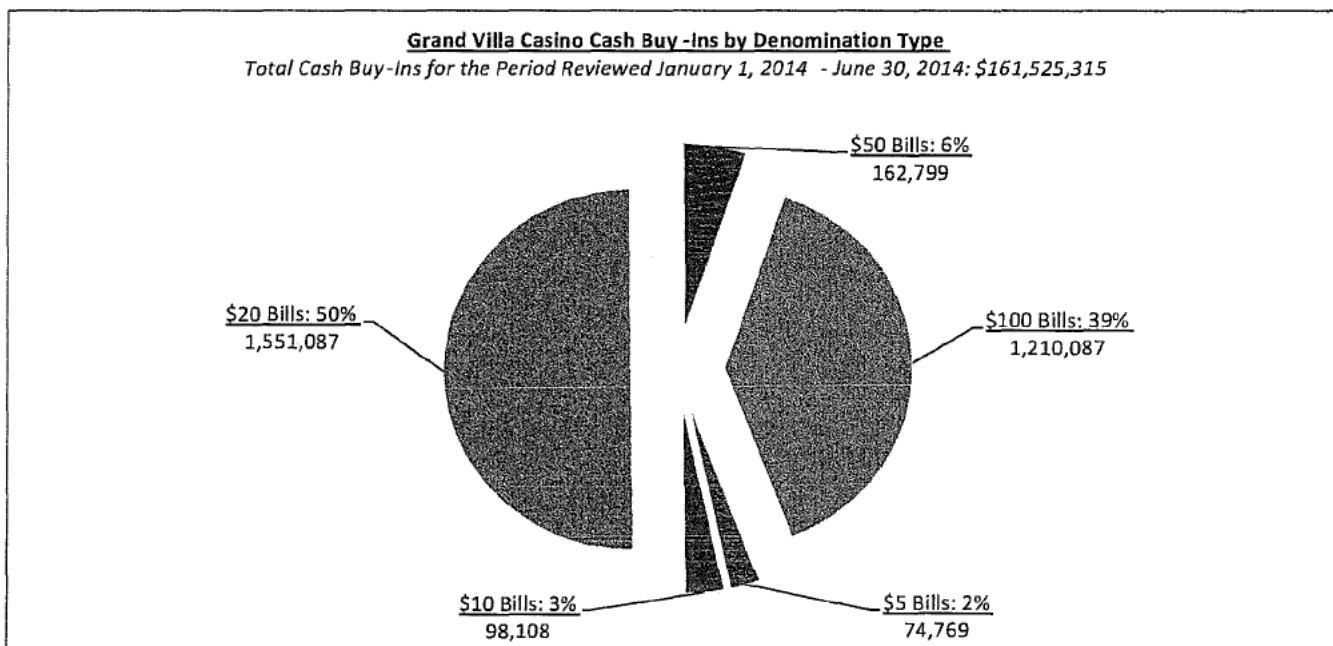
Grand Villa Casino has a total of 50 tables (excluding eight tables in the poker room). The casino has two high limit rooms, which consist of the Cypress Room (12 tables), and the Lions Room (8 tables). The regular gaming floor has 30 tables. For the period reviewed January 1, 2014 – June 30, 2014, the total table drop revenue was \$229,332,675 which equates to an average daily drop of \$1,267,031. As shown in the chart below, 61% of the table buy-ins occurred in the two high limit rooms (Cypress Room and Lions Room) and 39% on the regular gaming floor.



CASH BUY-INS

Cash buy-ins consisted of 70% (\$161,525,315) of the total table drop revenue of \$229,332,675. Non-cash buy-ins, which occurred through the use of PGF accounts accounted for the remaining 30%.

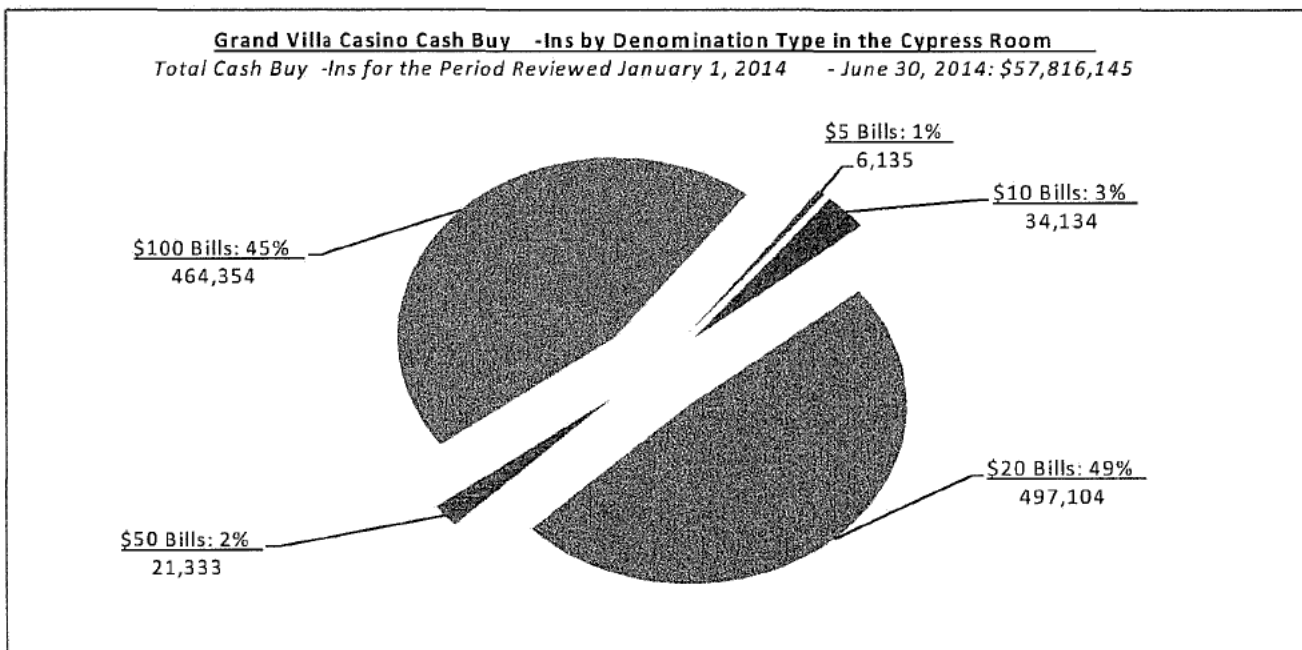
The chart below provides a breakdown by denomination type of the total \$161,525,315 cash buy-ins for table games for the casino as a whole. As shown, 50% of the cash buy-ins occurred with \$20s, 39% with \$100s, and the remaining 11% with \$50s, \$10s and \$5s.

CYPRESS ROOM (HIGH LIMIT ROOM)

The Cypress Room is Grand Villa Casino's premier high limit room, offering 12 table games in a private setting. According to the Manager of Compliance, Gateway Casinos and Entertainment Limited, the average number of daily visitors to the Grand Villa Casino using door count figures is 4,000/day (ranges from a low of 3,200 to a high of 4,850), and the average number of daily visitors to the Cypress Room as tracked elsewhere by different personnel is 200/day (ranges from a low of 150 to a high of 250).

For the period reviewed January 1, 2014 – June 30, 2014, the total table buy-ins in the Cypress Room was \$121,053,505, which equates to 53% of the casino's total table drop revenue.

In the Cypress Room, 48% (\$57,816,145) of the buy-ins were with cash, and 52% (\$63,237,360) were non-cash buy-ins through the use of PGF accounts. The chart below provides a breakdown by denomination type for the total cash buy-ins of \$57,816,145 in the Cypress Room. As shown, 49% of the cash buy-ins occurred with \$20s, 45% with \$100s, and the remaining 6% with \$50s, \$10s and \$5s.

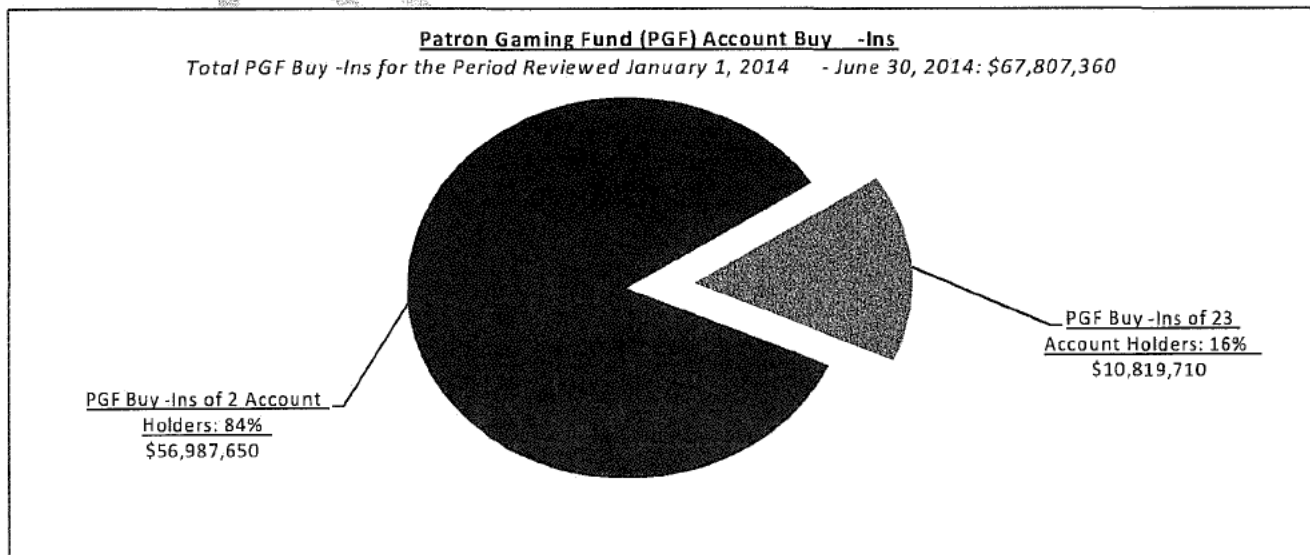


PATRON GAMING FUND (PGF) BUY-INS

PGF accounts are a non-cash alternative, wherein funds may be deposited by patrons, withdrawn for gaming, re-deposited for subsequent play or returned to the patron.

The total amount of PGF buy-ins during the period reviewed January 1, 2014 – June 30, 2014, was \$67,807,360. Of the PGF buy-ins, 93% (\$63,237,360) was for table play in the Cypress Room, and 7% (\$4,570,000) for table play in the Lions Rooms. Together, PGF buy-ins contributed to 30% of the casino’s total table drop revenue.

The illustration below provides a breakdown of the PGF buy-ins of \$67,807,360 for the period reviewed January 1, 2014 – June 30, 2014. As shown, 84% of the PGF buy-ins was by two account holders, while 16% was by 23 account holders.



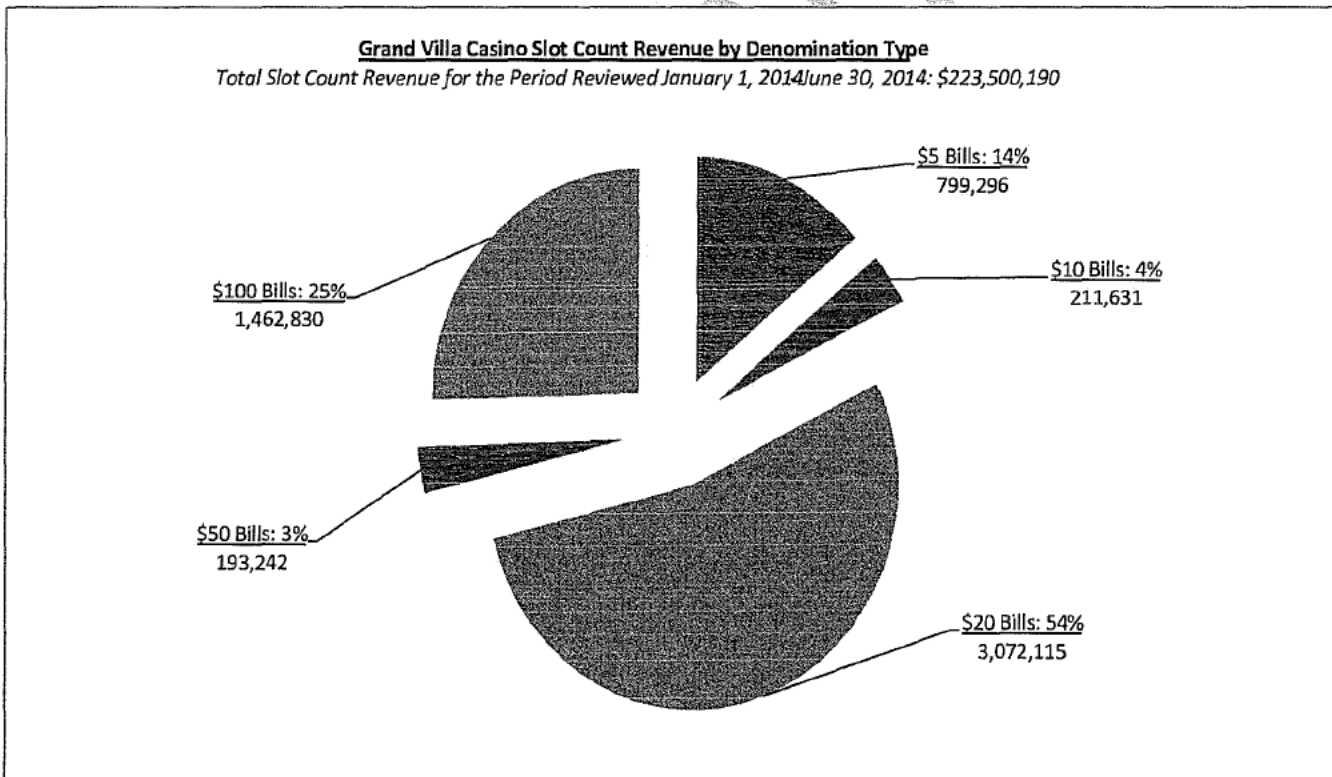
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SLOT PLAY ANALYSIS

Slot machines require a patron to insert a bill (\$5, \$10, \$20, \$50 and \$100) into the machine’s currency acceptor, in exchange for machine credits. The machine credits, allow the patron to begin slot play. Slot machines no longer take any coins. When the patron is finished playing, the slot machine will print out an IVS ticket. Remaining credits on the IVS ticket may be redeemed at the cash cage or NRT machine or used towards additional slot play.

As at June 30, 2014, Grand Villa Casino has a total of 1,138 slot machines, of which 85% (970 slot machines) are penny games (one cent to 99 cents) and 15% (168 slot machines) are dollar games. A patron can, however, wager \$1 or more per spin on a penny game, because with multi-line games, players can choose to play many credits over many lines, and some players will often play the maximum number of lines.

For the period reviewed January 1, 2014 – June 30, 2014, the total slot count revenue was \$223,500,190 which equates to an average daily drop of \$1,234,808. The chart below provides a breakdown by denomination type of the total slot count revenue. As shown, 54% of the contents of the slot cassettes were \$20s, 25% were \$100s and the remaining 21% were \$50s, \$10s and \$5s. With majority of the slot machines on the gaming floor being penny games, slot play with lower denomination bills is not unusual.



PART 2: CURRENCY FLOW BETWEEN CASINO AND FINANCIAL INSTITUTION

The currency flow between Grand Villa Casino and its financial institution, Bank of Montreal (BMO) was analyzed by reviewing bank deposits and the replenishment of bills.

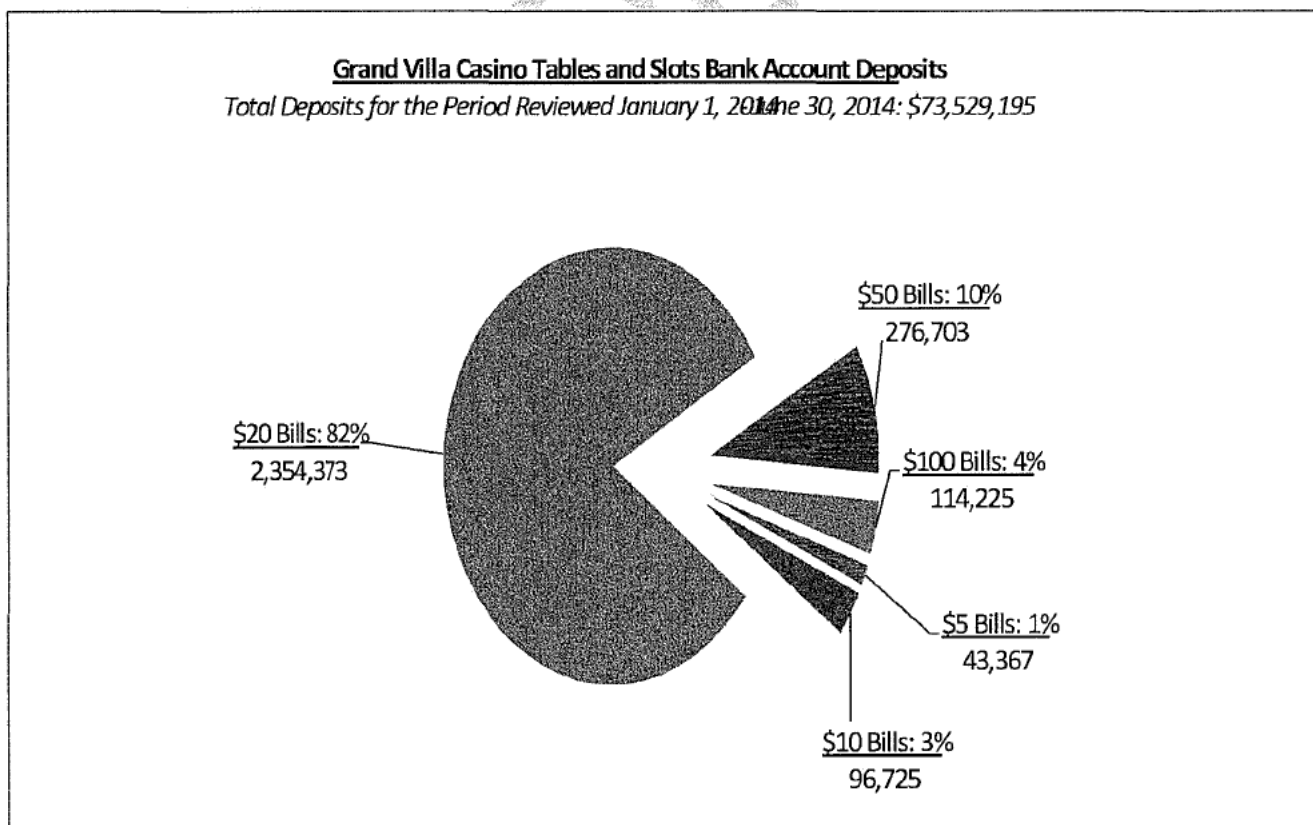
BANK DEPOSIT ANALYSIS

Grand Villa Casino deposits cash from its gaming operations into the below three bank accounts. The casino also has a PGF bank account; however, cash is not deposited into this account. PGF deposits consist of bank drafts, certified cheques, cheques from a Canadian casino, wire transfers, electronic fund transfers, and return of funds cheques and verified win cheques. As there were no cash deposits made to the PGF bank account, it was not analyzed.

- Tables and Slots Bank Account
- Foreign Currency Bank Account
- U.S. Dollar Bank Account

TABLES AND SLOTS BANK ACCOUNT

During the period reviewed January 1, 2014 – June 30, 2014, a total of \$73,529,195 was deposited into the tables and slots bank account. The chart below provides the breakdown of this figure by denomination type. As shown, 82% of the bills deposited into the bank account were \$20s, 10% were \$50s, 4% were \$100s and the remaining 4% were \$10s and \$5s.



FOREIGN CURRENCY AND U.S. DOLLAR BANK ACCOUNT

Grand Villa Casino plays host to many foreign tourists, and as such, offers currency exchange services. The U.S. dollar is the foreign currency most often exchanged for Canadian dollars at the casino. The table below shows the total foreign currency deposited by the casino into its foreign currency and U.S. dollar bank accounts during the period reviewed January 1, 2014 – June 30, 2014.

\$ 1,151,145 U.S. Dollar	
¥ 944,000 Japanese Yen	
\$ 286,760 Hong Kong Dollar	
€ 87,730 Euro	

COMPARISON BETWEEN BILLS RECEIVED AND DEPOSITED

The table below provides a comparison between the volume of \$100 and \$20 bills that the casino received through table and slot play to those deposited into the tables and slots bank account.

During the period reviewed January 1, 2014 – June 30, 2014, the casino deposited into its bank accounts 51% of the \$20 bills and only 4% of the \$100 bills that it received through table and slot play. The low percentage of \$100 bills being deposited in the casino's bank accounts, partly supports our finding from a previous review conducted in 2012 (COMM-6883) where Grand Villa Casino acknowledged that it does not always pay out patrons in the same denomination of bills for which they bought in with. Patrons that buy-in with large number of small denomination bills may be cashed out with large denomination bills, if the site deems that the patron had reasonable play and/or reasonable net gaming losses.

	Volume of \$100 Bills	Volume of \$20 Bills
Bills Received from Table Play	1,210,087	1,551,087
Bills Received from Slot Play	1,462,830	3,072,115
Total Bills Received from Table and Slot Play	2,672,917	4,623,202
Total Bills Deposited into Bank Accounts	114,225	2,354,373
Percentage of Bills Deposited to Bank	4%	51%

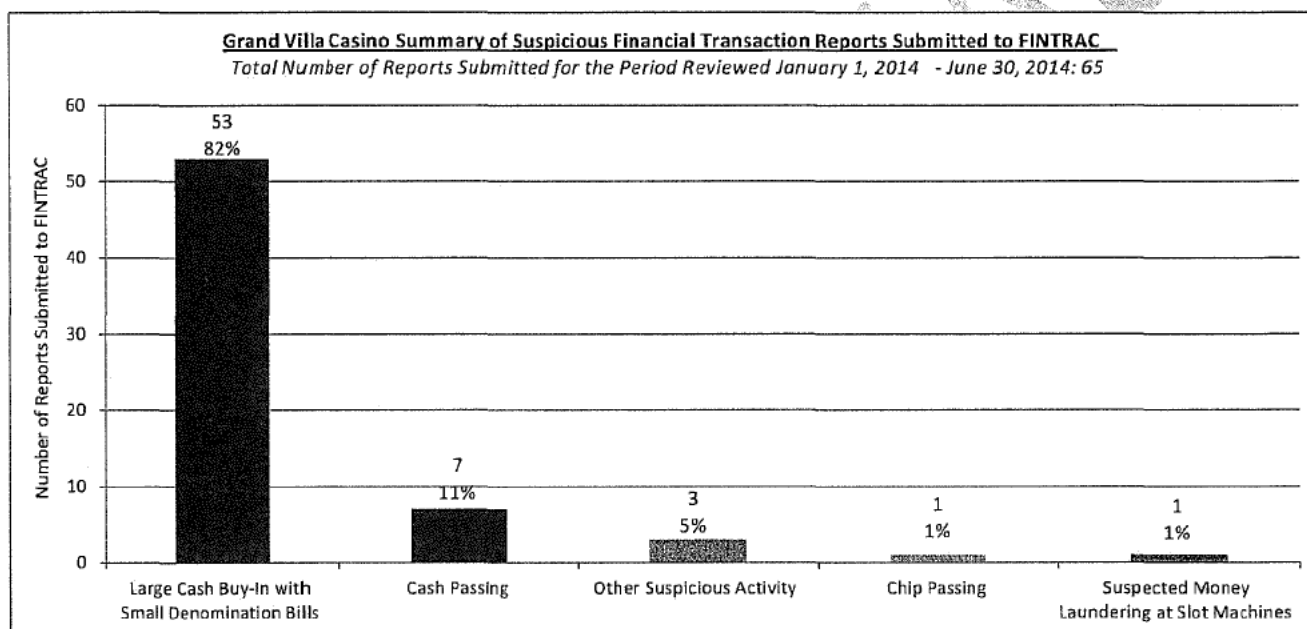
CURRENCY REPLENISHMENT ANALYSIS

On a weekly basis, Grand Villa Casino receives a re-supply of bills from its financial institution. The process consists of the casino returning a fixed amount of currency back to its financial institution in exchange for newer bills and bills of different denominations. During the period reviewed January 1, 2014 - June 30, 2014, Grand Villa Casino returned back to its financial institution \$1,043,600 in exchange for \$10 bills, \$5 bills and coins. The replenishment of currency was primarily to refill NRT machines and to provide float money to cashiers and slot attendants.

PART 3: SUSPICIOUS FINANCIAL TRANSACTION REPORTS

Casinos are required to send a suspicious financial transaction report to the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) when there are reasonable grounds to suspect that a transaction or an attempted transaction is related to the commission or the attempted commission of a money laundering or financing offence.

During the period reviewed January 1, 2014 – June 30, 2014, Grand Villa Casino submitted 65 suspicious financial transaction reports to FINTRAC. The chart below summarizes the type of suspicious financial transaction reports submitted. 82% of the reports submitted were in relation to large cash buy-ins with small denomination bills; 11% pertained to cash passing between patrons; 5% for other suspicious activity (unusual activity in the parking lot, minimal play, etc.); and 2% for chip passing and suspected money laundering at slot machines.



PART 4: APPENDIX - GAMING TERMINOLOGY

Slot Cassette – Cassette box inside slot machine used to hold currency received by slot currency acceptor.

Slot Count Report – Electronic report that details the count of all currency contained in a slot cassette.

Slot Count Revenue – Currency collected from slot cassette.

Table Buy-In – Purchase of casino chips for table play.

Table Count Report – Electronic report that details the count of all currency contained in a table drop box.

Table Drop Box - Locked container affixed to the gaming table that serves as a repository for currency collected from the table game.

Table Drop Revenue – Currency collected from table games.



INTERNAL MEMO

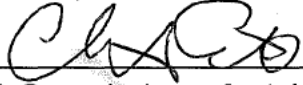
To: Len Meilleur, Executive Director, Compliance Division
David Pyatt, Director, Commercial Gaming, Compliance Division

From: Parminder Basi, Commercial Gaming Auditor
Tim Storms, Commercial Gaming Auditor

Date: December 18, 2014

Subject: COMM-8189 Project Fallout

This is **EXHIBIT "32"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.


A Commissioner for taking Affidavits in British Columbia

EXECUTIVE SUMMARY

A comprehensive review of one patron, ██████ Chen, was conducted due to the extraordinary dollar volumes and behaviours exhibited with her gambling. The scope was limited to a review of her gambling activity, behavior, and associates, from available resources. The period of the review was December 1, 2010 – November 30, 2014, which is the known start of her gambling activity in BC casinos. The objective of the review was to ascertain if there is any evidence of impropriety or impairment to the integrity of gaming.

Key Red Flags

- ☐ ██████ Chen's gambling activity has increased substantially since January 1, 2014. Her total table buy-ins, ██████ **Redacted** ██████ during the period January 1, 2014 – November 30, 2014, was \$1.53 million. This is an increase of 400% from her combined table buy-ins from all previous periods dating back to 2010. In addition, she has deposited \$224 million into her Patron Gaming Fund (PGF) account and withdrawn the same amount during the review period January 1, 2014 – June 30, 2014. This represented 52% of all PGF dollar volume activity in BC.
- ☐ The occupation details provided by Chen are vague and not readily verifiable. Although, Chen states that she is the president of a fruit company that is involved in the import and export business, the name and location of her business was not provided.
- ☐ The frequency of her casino visits and duration of play does not correspond to her stated occupation. Chen is observed attending the casinos on a daily basis, for extensive hours (in excessive of eight hours) during all hours of the day.
- ☐ Two lawsuits were filed against ██████ Chen in December 2014 with the BC Supreme Court registry in Vancouver. The first lawsuit names ██████ Chen, along with others, as the defendants. The plaintiff in this case is claiming damages for fraud, breach of contract, breach of trust and breach of fiduciary duty after the defendants deceived her into providing funds for a fruit business, which they misappropriated for their own use. The second lawsuit, was filed by private investors, and accuses Chen of defaulting on her mortgage for the amount owing of \$224,757. The mortgage in this case was secured at an interest rate of 15% per annum. Both civil claims have yet to be proven in court.

- Ⓡ Her marital status is conflicting. One of the associates known to accompany Chen to the casinos is a former River Rock Casino table games supervisor (employment ceased as of February 2014) and is believed to be either her boyfriend or common-law partner, while two others have been identified by the sites as her husband based on her comments.
- Ⓡ Bank draft deposits have been made to Chen's PGF account from six different Canadian regulated financial institutions (BMO, CIBC, HSBC, RBC, Scotiabank and TD). As the bank drafts do not contain the name or account the monies were drawn from, the source of the funds cannot be ascertained other than which financial institution the funds were drawn on. Therefore, the bank drafts deposited into Chen's PGF account may be from anybody's accounts. An important component of any anti-money laundering control is being able to identify the source of the funds.
- Ⓡ The closing balance for Chen's PGF account is almost always zero. At the end of each gaming session, Chen typically clears out her PGF account by receiving a 'Return of Patron Gaming Fund Account' non-verified win cheque. Such cheques are redeemable at any Canadian casino and are also accepted by financial institutions.
- Ⓡ Despite having a PGF account that she uses extensively, Chen has continued to conduct large cash buy-ins with small denomination bills.
- Ⓡ On numerous occasions, Chen has left the casino in possession of a large amount of gaming chips. Gaming chips may be used as alternate form of currency in illegal transactions.
- Ⓡ Chen has been associated with numerous individuals with a history of incident reports in iTrak for occurrences such as: suspicious financial transactions, chip passing and unusual activity. On one occasion, Chen issued a complaint against Paul King Jin at Starlight Casino for following her. When approached by Starlight security, Paul King Jin stated that he was following her because, "she owed him money" and that she "defrauded" him. An incident report at River Rock Casino has referred to Paul King Jin as a "known loan shark."
- Ⓡ Chen utilizes numerous bank accounts to conduct her banking activity associated with gambling. For instance, up to six different bank accounts have been used by Chen to deposit cheques that she has received from River Rock Casino. This together, with funding her PGF account with bank drafts from numerous financial institutions, may be an attempt to layer transactions. The primary purpose of layering a transaction is to conceal the origin of the proceeds.
- Ⓡ Chen's gambling activity appears to have ceased in September 2014. Information has been received that she has left Canada and is presently in China.

Conclusion

The results of this review have provided indications or red flags that something may be amiss. However, there is no evidence of illicit activity. There may be reasonable explanations for ██████████ Chen's activities, actions and behavior, including an inheritance, a wealthy partner, family support, or other, all of which is not known to us. It may also be that any illicit activity is taking place outside the casino environment. The resources available to conduct this review do not provide any authority to investigate or review beyond those related to casino activity. For example, we do not have the authority to review Chen's bank accounts for suspicious activity. Therefore, the results of this review are not conclusive and should be used with caution.

PART 1: INTRODUCTION

Background

A GPEB review of Patron Gaming Fund (PGF) accounts conducted in July 2014, revealed that one patron, ██████ Chen, had deposited \$224 million into her PGF account and withdrawn the same amount during the review period January 1, 2014 – June 30, 2014. Her PGF deposits and withdrawals represented 52% of the total PGF dollar volume activity and was more than all other account holders combined during the six months reviewed. In addition, her PGF activity was 13.6 times greater than her activity during the previous six months. Due to the extraordinary dollar volumes and behaviours exhibited with her gambling activity, it was determined that an in-depth look at ██████ Chen was warranted.

Objective

The objective of the review is to ascertain if there is any evidence of impropriety or impairment to the integrity of gaming. The intelligence provided within this report will be shared within GPEB and other agencies deemed appropriate.

Scope

The scope is limited to a review of ██████ Chen, her gambling activity, behavior, and associates, from those available resources, including iTrak, and surveillance footage obtained from River Rock Casino. The review period is from December 1, 2010 – November 30, 2014, which is the known start of her gambling activity in BC casinos.

Who is ██████ Chen?

██████ Chen is a ██████ year old, Chinese national, female, that resides in Richmond, BC. She holds permanent residency in Canada. She is a well-known, high limit gambler at Edgewater, River Rock, and Starlight Casino. She gambles frequently on an almost daily basis, most often at River Rock Casino. Like most high limit Asian players, her game of choice is Baccarat. She has a history of gambling for extensive hours (in excess of eight hours), during all hours of the day, and oftentimes at multiple sites on the same day. Chen has three PGF accounts. Her accounts at Edgewater and River Rock Casino were opened in May 2013, while her account at Starlight Casino was re-opened in January 2014. Her account at River Rock is her most active.

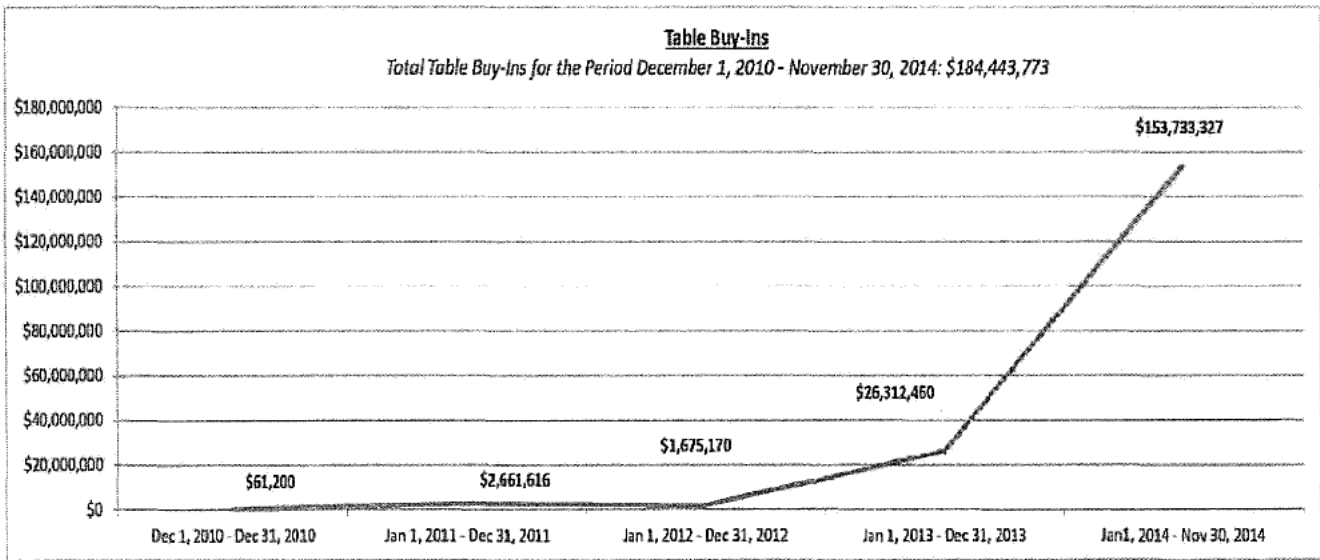
Her marital status is conflicting. One of the associates known to accompany her to the casinos has been identified by the sites as either her boyfriend or common-law partner ██████, former table dealer supervisor at River Rock Casino), while two others have been identified by the sites as her husband (██████ and ██████).

The occupation details provided by Chen are vague. Although, she states that she is the president of a fruit company, the name and location of her business was not provided. Two lawsuits were filed against ██████ Chen in December 2014 with the BC Supreme Court registry in Vancouver. The first lawsuit names ██████ Chen, along with others (including ██████, whom was described as Chen's husband at one point) as the defendants. The plaintiff in this case is claiming damages for fraud, breach of contract, breach of trust and breach of fiduciary duty after the defendants deceived her into providing funds for a fruit business, which they misappropriated for their own use. The second lawsuit, was filed by private investors, and accuses Chen of defaulting on her mortgage for the amount owing of \$224,757. The mortgage in this case was secured at an interest rate of 15% per annum. Both civil claims have yet to be proven in court.

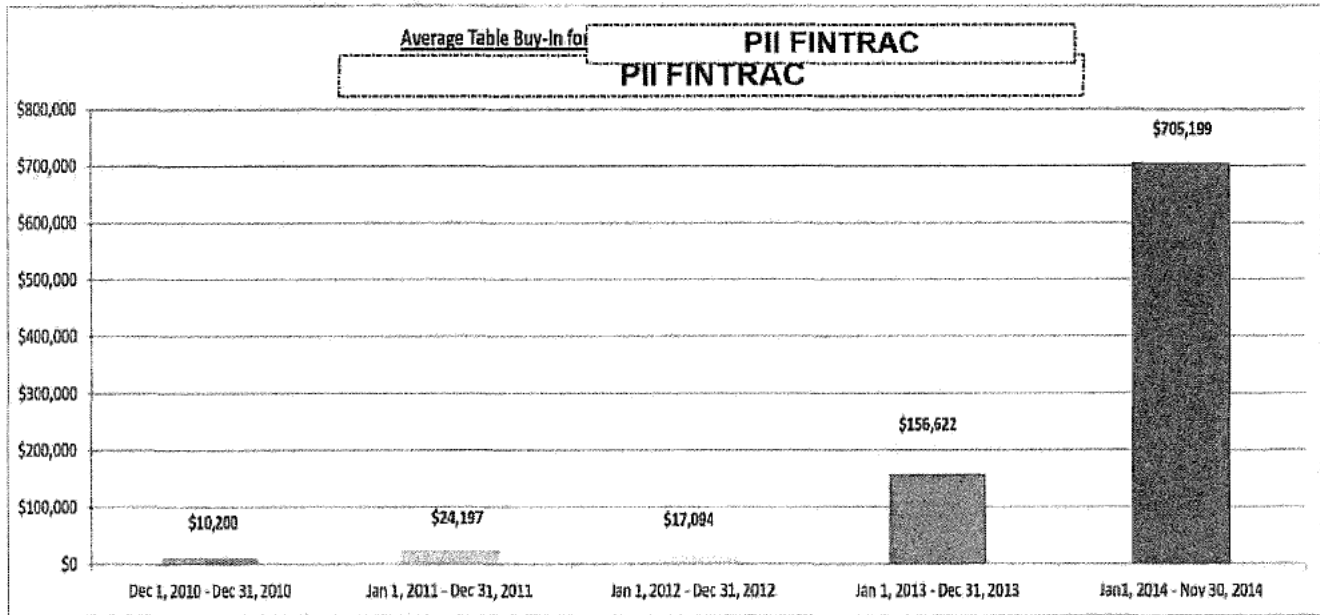
PART 2: GAMBLING ACTIVITY

Redacted

Chen's known gambling activity in BC dates back to December 1, 2010. During the period December 1, 2010 – November 30, 2014, her total table buy-ins, **Redacted** were \$184,443,773 (shown below). Of the table buy-ins, 83% occurred since January 1, 2014.



During the period December 1, 2010 – November 30, 2014, **PII FINTRAC** The table below shows her average table buy-in for each LCTR. As you can see, her average table buy-in within the past 11 months is significantly higher than all prior periods.



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Analysis of Table Tracking Cards

An analysis of table tracking cards was conducted in part to determine if the amounts being cashed out by ██████ Chen at the conclusion of gaming sessions were reasonable given the level of her buy-ins and the amounts she won or lost during play. Table tracking cards are used by casinos to track wins or losses by a patron playing a table game in order to determine the amount of the verified win for the session. Verified wins can be paid out by cheque or re-deposited into a patron’s PGF account.

Table tracking cards were reviewed for the months January, July and August 2014. The amounts cashed out by Chen, were compared against her buy-ins and net chip position (up or down at the table) to determine if her play was reasonable and substantiated. Our analysis showed that ██████ PII FINTRAC ██████ had reasonable verified wins which tied back to actual wins as documented on the table tracking cards. In the case of the two that were not considered reasonable, the unsubstantiated portions of the verified wins were \$107,000 and \$33,400 respectively.

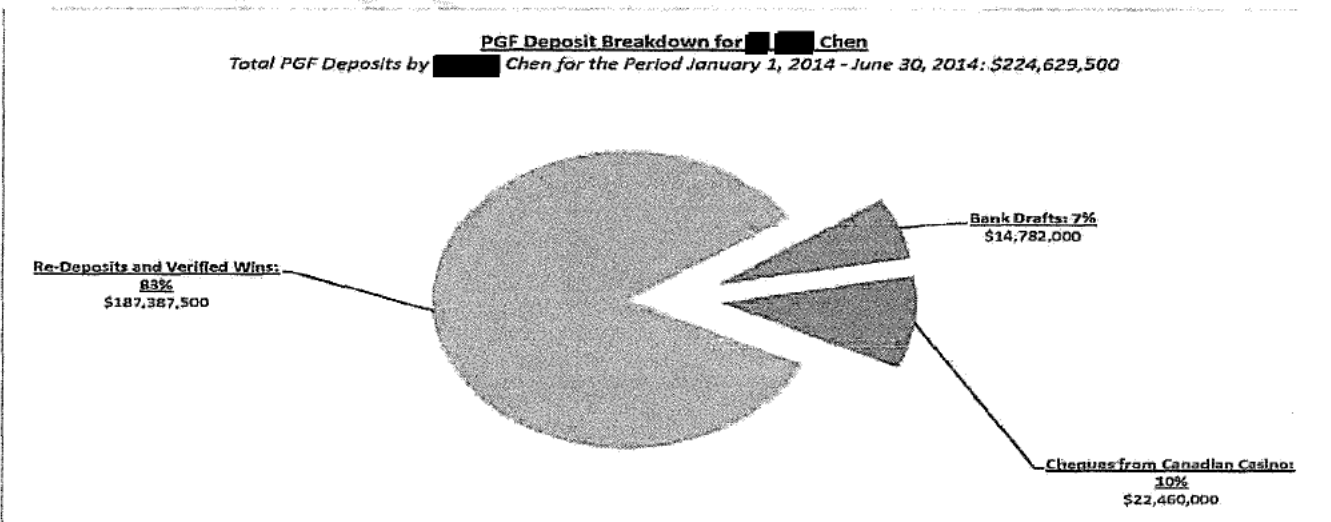
Based on our analysis it appears that the casinos are adequately substantiating ██████ Chen’s verified wins and it does not appear she is routinely introducing extra chips to increase the value of these wins.

Analysis of Patron Gaming Fund (PGF) Account

██████ Chen has three PGF accounts. Her accounts at Edgewater and River Rock Casino were opened in May 2013, while her account at Starlight Casino was re-opened in January 2014. Her account at River Rock is her most active.

During the period January 1, 2014 – June 30, 2014, Chen had PGF deposits of \$224,629,500 and PGF withdrawals in the same amount. Her PGF deposits and withdrawals represented 52% of the total PGF dollar volume activity and was more than all other 320 account holders combined during the six months reviewed. In addition, her PGF activity was 13.6 times greater than her activity during the previous six months.

The pie chart below provides a detailed breakdown of Chen’s deposits of \$224,629,500 during the period January 1, 2014 – June 30, 2014. 7% of the funds deposited into her PGF account were bank drafts which represent “new money” while re-deposits and verified wins accounted for 83% and cheques from a Canadian casino accounted for the remaining 10%.



As shown in the pie chart, a total of \$14,782,000 of new money was deposited into Chen's PGF account through bank drafts. The bank draft deposits were from the following six Canadian regulated financial institutions: BMO, CIBC, HSBC, RBC, Scotiabank and TD.

Although a bank draft is a secure alternative to writing a cheque, the payment itself is guaranteed to be available by the issuing bank not the patron. Bank drafts do not contain any personal information about the individual, including their name or banking information. Due to privacy concerns, the only information that a service provider such as Great Canadian Gaming Corporation can confirm, through their financial institution, is that the bank draft is valid. Essentially, with bank drafts, the controller of the funds is unknown. Bank draft deposits into [REDACTED] Chen's PGF accounts may be either from her own accounts, or from accounts of other people or companies.

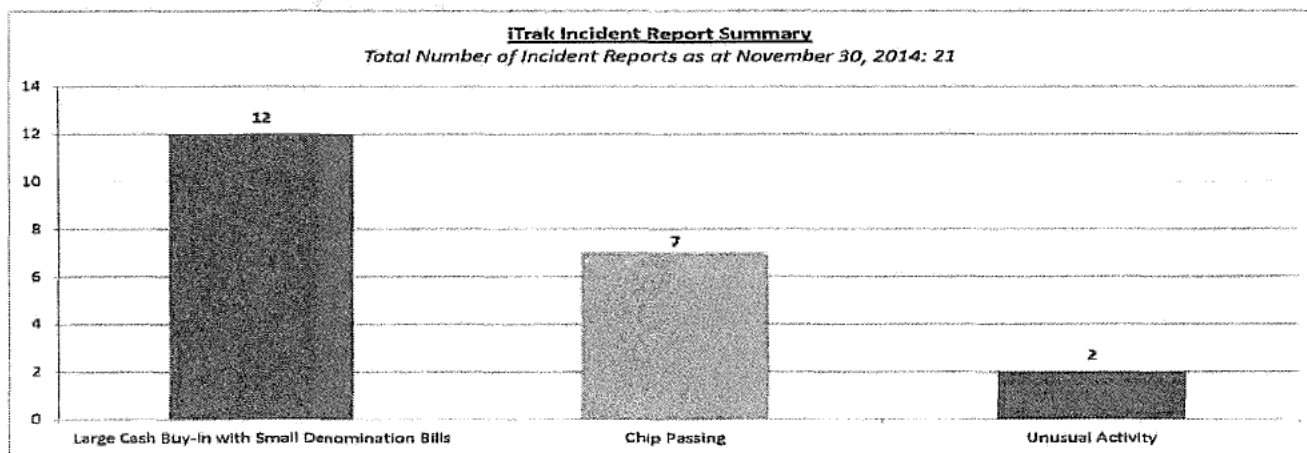
PART 3: GAMBLING BEHAVIOUR

Review of Incident Reports

PII FINTRAC

and/or for which a Section 86 report was sent to GPEB. Casinos are required to send a suspicious financial transaction report to FINTRAC when there are reasonable grounds to suspect that a transaction or an attempted transaction is related to the commission or the attempted commission of a money laundering or financing offence. A Section 86 report is required to be sent to GPEB, for any real or suspected conduct, activity or incident that affects the integrity of gaming at a gaming facility.

Of the total 21 incident reports created in iTrak, 17 were created prior to 2014, when her table buy-ins were modest by her current standards, and only four were created from January 1, 2014 – November 30, 2014, when her gambling was at peak levels. The table below provides a summary of the type of incident reports submitted by the sites, in relation to [REDACTED] Chen's behavior, as at November 30, 2014.



The most recent incident report created for Chen was in relation to a large cash buy-in for \$70,000 that she conducted at River Rock Casino, on September 20, 2014; [REDACTED]

[REDACTED] because the denominations of the bills were primarily \$20s, and the cash was "bundled in bricks wrapped with elastic bands."

Review of Surveillance Footage

Surveillance footage of ██████ Chen's gambling at River Rock Casino was obtained and reviewed. Footage was selected for August 17, 18 and 19, 2014, at varying points during the day and night. The following unusual indicators were noticed during the review:

- Large buy-ins with minimal funds wagered each hand.
- Focus placed on a small amount of chips segregated from the main-buy in stacks. The large dollar value stacks are rarely if ever touched during play.
- Lack of personal investment in the game being played. Her demeanor and actions lend itself to the gambling activity being a job as opposed to entertainment.
- Extremely long hours of play, at times, in excess of 10 hours at a time in one high limit room.
- Abnormal level of fatigue during play. At certain points, she appears to fall asleep at the table.
- Playing two tables within the high limit room. She will switch back and forth between each table after every 10 to 15 minutes of play.
- Does not bet on every Baccarat hand dealt. Gaps of four or five hands between bets are common.

Review of Banking Activity

Cheques issued by River Rock Casino to ██████ Chen were reviewed to determine any irregularities or unusual patterns and to see if she was passing cheques issued to her onto other individuals through endorsement. Reasons for this activity could include repayment of funds borrowed or obtained to gamble.

Verified Win Cheques

All verified win cheques issued to ██████ Chen between January – March and May – August 2014, were reviewed. Verified win cheques for the month of April were not available for review. Verified win cheques provide a stronger means to legitimize the source of funds, as the winnings are confirmed by the casino.

During the period reviewed, 42 verified win cheques were issued to Chen. The table below provides a summary of where these cheques were deposited. As shown, the verified win cheques were either deposited into a financial institution (BMO, CIBC, HSBC, RBC, and TD) or endorsed back to River Rock Casino for table buy-ins. The cheques which were deposited at financial institutions were not endorsed before being deposited. This would tend to indicate that Chen was not passing these cheques on to other individuals for the purpose of transferring ownership of the funds.

Bank Deposited To	Account Deposited To	Total Deposit
BMO	3977328	\$470,500
BMO	1991709	\$280,000
BMO	Unidentified *	\$160,000
CIBC	5704294	\$496,000
TD	6339306	\$85,000
RBC	5136841	\$32,500
RBC	Unidentified *	\$15,000
HSBC/CIBC / River Rock Casino	Used for Table Buy-In	\$1,616,000
Unknown	Cheque Images Not Provided	\$722,500
Total		\$3,877,500

*Account number was not written on the back side of the cheque.

Return of Patron Gaming Fund Account Cheques (Non-Verified Wins)

A judgmental sample of 190 'Return of Patron Gaming Fund Account' cheques issued January – August 2014 was conducted. Sampling, as opposed to full population testing was conducted on these cheques due to the high volume and low risk associated with these non-verified win cheques.

The sample analysis showed that majority of the non-verified win cheques were endorsed back to River Rock Casino for table buy-ins. The remaining cheques were deposited into what appears to be the same accounts as those used for the verified wins. 17 of those were endorsed by Chen prior to being deposited into one of two BMO accounts. The reason for this is unclear as ownership of those accounts cannot be established (i.e. it is unclear if Chen had endorsed those cheques over to another individual).

Bank Deposited To	Account Deposited To	Total Deposit
CIBC River Rock	CIBC River Rock - Used as Buy-In	\$93,231,000
HSBC River Rock	HSBC River Rock - Used as Buy-In	\$12,767,500
BMO	1991709	\$3,940,000
BMO	1566772	\$3,520,000
BMO	3977328	\$1,633,000
BMO	Unidentified *	\$1,970,000
RBC	5136841	\$8,000
TD	6339306	\$2,630,000
Total		\$119,699,000

*Account number was not written on the back side of the cheque.

Based on our review, it is unusual that the verified win cheques and the Return of Patron Gaming Fund Account cheques are being deposited into five to six different bank accounts. It is unclear as to why Chen was endorsing a portion of cheques prior to deposit, other than those used for buy-in purposes. However, given the low number of these incidents, it does not appear to be a wide spread practice with a possible intent to transfer ownership of the cheque and the funds.

Review of Vehicle Information

Casinos in BC utilize license plate recognition technology (iLPR) to track the arrival of certain patrons, such as those that are voluntarily self-excluded or who have been involved in notable incidents. Four vehicles have been associated with ██████ Chen. These range from a Toyota Prius to a BMW X5 SUV. The vehicle most recently used has been the BMW X5 SUV. This vehicle was captured arriving at casinos by the iLPR 113 times between February and July 2014, primarily at the River Rock Casino. The data captured indicates that Chen often visits the same casino numerous times during a single day. For example, on July 30, 2014, her vehicle is captured at River Rock Casino four times during the day, as follows: 3:54 p.m., 5:33 p.m., 9:14 p.m., and 11:36 p.m.

PART 4: GAMBLING ASSOCIATES

██████████ relationship with ██████████ Chen is described as either that of boyfriend or common-law partner. This is based on our recent discussion with surveillance staff at River Rock (August 22, 2014) and review of supplemental attached to past incident reports involving the two. ██████████ is a former table dealer supervisor at River Rock Casino. According to information we received from GPEB Registrations, he resigned from River Rock with his last day of work being February 2, 2014. He was on conditional registration from 2011 when he was the subject of an investigation by GPEB Casino Investigations. He is known to accompany Chen to the sites, and has been involved in chip passing incidents with her.

██████████ relationship with ██████████ Chen is described as that of husband and wife. This was stated in a River Rock Casino incident report dated October 30, 2013. He has numerous incident reports in iTrak involving large cash buy-ins with small denomination bills, and has been involved in various chip passing incidents with Chen. In December 2014, he along with ██████████ Chen and others were named as defendants in a corporate writ filed with the BC Supreme Court registry in Vancouver.

██████████ has a very brief incident report history in iTrak. The three incident reports pertaining to him were all created in 2011, and two of those involved chip passing incidents with ██████████ Chen. One of those incidents occurred on February 11, 2011, at Starlight Casino, in which they claimed to be husband and wife.

Paul King Jin (Age ██████████)

Paul King Jin has been involved in numerous incidents involving chip passing, large cash buy-ins with small denomination bills, and unusual activity. Presently, he's provincially barred from all BC casinos for five years, until November 17, 2017. Despite, being provincially barred, he's been identified as the "accused" in numerous incident reports post barring involving chip passing, and suspicious financial transactions, in areas visible by surveillance but not within the casino. ██████████ Chen issued a complaint against him on September 30, 2012, at Starlight Casino for following her. When approached by Starlight security, Paul King Jin stated that he was following her because, "she owed him money" and that she "defrauded" him. An incident report at River Rock has referred to Paul King Jin as a "known loan shark." A City of Richmond Violation Report, dated October 20, 2011, contained a comment by Richmond RCMP that "it is suspected that Jin was meeting with members who are associated to drugs and violence." This comment was in reference to Jin's place of business, the Watercube Vancouver Health Club Ltd.

██████████ has an extensive history in iTrak, with incident reports consisting of: chip passing, large cash buy-ins with small denomination bills, refusal to produce ID, and counterfeit currency. He has an association with Paul King Jin. On August 7, 2013, he was served with a five year BCLC provincial barring for the inappropriate transfer of chips. ██████████ was involved in various chip passing incidents with ██████████ Chen, and they were observed playing at the same table together prior to his barring.

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Gaming Policy and Enforcement Branch



INTERNAL MEMO

To: Len Meilleur, Executive Director, Compliance Division
David Pyatt, Director, Commercial Gaming, Compliance Division

From: Bojan Nikolic, Commercial Gaming Auditor

Date: January 13, 2015

Subject: COMM-8170 Chip Inventory Flow Review – Grand Villa Casino

This is **EXHIBIT "33"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.

A Commissioner for taking
Affidavits in British Columbia

EXECUTIVE SUMMARY

Casinos use value chips in lieu of cash to facilitate gambling and maximize their gaming operations. The objective of this review is to gain a familiarity with the volume in dollars and by denomination of chips that are purchased by patrons. Once the chips are in the hands of the patrons they can be moved throughout the gaming floor and may even leave the casino with the patron. This was done by analyzing daily fluctuations of gaming chips, understanding the accounting system used for calculating outstanding chips and through interviews with all levels of staff involved with chip management. The purpose was to determine if these outstanding chips could be used for purposes other than table play. For example, are the chips being used as a source of currency especially for illegal activity. The scope of this review was limited to Grand Villa Casino for the period January 1, 2014 - June 30, 2014. Further reviews may be undertaken elsewhere if warranted.

KEY OBSERVATIONS

- The controls in place for chip monitoring are adequate. Chip inventory is being monitored monthly by the casino cash cage and Gateway head office management.
- The casino's entire primary chip stock value is \$23,901,571. The analysis shows that on average the daily chip liability at the casino was \$720,068 during the audit period. This represents 3% of the primary stock.
- The highest outstanding liability of all chip denominations is for \$5000 chips. On average 52 chips (\$260,000) are outstanding at the end of a gaming day.
- The \$500 chips appear to have the most consistent amounts outstanding over time. That is, with other denominations large redemptions are observed regularly.

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- The casino inventory for \$5000, \$1000, \$500, \$100 and \$25 chips was never below 90% of the primary stock during the audit period.

CONCLUSION

Based on our 6-month analysis of chip fluctuations, the risk associated with large volumes of chips being used as an alternative form of currency for extended periods of time appears low. However, this review deals only with one casino and other casinos may have different patterns. We may continue to monitor chip inventory going forward.

PART 1: INTRODUCTION**Background**

Casinos in British Columbia bear major similarities to other casinos around the world. Use of gambling chips as a stand-in for cash is one of them. Every casino in BC has its own unique chips with site-specific logos that differ from those at other casinos. Although this was initially designed as a marketing tool to improve branding of each site, it was also used as a way to fight against money laundering. BCLC standards stipulate that the casinos in BC can only cash out their own chips. Gaming chips have no expiration date; therefore the casinos will redeem their genuine chips even when they are not in use any more.

Objectives

The objective of our review is to gain understanding of changes in the volume of outstanding chips that occur over time at casinos. It is also to gain an understanding of the accounting for outstanding chips, how chip liability is monitored and what measures are in place to cover the liability.

Scope

The scope of the review was limited to Grand Villa Casino for the period January 1, 2014 - June 30, 2014. Review procedures consisted of collecting and analyzing chip tracking reports and interviewing the casino staff involved in chip management.

PART 2: CHIP TRACKING AND MONITORING

The casino staff tracks daily, and at gaming tables – hourly, the amount of chips on hand and in players' possession. The tracking is broken down by chip denomination – \$5,000, \$1,000, \$500, \$100, \$25, \$5, \$2.5, \$1 and 50 Cents, and to the following accounts: Chip Vault, Chip Bank (Tango Cage), Table Inventory, Cashier Station: Poker Cash Drawer and Cashier Station: Cash Drawer.

At the end of each gaming day at 7am, the cash cage and table games management generate reports which show the end balance for the previous gaming day and start balance for the new day. All data is entered into the Gaming Management System (GMS).

The Gateway Casinos Administration Manager monitors chip inventory, chip movements including addition of new chips and removal of damaged or defective ones, and net chip liability. A chip tracking sheet provided to the auditor notes all relevant information regarding the casino primary chip inventory changes.

PART 3: CHIP INVENTORY

The primary stock of new gaming chips was set for the opening of Grand Villa Casino in October 2008. New chips are added to the inventory seldom, only to replace damaged or defective chips, or for a special occasion like the opening of the poker room in April 2012.

A review of Daily Chip Inventory Reports of closing balances for the audit period noted the following average ratio between chips held by the casino and players.

Denom.	Casino	Avg. Held by Players	Max. Held by Players
50 c.	12,493 (41.57%)	17,560 (58.43%)	17,995 (59.88%)
\$1	35,211 (58.65%)	24,823 (41.35%)	30,706 (51.15%)
\$5	49,055 (81.78%)	10,927 (18.22%)	16,977 (28.30%)
\$25	28,251 (94.18%)	1,745 (5.82%)	2,624 (8.75%)
\$100	29,113 (97.30%)	807 (2.70%)	1,069 (3.57%)
\$500	9,418 (95.98%)	395 (4.02%)	480 (4.89%)
\$1,000	4,942 (99.03%)	48 (0.97%)	98 (1.96%)
\$5,000	1,947 (97.38%)	52 (2.62%)	194 (9.70%)

The reports show that the casino inventory for \$5000, \$1000, \$500, \$100 and \$25 chips was never below 90% of the primary stock during the audit period. As per discussion with the casino's cage management there was never a shortage of chips of any denomination.

PART 3: CHIP LIABILITY

The casino cage management records chip liability information into the GMS daily. The outstanding liability represents the amount/value of all chips not accounted for by the casino at 7am - the end of the previous gaming day and start of a new day. A review of Daily Chip Inventory reports for the audit period shows the following data ranges for the outstanding liability:

Daily liability per chip piece - January - June 2014

	50 c. chips	\$1 chips	\$5 chips	\$25 chips	\$100 chips	\$500 chips	\$1000 chips	\$5000 chips
Highest	17995	30706	16977	2624	1069	480	98	194
Smallest	17222	13289	6608	1166	656	342	25	2
Average	17560	24823	10927	1744	807	395	48	52

Daily liability values per chip denomination - January - June 2014

	\$0 c. chips	\$1 chips	\$5 chips	\$25 chips	\$100 chips	\$500 chips	\$1000 chips	\$5000 chips
Highest	\$8,997.50	\$30,706.00	\$84,885.00	\$65,600.00	\$106,900.00	\$240,000.00	\$98,000.00	\$970,000.00
Smallest	\$8,611.00	\$13,289.00	\$33,040.00	\$29,150.00	\$65,600.00	\$171,000.00	\$25,000.00	\$10,000.00
Average	\$8,779.76	\$24,823.28	\$54,633.37	\$43,595.44	\$80,667.40	\$197,458.56	\$48,259.67	\$261,850.83

Daily liability values - January - June 2014

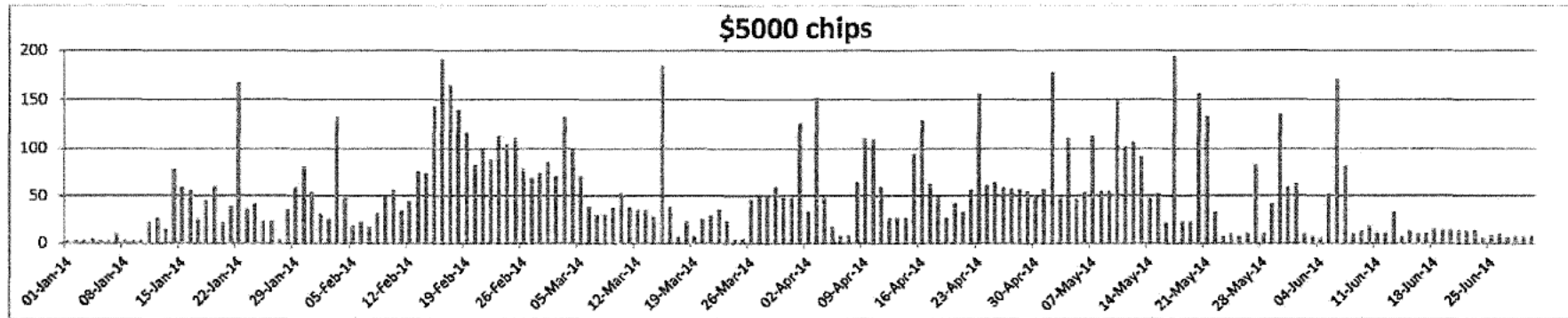
	January	February	March	April	May	June	Jan-June
Highest	\$1,261,387	\$1,378,743	\$1,477,896	\$1,274,395	\$1,440,915	\$1,320,138	\$1,477,896
Smallest	\$400,815	\$507,249	\$457,862	\$483,301	\$447,543	\$431,413	\$400,815
Average	\$604,318	\$857,595	\$707,030	\$776,543	\$815,876	\$569,316	\$721,780

CONFIDENTIAL

DATA SPECIFICS

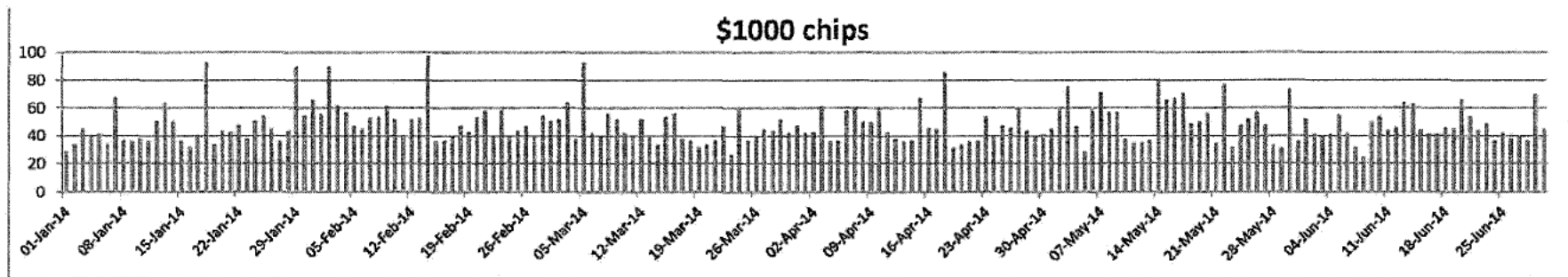
**Grand Villa Casino
Daily chip liability
January 1 – June 30, 2014**

The following charts and data show daily fluctuations of gaming chips at the casino. The amounts represent casino liability at closing of each gaming day – total amount of chips in the primary stock minus chips that the casino has on hand.



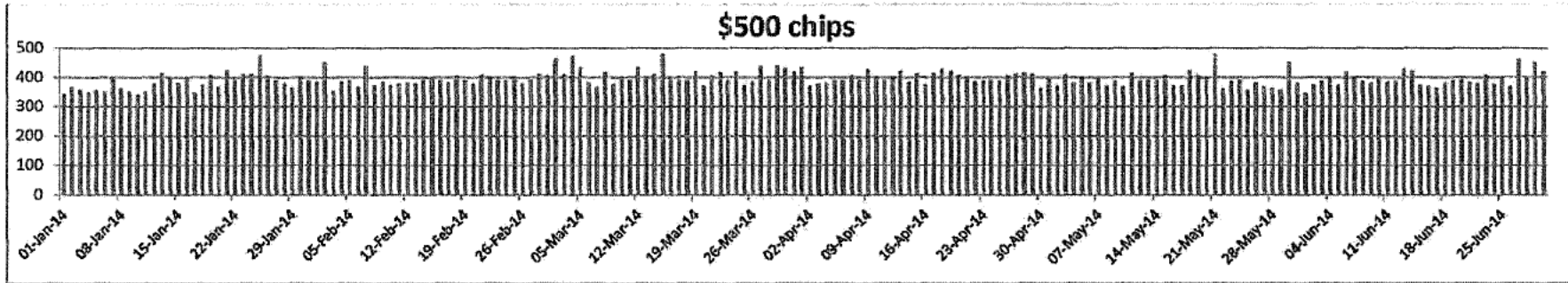
Smallest daily liability – 2 pieces (\$10,000); Highest – 194 (\$970,000); Average – 52 (\$260,000)

\$5000 chips are mostly used by high limit players. Apart from scattered days with peaks of chip liability, the chart also shows extended periods of high chip liability such as the one right after the Chinese New Year celebrations (January 31 to February 14, 2014). It also shows two periods of very low chip liability, one at the beginning of January and the other during the last three weeks of June 2014.



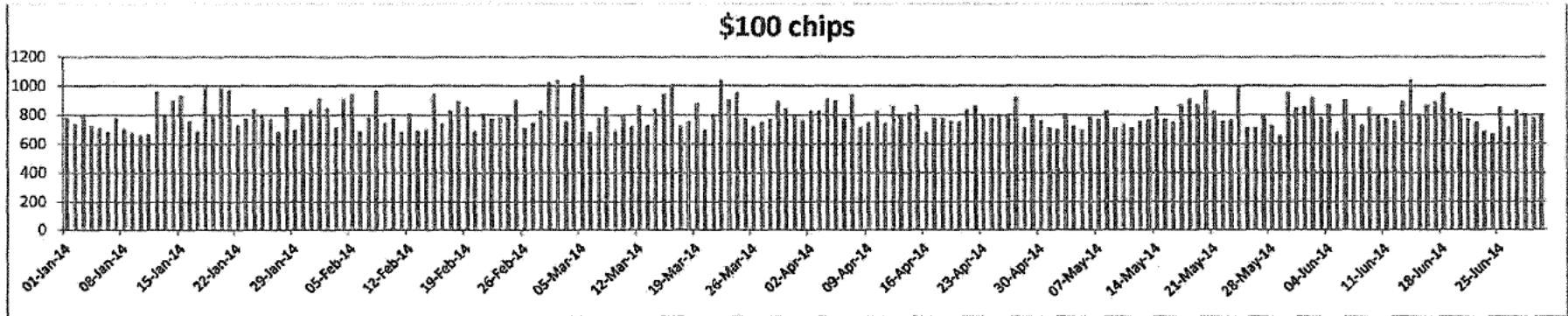
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Smallest liability –25 pieces (\$25,000); Highest – 98 (\$98,000); Average – 48 (\$48,000)

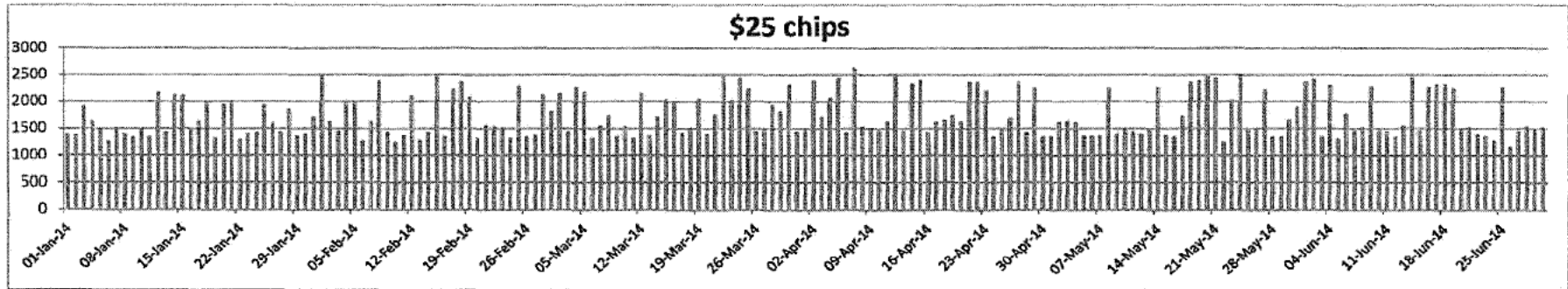


Smallest liability –342 pieces (\$171,000); Highest – 480 (\$240,000); Average – 395 (\$197,500)

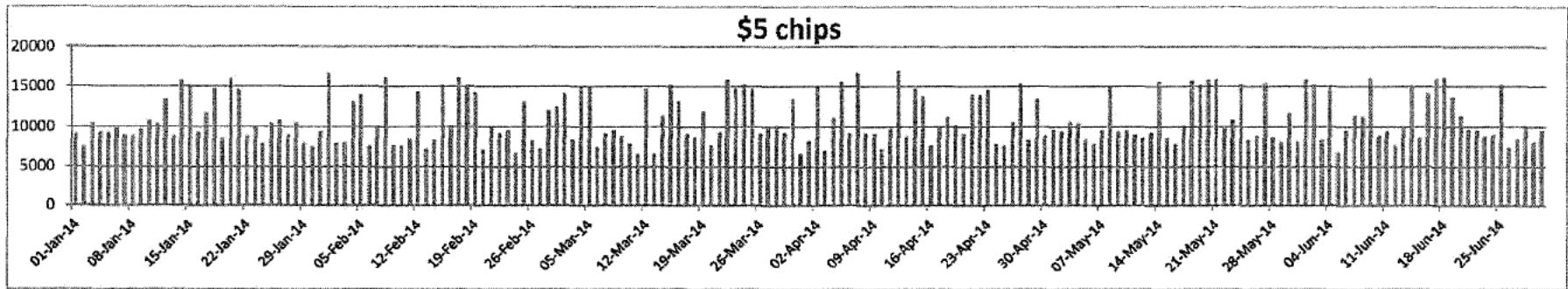
At the end of any given gaming day during the audit period there was at least 342 outstanding \$500 chips. This equals to \$171,000 in liability which is almost twice as much as the maximum liability for \$1000 chips (\$98,000). Also, notice that the peaks and troughs are smaller with greater amounts of time in between. This graph is different from the other denominations in that there are not large redemptions occurring regularly.



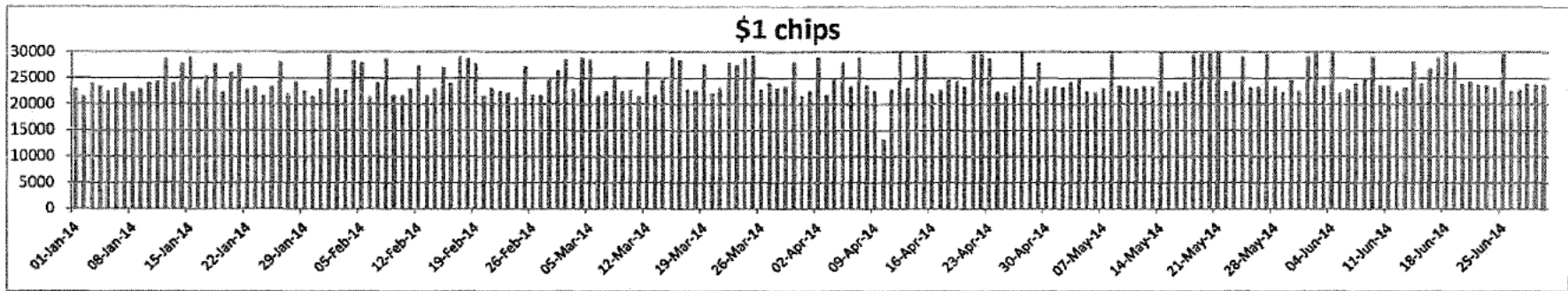
Smallest liability –656 pieces (\$65,600); Highest – 1,069 (\$106,900); Average – 807 (\$80,700)



Smallest liability – 1,166 pieces (\$29,150); Highest – 2,624 (\$65,600); Average – 1,744 (\$43,600)

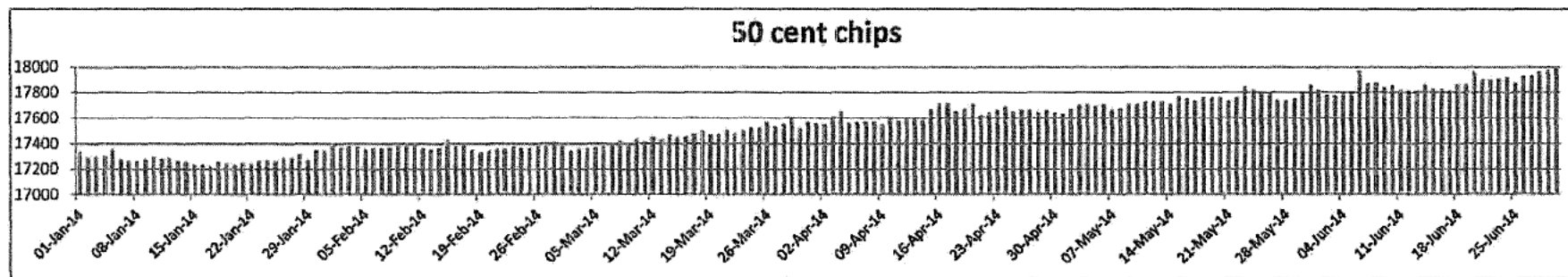


Smallest liability – 6,608 pieces (\$33,040); Highest – 16,977 (\$84,885); Average – 10,927 (\$54,635)



Smallest liability – 13,289 pieces (\$13,289); Highest – 30,706 (\$30,706); Average – 24,823 (\$24,823)

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Smallest liability – 17,222 pieces (\$8,611); Highest – 17,995 (\$8,997); Average – 17,560 (\$8,780)

The chart shows an increasing liability of 50 cent chips. From January 1 to June 30, 2014, there was 775 more chips (\$387.50) recorded as liability. As per discussion with the casino cage management, these chips are most likely taken by patrons as souvenirs or they were simply lost.

This is **EXHIBIT "34"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.



A Commissioner for taking
Affidavits in British Columbia

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**GAMING POLICY
AND
ENFORCEMENT
BRANCH**

AUDIT REPORT

**BCLC
Cash Alternatives Compliance Audit
GPEB File # COMM-8305
2014/2015**

EXECUTIVE SUMMARY

An audit of the policy initiatives introduced by BCLC to reduce the volume of cash being brought into gaming facilities was conducted to verify compliance with the Gaming Control Act, Regulation and all applicable standards, policies and directives.

The scope of the audit included a review of the Patron Gaming Fund (PGF) program, debit card transactions conducted at the cash cage, and the issuance of convenience cheques for the period February 7, 2014 – February 6, 2015.

Although exceptions were identified in this audit, there was no high impact areas noted.

AUDIT OBJECTIVES

The objectives of the audit were to:

- Verify compliance with the Gaming Control Act (GCA) and Regulation (GCR);
- Verify compliance with GPEB standards, policies and directives;
- Verify compliance with BCLC Casino and Community Gaming Centre Standards, Policies and Procedures (CCGC SPP);
- Verify best practices are followed in the absence of policy.

AUDIT SCOPE

The scope of the audit included a review of the Patron Gaming Fund (PGF) program, debit card transactions conducted at the cash cage, and the issuance of convenience cheques for the period February 7, 2014 – February 6, 2015. The scope was limited to sites that utilized these initiatives.



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AUDIT PROCEDURES

Fieldwork was conducted throughout the audit period at applicable gaming facilities. An exit interview was conducted on February 6, 2015, with the BCLC Gaming Compliance Officer to discuss preliminary audit findings. Audit procedures were conducted on a sample testing basis to provide reasonable assurance of compliance, and included a review of:

- PGF account records, deposits, and withdrawal activity;
- CMS and GMS debit card transaction reports;
- Convenience cheques issued;
- iTrak incident reports;
- Gaming related paperwork and transaction slips.

EXCEPTIONS

Details of the issues resulting from the audit procedures are discussed below:

Patron Gaming Fund (PGF) Accounts

1. At River Rock Casino, PGF account deposit and withdrawal transactions entered in the trust accounting system for the period August 1 - 3, 2014, were accidentally voided by the site. Furthermore, instead of keying the canceled transactions back into the trust accounting system to restore the data back to its original form, the site opted to adjust the opening account balances. As a result, PGF opening account balances were misstated and the trust accounting system did not reflect PGF transactions conducted by account holders.

Control Failure: The automated accounting system used by the site for maintaining and tracking PGF accounts must reflect account holder transactions. Failure to maintain the accuracy and completeness of the data increases the risk of unreliable reports being generated. (CCGC SPP S.3-8.3, 2)

Impact: Medium

BCLC Response – The BCLC acknowledges the finding. The noted PGF transactions were reviewed with the cage shift manager who confirmed the withdrawals were accidentally voided in the system resulting in the increase in the account balance. The only way to correct the mistake is to re-enter all transactions into the system using the paperwork on file until the account had the correct balance. The cage shift manager confirmed all deleted transactions were re-entered into the system. The BCLC Gaming Compliance Officer has reviewed the procedure of closing PGF accounts with the Cage Shift Manager. The program (TABS3) that

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is used for PGF transactions requires all transactions to be deleted first before the account can be closed; the program will not allow the account to be closed without first deleting all transactions. Going forward prior to deleting all transactions, cage staff will print the patron's account ledger as well as save the information in a text format in the PGF file to ensure that there is a permanent record of all transactions.

2. At Edgewater Casino, the 'Patron Gaming Funds Account Application and Operating Agreement' and 'Signature Card' were not completed upon the re-opening of the following two accounts:

- PGF account number 615610 was closed in 2014 and then re-opened January 2015. The operating agreement and signature card on file were dated October 10, 2013. In addition, the occupation stated on the operating agreement was "CEO of College" while the patron's current occupation as detailed in iTrak is "Farmer/Rancher."

BCLC Response – BCLC accepts the finding in relation to the Patron Gaming Fund account being re-opened, January 5, 2015. Documentation has been added to the Signature Card confirming the PGF account has been re-opened. Further documentation on the PGF Account Application and Operating Agreement related to the patron's occupation has been amended to reflect the occupation documented in iTrak.

- PGF account number 619304 was closed in 2014 and then re-opened January 2015. The operating agreement and signature card on file were dated April 4, 2013. In addition, the operating agreement on file did not state the occupation of the patron.

BCLC Response – BCLC accepts the finding in relation to the Patron Gaming Fund account being re-opened, January 17, 2015. Documentation has been added to the Signature Card confirming the PGF account has been re-opened. Further documentation on the PGF Account Application and Operating Agreement has been added, noting the patron's occupation.

Control Failure: To meet customer due diligence and know your client obligations, service providers must ensure compliance with required processes for account openings and re-openings, to confirm that the information on file is current and accurate. (CCGC SPP S.3-8.3, 2.10)

Impact: Medium

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3. The occupation of the patron was not stated on the 'Patron Gaming Funds Account Application and Operating Agreement' for PGF account number 69 at Grand Villa Casino, and PGF account number 60 at Starlight Casino.

Control Failure: All required sections of the Patron Gaming Funds Account Application and Operating Agreement must be completed. Documenting sufficient information in relation to the occupation is part of meeting customer due diligence obligations to ensure that the site knows the patron with whom they are dealing with. (CCGC SPP S.3-8.3, 2.10.2)

Impact: Medium

BCLC Response – BCLC accepts the finding. Review of this PGF application reveals that there is no occupation listed on the PGF Application and Operating Agreement. The oversight was corrected by the Senior Cage Supervisor at Starlight Casino and the occupation is now listed as per the requirement.

Convenience Cheques

4. Two convenience cheques were issued to the same patron within the same week by River Rock Casino. The patron in question received a convenience cheque from River Rock in the amount of \$8,000 on June 29, 2014, and then another convenience cheque in the same amount from River Rock on July 3, 2014.

Control Failure: Service providers are restricted to the issuance of only one 'Return of Funds-Not Gaming Winnings' convenience cheque per week per patron. (CCGC SPP S.3-9.3, 3.2.4)

Impact: Medium

BCLC Response – BCLC accepts this finding. The reviews completed during the last three quarters did not find any issue relating to this finding. The BCLC Gaming Compliance Officer reviewed the above transactions with the Cage Shift Manager. The site has adequate procedures in place to prevent the issuing of more than one convenience cheque to a patron within the same week. The second cheque issued was an error by the cage staff who miscounted the days between the issuing of the cheques during a very busy time in the cage. Cage staffs has been reminded to be more diligent in completing the required checks; which involves checking the log sheet to verify if any cheques have been issued recently to the customer, and checking the patrons subject profile for comments regarding convenience cheques issued. This incident was reviewed with the site by the BCLC investigators at River Rock casino on July 03, 2014.

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5. A review of convenience cheques issued for the period March 1, 2014 – January 31, 2015, identified numerous instances where the patron's date of birth was not documented in the 'narrative' field of the iTrak incident report. In addition, a few instances were identified where the narrative field did not state any information.

Control Failure: An incident report is required to be created in iTrak for the issuance of any convenience cheque. The incident report shall state in the narrative field the surname and given name of the patron, date of birth and cheque amount. The purpose of the narrative field is to provide a brief description of the incident without the user having to open up the entire record or read the follow-up supplemental reports. (CCGC SPP S.3-9.4, 3.2.3)

Impact: Low

BCLC Response – Cascades Casino Langley – IN2014-0022056 BCLC accepts the finding relating to IN20140022056 (May 1, 2014). This IN File was generated as a result of the BCLC FY14/15 Q1 AML Compliance Review. On February 25, 201, the Surveillance Manager corrected the IN File Narrative section to capture all required information relating to the issuance of this Convenience Cheque.

BCLC Response – Cascades Casino Langley – IN2014-0054399; 2014-0063029; 2014-0063057. BCLC does not agree with findings related to: IN20140054399 (October 27, 2014); IN20140063029 (December 15, 2014) and IN20140063057 (December 15, 2014). These Incident Files were noted by the BCLC Gaming Compliance Officer during the FY14/15 Q3 AML Compliance Review and brought to the attention of the Surveillance Manager at that time. Resolution to the related issues identified in the BCLC Q3 AML Compliance Review FY14/15 were implemented January 23, 2015 by the Surveillance Manager, who updated each of the Incident File Narrative sections documenting all required information. Further as part of the resolution, the Surveillance Manager forwarded communication to members of the Surveillance Department outlining reporting requirements. This information had been added to the above noted Incident File Narrative sections prior to the GPEB Audit Notification letter being received by BCLC.

BCLC Response – Edgewater Casino – IN2014-0023784; 2014-0024407; 2014-0024409; 2014-0026651; 2014-0029355; 2014-0031614; 2014-0033609; 2014-0038414; 2014-0043953; 2014-0045264; 2014-0046866; 2014-0050086; 2014-0051682; 2014-0053213; 2014-0054368; 2014-0058803. BCLC accepts the findings. The Surveillance Manager has directed Surveillance staff to ensure the patron's name, DOB, and convenience cheque amount is documented in the narrative field of the incident report.

BCLC Response – Grand Villa Casino – IN2014-0038047. BCLC accepts the finding. The Service Provider has directed appropriate staff to ensure all required information related to Convenience Cheque transactions are documented in iTrak.

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BCLC Response – Chances Cowichan – IN2014-0062509. BCLC acknowledges the finding. Staff responsible for the specified oversight have been directed to ensure the Patron's name, date of birth and Convenience Cheque amount be documented in the narrative field of the iTrak Incident file. The absence of an iTrak Incident File to document the Issuance of this Convenience Cheque was identified as an issue in the Q3 AML Compliance Review completed on December 2, 2014.

BCLC Response – Hard Rock Casino – IN2014-0049447. BCLC accepts this finding. The Cage Manager was advised of the missing DOB in the narrative, which resulted in Cage Staff being directed by the Cage Manager to ensure the DOB is entered in the narrative as required. It should be noted the DOB was noted in the Subject Profile of the Incident file.

BCLC Response – Hard Rock Casino – IN2014-0058611. BCLC accepts this finding. The Cage Manager was advised of the missing DOB and amount of the convenience cheque in the narrative, which resulted in Cage Staff being directed by the Cage Manager to ensure the DOB and cheque amount is entered in the narrative as required.

BCLC Response – Lake City Casino Penticton – IN2014-0035641. BCLC acknowledges this finding. This incident was categorized as a convenience cheque due to the fact there are no other options for mailed in electronic gaming tickets in the iTrak drop down menu. The synopsis clearly identified this event as a "Tito tickets mailed in for redemption" as well as all the documentation in the incident itself is very clear. There is no requirement in BCLC P & Ps to document the Patron's name, date of birth, and convenience cheque amount in the narrative field for mailed in electronic tickets. The drop down selections may not suit all circumstances and further examination of the incident may be needed for any event. The category for this incident has been changed to blank to avoid further confusion. BCLC will be adding a drop down option to identify mailed in electronic gaming tickets in iTrak.

BCLC Response – Lake City Casino Penticton – IN2014-0036727. BCLC acknowledges this finding. This incident was categorized as a convenience cheque due to the fact there are no other options for mail in electronic gaming tickets in the iTrak drop down menu. The synopsis clearly identified this event as an "IVS ticket received by mail" as well as all the documentation in the incident itself is very clear. There is no requirement in BCLC P & Ps to document the Patron's name, date of birth, and convenience cheque amount in the narrative field for mailed in electronic tickets. The drop down selections may not suit all circumstances and further examination of the incident may be needed for any event. The category for this incident has been changed to blank to avoid further confusion. BCLC will be adding a drop down option to identify mailed in electronic gaming

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BCLC Response – Lake City Casino Penticton – IN2014-0046300. BCLC acknowledges this finding. This incident was categorized as a convenience cheque due to the fact there are no other options for mail in electronic gaming tickets in the iTrak drop down menu. The synopsis clearly identified this event as an “IVS ticket received by mail” as well as all the documentation in the incident itself is very clear, including a supplemental report attached by the BCLC OCO. There is no requirement in BCLC P & Ps to document the Patron's name, date of birth, and convenience cheque amount in the narrative field for mailed in electronic tickets. The drop down selections may not suit all circumstances and further examination of the incident may be needed for any event. The category for this incident has been changed to blank to avoid further confusion. BCLC will be adding a drop down option to identify mailed in electronic gaming

BCLC Response – Lake City Casino Kelowna - IN2014-0057551. BCLC acknowledges this finding. This incident was categorized as a convenience cheque due to the fact there are no other options for mail in electronic gaming tickets in the iTrak drop down menu. The synopsis clearly identified this event as a “Convenience Cheque” This has been corrected to reflect “Mailed in IVS Ticket”. However all the documentation in the incident itself is very clear this was a mailed in ticket. There is no requirement in BCLC P & Ps to document the Patron's name, date of birth, and convenience cheque amount in the narrative field for mailed in electronic tickets. The drop down selections may not suit all circumstances and further examination of the incident may be needed for any event. The category for this incident has been changed to blank to avoid further confusion. BCLC will be adding a drop down option to identify mailed in electronic gaming.

BCLC Response – Lake City Casino Kelowna - IN2014-0062436. BCLC disagrees with this finding. The date of birth was documented in the narrative; however there was an incorrect entry of the year 2014 instead of 1961. The correct year was documented elsewhere in the iTrak incident. The year has now been modified in the narrative to reflect 1961.

BCLC Response – Lake City Casino Kelowna – IN2014-0065100. BCLC accepts this finding. The date of birth has now been entered into the narrative. The correct information was documented elsewhere in the iTrak incident.

BCLC Response – Lake City Casino Vernon – IN2014-0048493. BCLC acknowledges this finding. This incident was categorized as a convenience cheque as there are no other options for mail in electronic gaming tickets in the iTrak drop down menu. The synopsis has been corrected to reflect “Mailed in IVS Ticket”. However all the documentation in the incident itself is very clear this was a mailed in IVS ticket. There is no requirement in BCLC P & Ps to document the Patron's name, date of birth, and convenience cheque amount in the narrative field for mailed in electronic tickets. The drop down selections may not suit all circumstances and further examination of the incident may be needed for any event. BCLC will be adding a drop down option to identify mailed in electronic gaming.

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CONCLUSION

Issues were identified in this audit. BCLC has acknowledged the exceptions in this report and either risk will be accepted or changes will be made to service provider operations as noted.

Commercial Gaming Audit
Audit and Compliance Division
May 7, 2015

DISTRIBUTION LIST

Brad Desmarais, Vice President, Corporate Security & Compliance, BCLC
Gurmit Aujla, Director, Audit Services, BCLC

This is **EXHIBIT "35"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.



A Commissioner for taking Affidavits in British Columbia

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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: August 20, 2015

Subject: COMM-8506 Debit at Cage and Convenience Cheque Review / January 1 – June 30, 2015

EXECUTIVE SUMMARY

On April 1, 2012, BCLC introduced a series of initiatives to provide non-cash alternatives at gaming facilities. Among these initiatives were the use of debit card transactions at the cash cage, and the issuance of convenience cheques. Our objective is to analyze the utilization of these initiatives within commercial gaming facilities in BC on a semi-annual basis. This update covers the period January 1, 2015 – June 30, 2015.

Key Observations

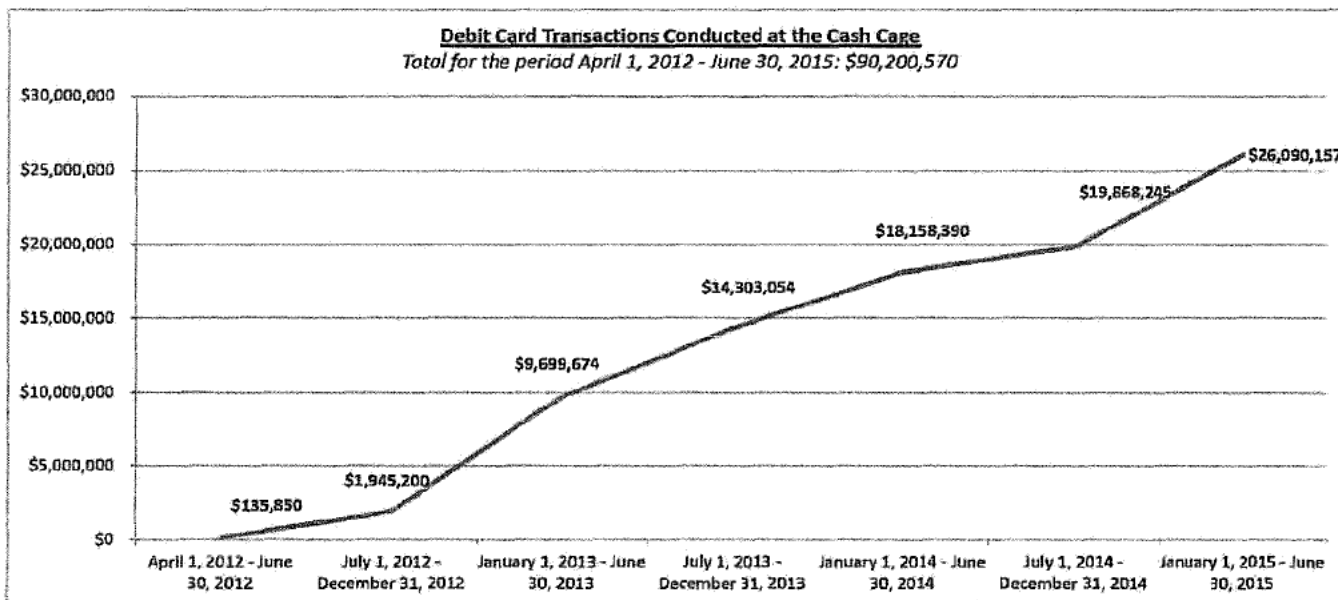
- Debit card transactions conducted at the cash cage during the period January 1, 2015 – June 30, 2015, amounted to \$26,090,157. This represents a 31% increase from the previous six month period. Since the launch of the initiative, April 1, 2012 – June 30, 2015, a total of \$90,200,570 of debit card transactions at the cash cage have been conducted.
- A total of 19,591 debit card transactions were conducted at the cash cage during the period January 1, 2015 – June 30, 2015. This represents a 55% increase from the previous six month period. Since the launch of the initiative, April 1, 2012 – June 30, 2015, a total of 57,820 debit card transactions at the cash cage have been conducted.
- 46 convenience cheques were issued during the period January 1, 2015 – June 30, 2015, which represents a 32% decrease from the previous six month period. Since the launch of the initiative, April 1, 2012 – June 30, 2015, a total of 323 convenience cheques have been issued for \$1,636,962.
- River Rock Casino has issued 199 of the total 323 convenience cheques to date. Notable large, lower mainland casinos, specifically Grand Villa, Hard Rock and Starlight Casino, have all issued less than 10 convenience cheques each.
- Since the introduction of the convenience cheque initiative in April 2012, 38 patrons have received more than one convenience cheque in total. One patron has received 24 convenience cheques totaling \$183,000. Overall, based on the low volume and small dollar amounts of convenience cheques issued, it does not appear that convenience cheques have been exploited or misused by patrons.



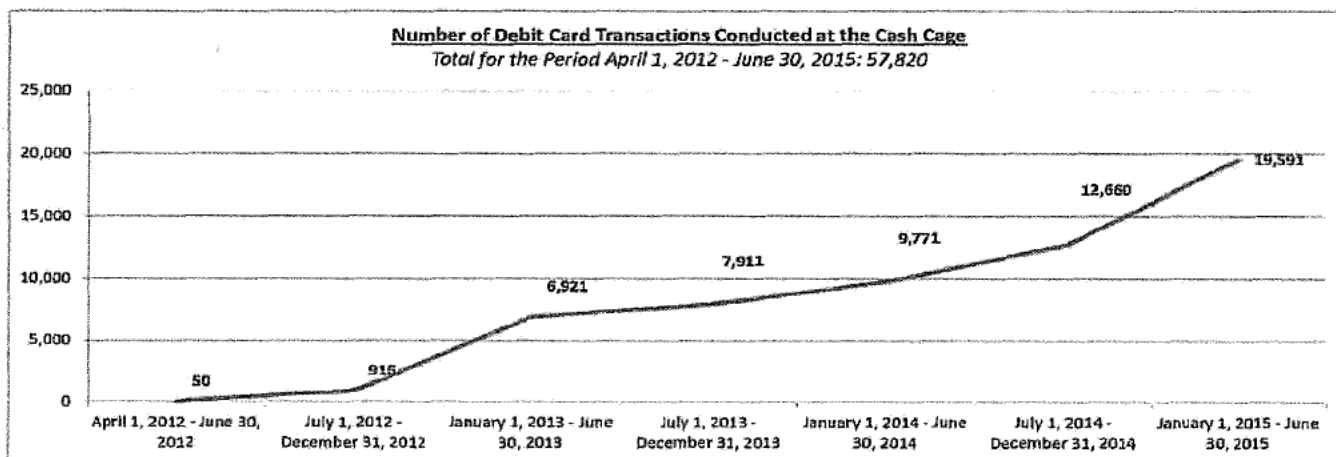
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DEBIT CARD TRANSACTIONS AT THE CASH CAGE

At the service provider’s discretion, bank debit cards may be used at the cash cage for patrons to access funds for gaming. Debit card transactions conducted at the cash cage during the period January 1, 2015 – June 30, 2015, amounted to \$26,090,157. This represents a 31% increase from the previous six month period. A total of \$90,200,570 of debit card transactions at the cash cage have been conducted since the initiative was introduced in April 2012. Overall, debit card transactions conducted at the cash cage have increased each period, as shown in the chart below.



The number of debit card transactions conducted at the cash cage has also increased. During the period January 1, 2015 – June 30, 2015, there were a total of 19,591 debit card transactions conducted at the cash cage, which represents a 55% increase from the previous six month period. To date, there has been a total of 57,820 debit card transactions conducted at the cash cage, as shown below.

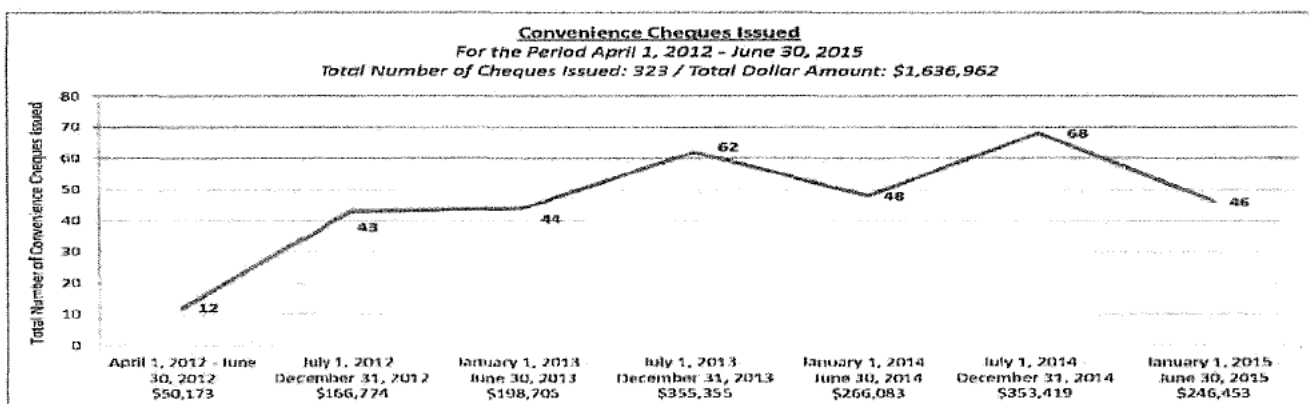


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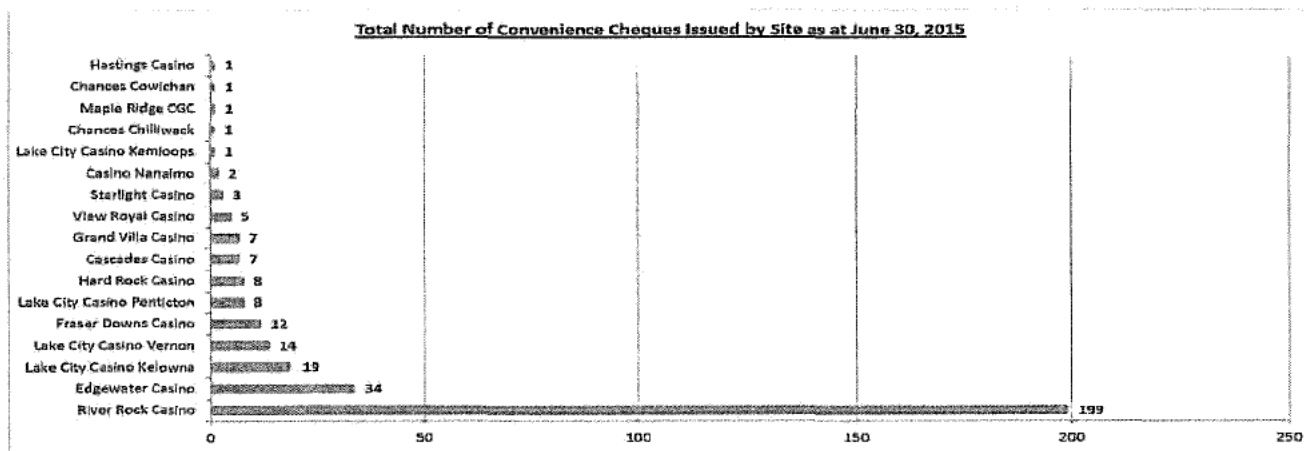
CONVENIENCE CHEQUES

Service providers may, at their discretion and upon the request of the patron, issue a cheque that is not for a verified win, but for the return of buy-in funds or unverified wins. Presently, convenience cheques may be issued up to a maximum dollar amount of \$10,000. Convenience cheques, must have prominently endorsed on the face the phrase – “Return of Funds –Not Gaming Winnings”.

For the review period January 1, 2015 – June 30, 2015, a total of 46 convenience cheques were issued, which represents a 32% decrease from the previous six month period. To date, a total of 323 convenience cheques have been issued for a total of \$1,636,962, as shown in the chart below.



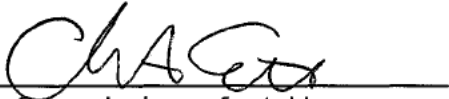
Of the total 323 convenience cheques issued to date, 199 have been issued by River Rock Casino, as shown in the chart below. Notable large, lower mainland casinos, specifically Grand Villa, Hard Rock and Starlight Casino, have all issued less than 10 convenience cheques each.



Since the introduction of the convenience cheque initiative in April 2012, 38 patrons have received more than one convenience cheque in total. One patron has received 24 convenience cheques totaling \$183,000. Overall, based on the low volume and small dollar amounts of convenience cheques issued, it does not appear that convenience cheques have been exploited or misused by patrons.



This is **EXHIBIT "36"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.

A handwritten signature in cursive script, appearing to read 'Chase', written over a horizontal line.

A Commissioner for taking Affidavits in British Columbia

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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.

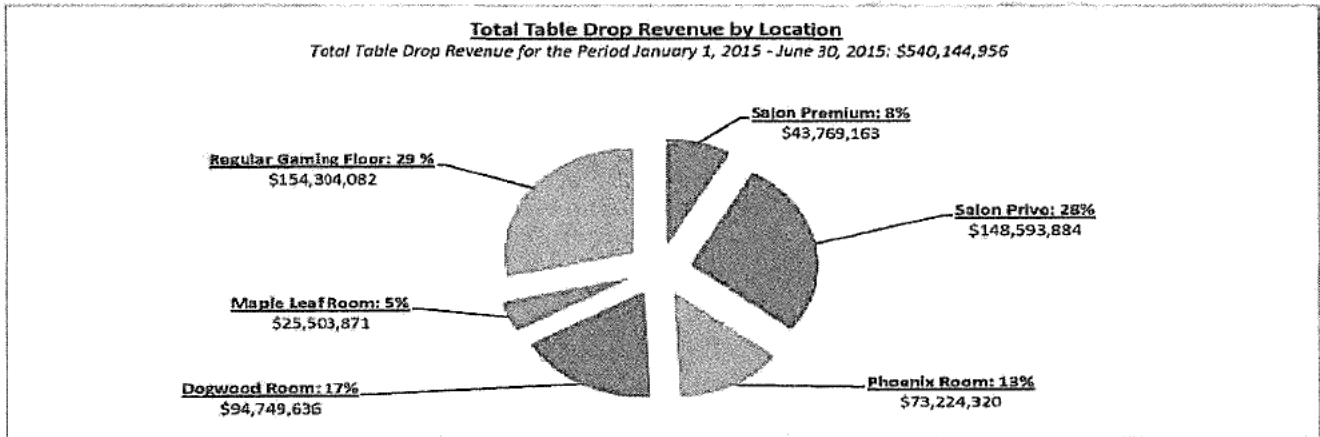
Table Net Win Revenue – Table revenue net of prizes paid.

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PART 2: ANALYSIS OF TABLE DROP REVENUE

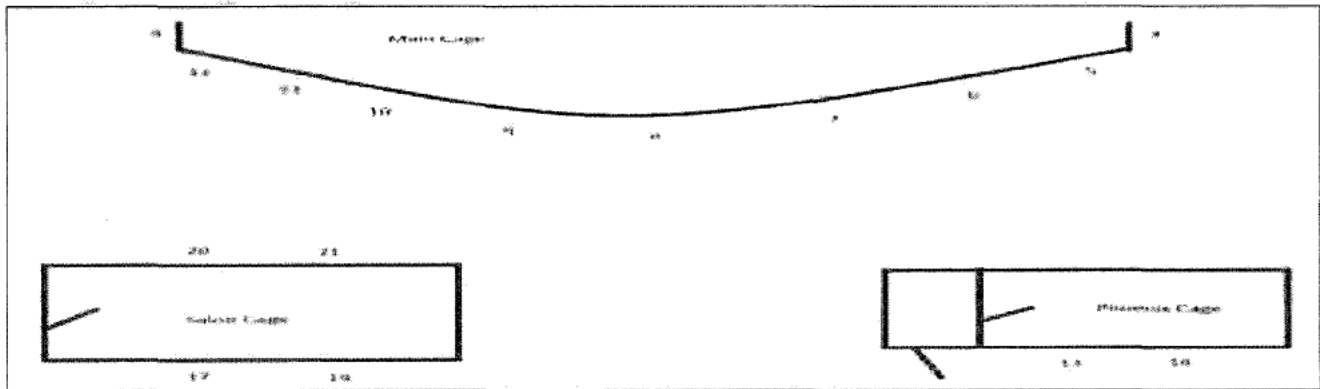
River Rock Casino has a total of 121 tables. The casino has five high limit rooms. The five high limit rooms consist of the Salon Privé (21 tables), Phoenix Room (18 tables), Salon Premium (10 tables), Dogwood Room (10 tables) and the Maple Leaf Room (six tables). The Salon Privé, Salon Premium and the 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

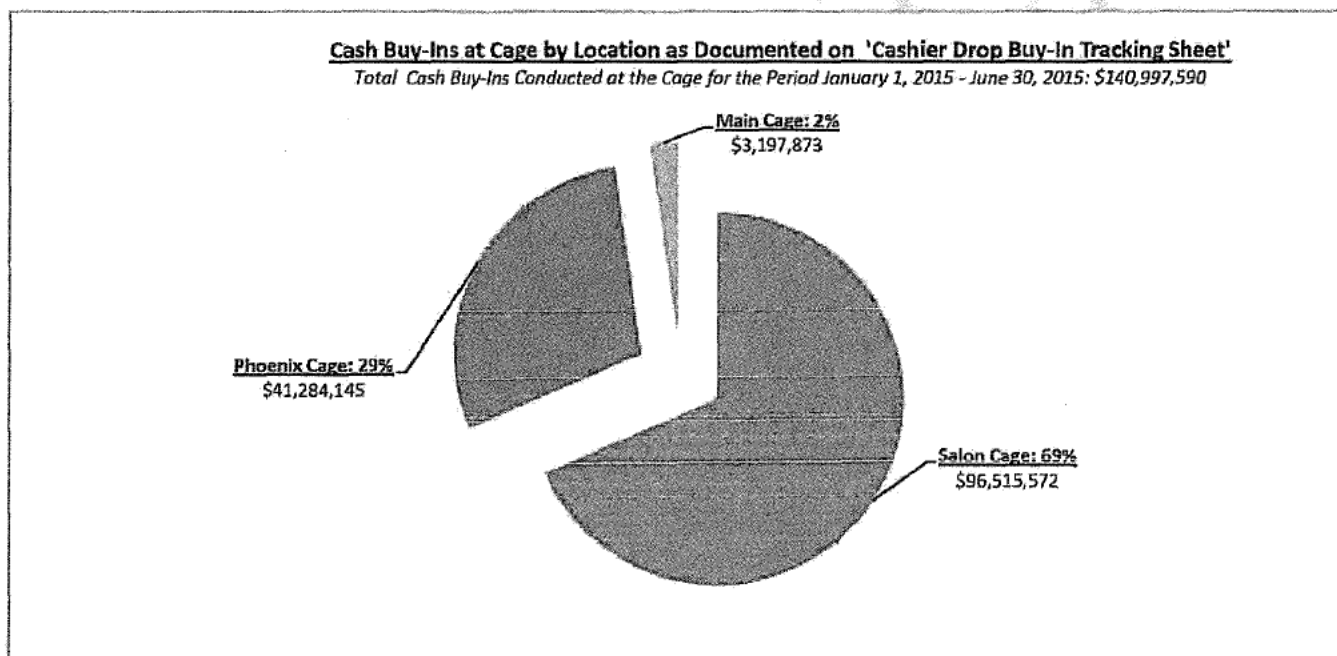
The cage is the focal point for majority of activities and transactions on the gaming floor. River Rock Casino has three cages, as shown in the diagram below. The main cage services all patrons playing on the regular gaming floor, Maple Leaf and Dogwood high limit rooms. The Salon and Phoenix cages service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



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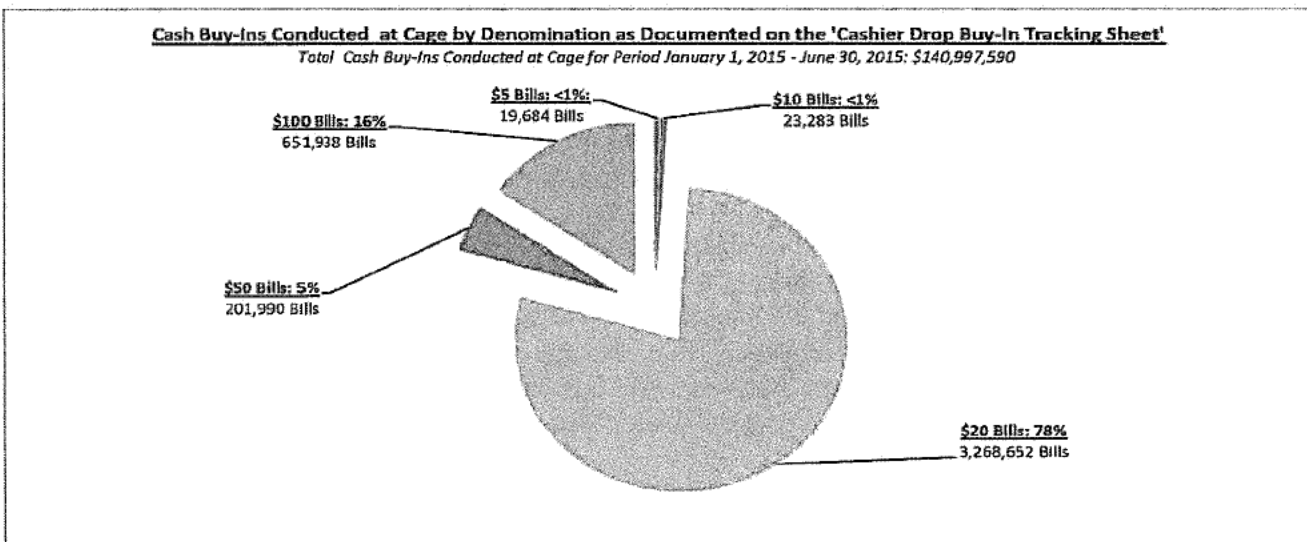
For table play, patrons may purchase chips directly at the table or at the cage. On the regular gaming floor, the cash buy-in is smaller and often occurs at the table. In the high limit rooms, the cash buy-ins are larger, and often occur at the cage, but may also occur at the table, dependant on the 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.



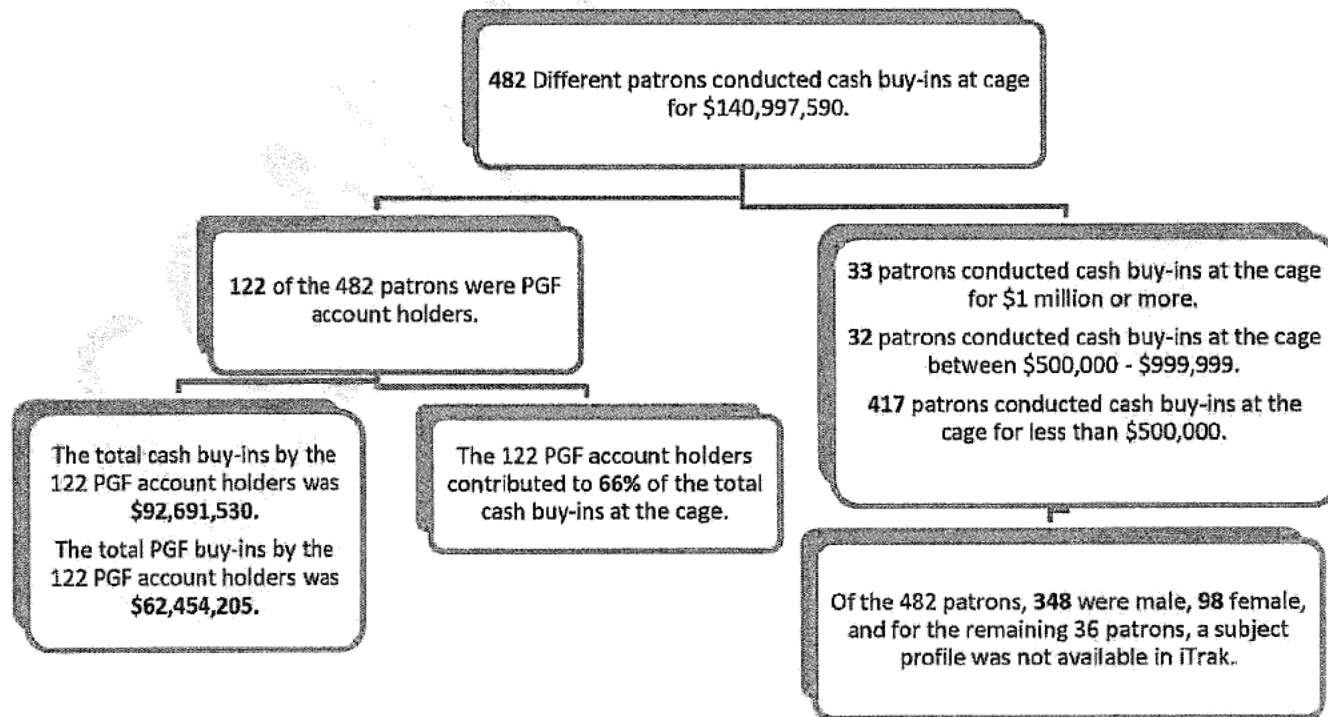
The following chart provides a detailed denomination breakdown of the cash buy-ins which occurred at the cage. As shown, 78% of the cash buy-ins at the cage occurred with \$20s, 16% with \$100s, and the remaining 6% with \$50s, \$10s and \$5s. Together with the previous chart, this indicates that majority 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.

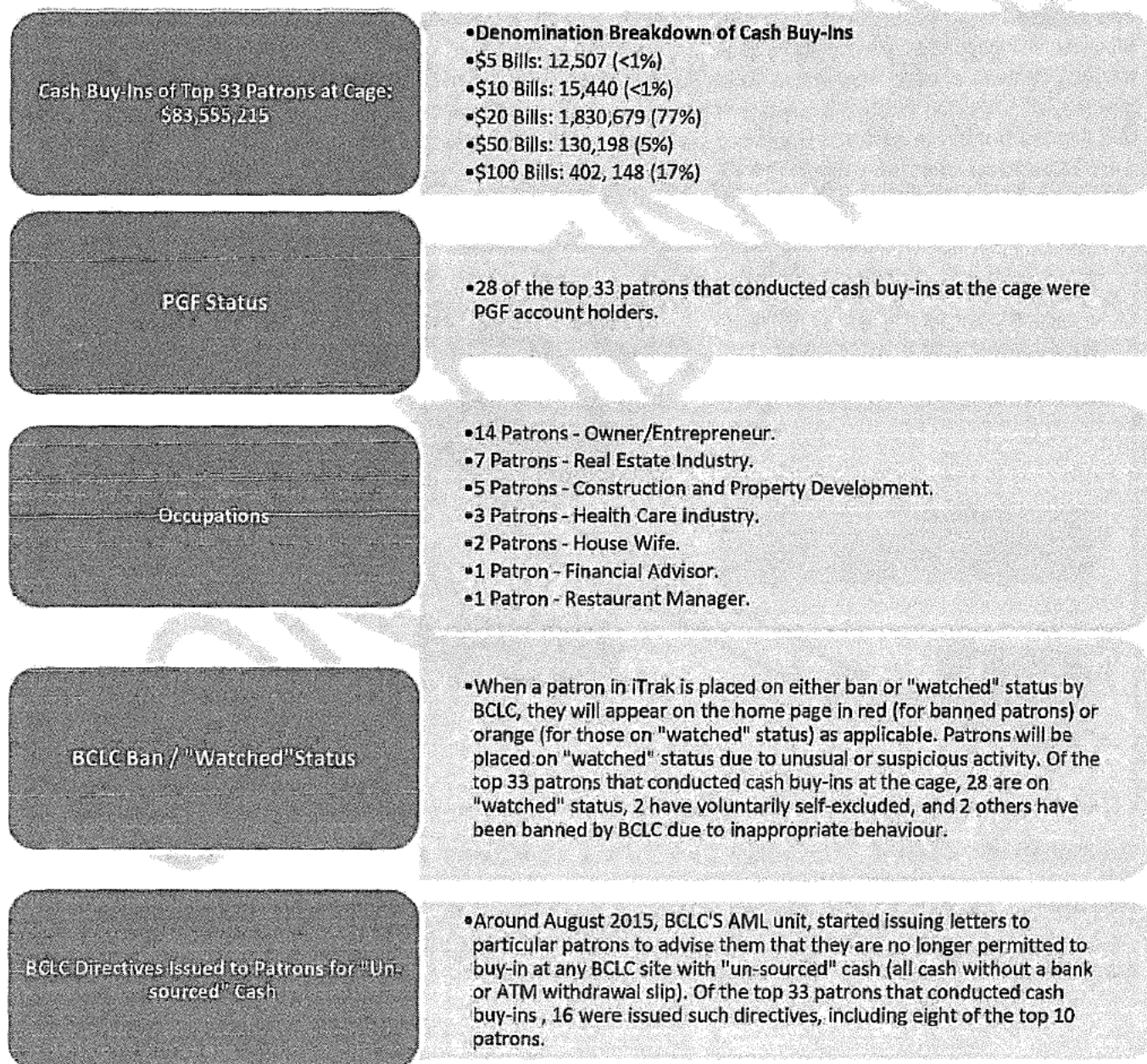


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Cash Buy-Ins at the Cage for the Top 33 Patrons

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

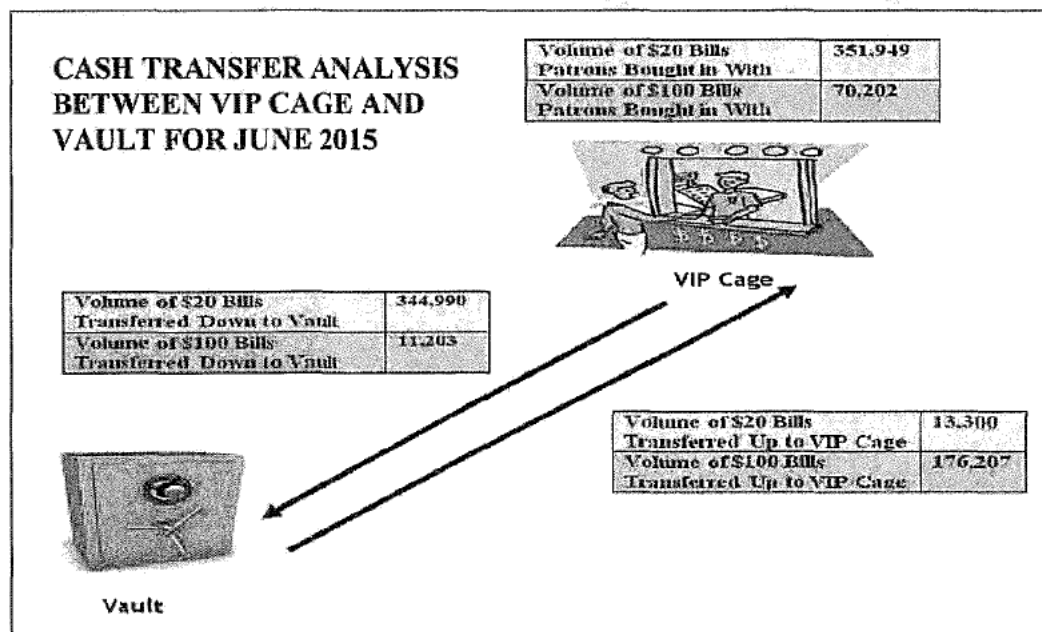


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PART 5: CASH TRANSFERS BETWEEN THE VAULT AND VIP HIGH LIMIT CAGES

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	[REDACTED]	M	175028	Mining Company Owner		\$875,060
39	[REDACTED]	F	131623	House Wife		\$868,160
40	[REDACTED]	M	83756	Flower Shop Owner	Fu Zhou Floral and Bird Market	\$853,000
41	[REDACTED]	M	36465	General Manager	Haicheng Haifang Textile Co.Ltd.	\$835,750
42	[REDACTED]	F	11822	Construction Company Owner	Sumitono Car Rental Ltd.	\$823,630
43	[REDACTED]	M	86709	Restaurant Owner	Zhing Hong Restaurant	\$807,120
44	[REDACTED]	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	[REDACTED] Trucking	\$710,430
50	[REDACTED]	M	31644	Land Development Company Owner	[REDACTED] 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	[REDACTED]	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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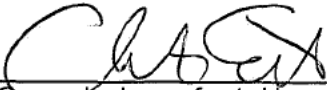
63	[REDACTED]	M	57040	Stock Investor		\$524,180
64	[REDACTED]	M	124914	Clothing Store Owner	Night Market Vendor Stand	\$504,000
65	[REDACTED]	M	110107	Realtor		\$500,000
66	XU, [REDACTED]	M	102258	Import/Export Agent	Cowry Cabinets	\$460,000
67	[REDACTED]	F	67255	House Wife		\$453,740
68	LO, Tsui Hua (Amy Lo)	F	9921	House Wife		\$450,400
69	[REDACTED]	M	110647	Construction Home Builder	Jianze Construction Company	\$440,000
70	[REDACTED]	M	21822	Import Export Company Owner	Hua Shun Xin Ltd.	\$440,000
71	[REDACTED]	M	12611	Manager Transportation Company	Beijing Yu Yang Group Corp.	\$430,090
72	[REDACTED]	F	10841	House Wife		\$428,400
73	[REDACTED]	M	25148	Oil Company Owner	Peijing Yin Di Company	\$425,980
74	BAO, Bo	M	28212	Real Estate Agent		\$420,000
75	[REDACTED]	F	32654	House Wife		\$419,020
76	XU, [REDACTED]	M	84950	Shoe Factory Owner	Shen Yan Bing Wei Shoe Store	\$415,830
77	[REDACTED]	M	52499	Real Estate President		\$414,980
78	[REDACTED]	M	30304	Real Estate Developer		\$410,050
79	[REDACTED]	M	13222	Restaurant Owner	Dragon King Restaurant	\$402,020
80	RONG, Jian	F	16985	House Wife		\$387,780
81	[REDACTED]	M	120576	Clothing Manufacturer	Light Sea Construction Investment	\$376,060
82	[REDACTED]	M	47784	Trading Company Owner	Long Champ Trade Co.	\$370,050
83	[REDACTED]	M	19384	Longshoreman		\$350,000
84	[REDACTED]	M	56671	Real Estate Company Owner	Heng Yu	\$348,060
85	[REDACTED]	M	139536	Real Estate Investor	He Nan Xin Xiang Advertisement Ltd.	\$347,070
86	[REDACTED]	M	11495	Building and Selling Houses		\$344,040
87	[REDACTED]	M	161500	Construction Company President	Hua Fei Construction Group	\$334,700

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88	[REDACTED]	M	129352	Construction Company Owner		\$331,620
89	[REDACTED]	F	93226	Import/Export Company	Han Lee International	\$330,050
90	[REDACTED]	M	140113	Automotive Service Provider	Hua Xing Simon Auto sales Ltd.	\$328,050
91	[REDACTED]	M	103060	Real Estate Investor	Zhong Hua Fu Development Ltd.	\$325,000
92	[REDACTED]	M	64240	Real Estate Manager		\$317,500
93	[REDACTED]	M	11065	Insulation Installer	GC Insulation Inc.	\$311,600
94	[REDACTED]	M	170278	Executive Assistant	Viceroy Investment Group	\$307,000
95	[REDACTED]	M	118300	Real Estate Company Manager	Jia Hong Developments Corp.	\$290,040
96	[REDACTED]	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	[REDACTED]	M	16445	Chef	Tsikiji Japanese Restaurant	\$279,940
102	[REDACTED]	M	98922	Construction Developer		\$279,700
103	[REDACTED]	M	71311	Real Estate Developer	Xintai Real Estate Development Ltd.	\$273,580
104	[REDACTED]	M	86158	Clothing Manufacturer		\$270,000
105	[REDACTED]	M	66318	Construction Home Builder	Long Mei Realty Co.	\$265,000
106	[REDACTED]	M	112727	Hotel Manager	Jun Guan Hotel	\$256,640
Total Cash Buy-Ins at Cage of \$250,000 or More						\$120,793,665

This is **EXHIBIT "37"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.



A Commissioner for taking Affidavits in British Columbia

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INTERNAL MEMO



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

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

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

Date: February 15, 2016

Subject: COMM-8611 Follow Up: Cash Buy-Ins Conducted at River Rock Casino Cages

SUMMARY REPORT

This report is a follow-up to our previous analysis of cash buy-ins conducted at River Rock Casino cages in the first half of 2015. This report covers the second half of the calendar year, July 1, 2015 – December 31, 2015, and provides a comparison between the two periods. Below are key observations.

Analysis of Cash Buy-Ins Conducted at River Rock Casino Cages

- Total cash buy-ins conducted at the cages for the period July 1, 2015 – December 31, 2015, were \$102,397,700. This represents a decline of 27% from the previous six month period, as shown below. Majority of the cash buy-ins were conducted at the two VIP high limit cages (Salon and Phoenix), which indicates that most of the play was at the Salon Privé, Salon Premium, or Phoenix Room, which are the casino's three VIP high limit rooms.

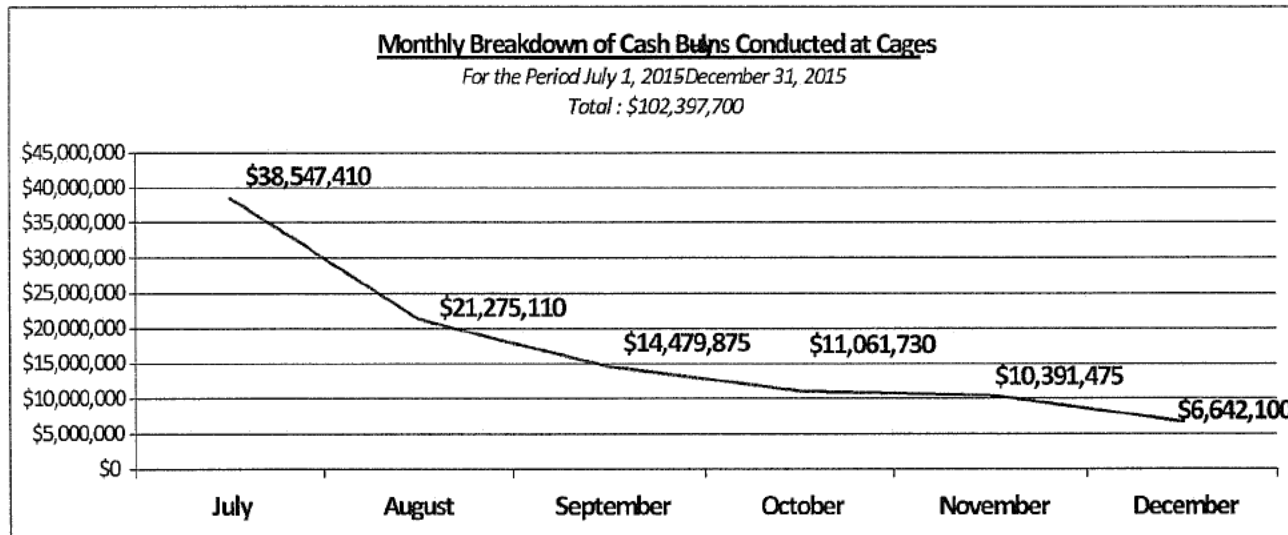
	January 1, 2015 – June 30, 2015	July 1, 2015 – December 31, 2015	% Change
Cash Buy-Ins Conducted at Main Cage	\$3,197,873	\$2,583,890	-19%
Cash Buy-Ins Conducted at VIP High Limit Cages (Salon and Phoenix)	\$137,799,717	\$99,813,810	-28%
Total Cash Buy-Ins Conducted at Cages	\$140,997,590	\$102,397,700	-27%

- A breakdown of the total volume of physical bills presented at the cages to conduct cash buy-ins for the year 2015 is presented below. As shown, there is a significant decline in the number of bills, particularly \$20s, presented at the cages during the second half of the year.

Bill Breakdown	January 1, 2015 – June 30, 2015	July 1, 2015 – December 31, 2015	% Change
\$20 Bills	3,268,652	2,052,201	-37%
\$100 Bills	651,938	557,294	-15%
\$50 Bills	201,990	107,645	-47%
\$10 and \$5 Bills	42,967	31,796	-26%
Total Volume of Physical Bills	4,165,547	2,748,936	

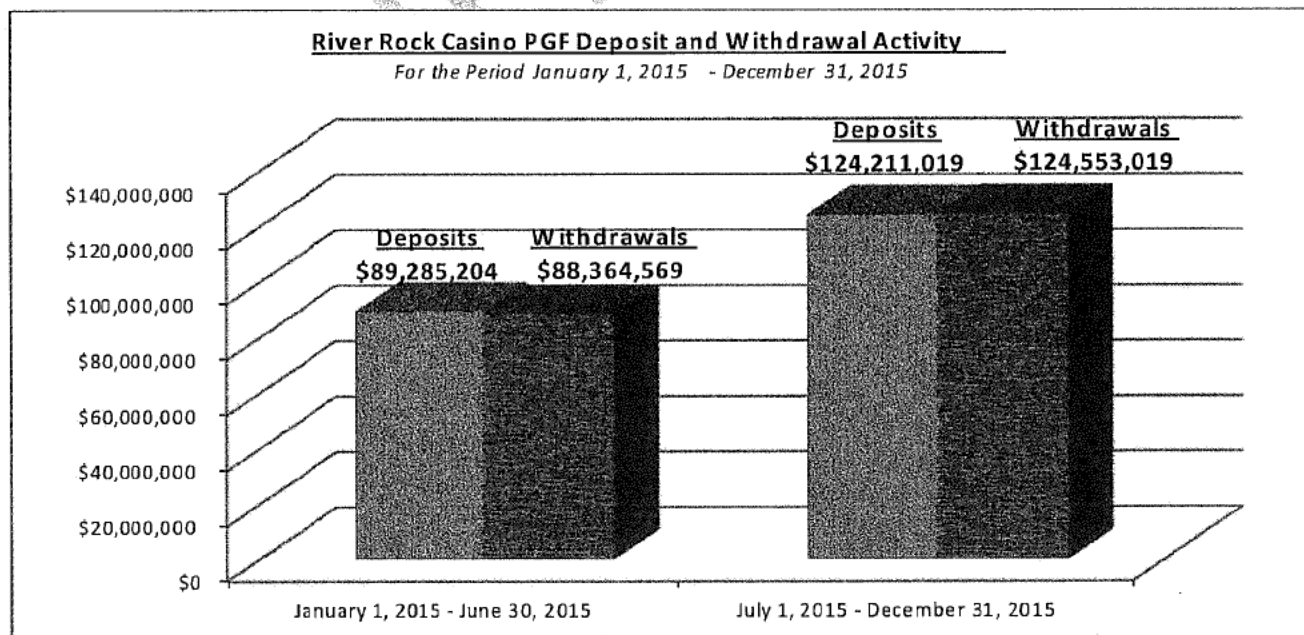
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- The chart below provides the monthly breakdown of the \$102,397,700 cash buy-ins conducted at the cages for the period July 1, 2015 – December 31, 2015. As can be seen, the decline in cash buy-ins is significant.



Analysis of PGF Activity

During the period July 1, 2015 – December 31, 2015, a total of \$124,211,019 was deposited (new money and re-deposits) into PGF accounts, and \$124,553,019 was withdrawn. This represents an increase of 39% in PGF deposits from the previous six month period as shown below. The closing PGF account balance at River Rock Casino as at December 31, 2015, was \$1,036,881, which reflects that funds being deposited into the accounts are not being retained for long periods of time.



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Analysis of Table Drop Revenue

Table drop revenue for River Rock Casino for the period July 1, 2015 – December 31, 2015, was \$339,307,567. This represents a decline of 37% from the previous six month period, as shown below. Consequently, table net win also dropped.

	January 1, 2015 – June 30, 2015	July 1, 2015 – December 31, 2015	Dollar Difference	% Change
Table Drop Revenue <i>Total revenue from table games.</i>	\$540,144,956	\$339,307,567	\$200,837,389	-37%
Table Net Win <i>Table revenue net of prizes paid.</i>	\$118,649,612 <i>(Note 1)</i>	\$104,094,916 <i>(Note 2)</i>	\$14,554,696	-12%

Note 1 – Table net win figure obtained from BCLC.

Note 2 – At the time of this report, we had not received the table net win figures from BCLC. Reason being, such figures take time to compile, and were not available at report issuance. However, materially, the figures that we obtained from GMS are a good representation of table net win, based on our past analysis.

Impact of BCLC Un-Sourced Cash Directive

In 2015, BCLC'S AML unit began issuing letters to high risk patrons advising them that they are no longer permitted to buy-in at any BCLC site with "un-sourced" cash (cash without a bank or ATM withdrawal slip). The significant drop in cash buy-ins at the cages for the period July 1, 2015 – December 31, 2015, can be associated, in part, to the enforcement of this directive by BCLC and the service provider.

The chart below provides a summary of patrons that conducted cash buy-ins of \$1 million or more during the first half of 2015 and were subsequently issued the unsourced cash directive by BCLC. Their cash buy-ins at the cages for the first six months of 2015 are compared to the last six months of the year and presented in the chart below. The following are key observations from the chart:

- Cash buy-ins conducted at the cages for the second half of the year for many of these patrons has substantially dropped. Some of these patrons have started using their PGF accounts more while a few others have stopped conducting cash buy-ins at River Rock Casino.
- Some patrons still conducted significant cash buy-ins during the second half of the year. Their cash-buys reflect both sourced cash, and also cash buy-ins during the lapse period between July 1, 2015, and the issuance of the BCLC directive.

Patron Name	Subject ID	Occupation	Total Cash Buy-In at Cage January 1, 2015 - June 30, 2015	Date of BCLC Un-Sourced Cash Directive (2015)	Total Cash Buy-In at Cage July 1, 2015 - December 31, 2015	% Change
[REDACTED]	130874	Trading Company Owner	\$7,971,710	September 11	\$1,358,920	-83%
GAO, Jia Gui	142378	Real Estate Development President	\$6,277,680	April 14 (1 st) October 8 (2 nd)	\$40,000	-99%

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Patron Name	Subject ID	Occupation	Total Cash Buy-In at Cage January 1, 2015 - June 30, 2015	Date of BCLC Un-Sourced Cash Directive (2015)	Total Cash Buy-In at Cage July 1, 2015 - December 31, 2015	% Change
[REDACTED]	74341	Petroleum Company Owner	\$4,508,565	September 11	\$673,050	-85%
[REDACTED]	99395	Realtor	\$4,392,200	September 11	\$199,960	-95%
[REDACTED]	100893	Property Developer	\$4,320,240	September 24	\$4,813,205	+11%
[REDACTED]	109940	Import/Export Logistics	\$3,635,085	October 19	\$1,200,020	-67%
[REDACTED]	90767	Steel Company Owner	\$2,743,390	September 11	\$692,000	-75%
[REDACTED]	10241	Telecom Company Owner	\$2,594,200	September 11	\$1,370,260	-47%
SHA, Li Lin	22868	Coal Mine Owner	\$2,506,990	September 11	\$20,000	-99%
[REDACTED]	43366	Construction Owner	\$2,502,940	September 11	\$2,510,275	+1%
[REDACTED]	88248	Real Estate Company Owner	\$2,430,150	September 11	\$2,310,110	-5%
[REDACTED]	14033	Real Estate Company Owner	\$2,366,880	September 11	\$1,825,940	-23%
CAO, Binshun	11435	Hotel Owner	\$1,904,000	September 29	\$220,020	-88%
[REDACTED]	144809	House Wife	\$1,579,670	September 11	\$0	-100%
[REDACTED]	115177	Manager Medical Company	\$1,578,130	November 10	\$3,497,235	+121%
[REDACTED]	10226	Real Estate Manager	\$1,439,910	September 11	\$0	-100%
[REDACTED]	58336	Physician	\$1,210,520	September 11	\$615,000	-49%
[REDACTED]	663	Real Estate Board Chairman	\$1,060,000	September 11	\$1,100,660	+4%
Total			\$55,022,260		\$22,446,655	-59%

CONCLUSION

BCLC un-sourced cash directives were issued to high limit patrons, who were buying in with a large volume of small denomination bills. Despite these patrons having a long history of gambling, the nature of the cash that they presented at the casino suggested that the money did not come from a recognized financial institution and may be of questionable source.

The issuance of the un-sourced cash directive to high limit patrons at River Rock Casino has had a direct impact on the total amount of cash buy-ins conducted at the cages. Cash buy-ins at the cages for the period reviewed July 1, 2015 – December 31, 2015, at River Rock Casino, declined by \$38.6 million (- 27 %) from the first half of the year. PGF activity during the same period increased 39% from the first half of the year. This is partly attributed to patrons to whom the un-sourced cash directive has been issued being encouraged to use their PGF accounts.

Overall, although cash buy-ins at the cages decreased and PGF activity increased, the net effect was a significant decline in both table drop revenue (-37%) and net table win (-12%) at River Rock Casino.

This is **EXHIBIT "38"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.

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INTERNAL MEMO



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

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

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

Date: April 27, 2016

Subject: COMM-8621 River Rock Casino Cash Transfer Analysis between High Limit Cages and Vault

EXECUTIVE SUMMARY

To prevent a patron from refining bills for the purposes of money laundering, sites are advised by BCLC to pay out patrons in the same denomination in which they bought in with. This requirement is not stated in the BCLC Casino and Community Gaming Centre Standards, Policies and Procedures. However, through interviews with staff at the River Rock Casino, it was determined that a patron will be paid out in the same denomination as their buy-in, if they did not engage in reasonable play.

The objective of our review was to determine the extent the high limit cages at the River Rock Casino paid out patrons in the same denomination of bills that they bought in with. The review period was July 1, 2015 – December 31, 2015.

As casinos in BC are not required to document the denomination of cash payouts to patrons, we were unable to confirm on an individual transaction basis if refining was occurring. Our review was conducted through:

- An analytical review of cash transfers between patron buy-ins, the high limit cages and the vault.
- Interviews with cage management and cashiers at the River Rock Casino.

KEY OBSERVATIONS

- Total cash buy-ins at the high limit cages with \$20 bills amounted to \$40 million. Of this amount, 99% was transferred down to the vault, and less than 1 % transferred back up to the high limit cages. The high limit cages retained only \$75 thousand for subsequent payouts in this denomination.

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- Total cash buy-ins at the high limit cages with \$100 bills amounted to \$54 million. Of this amount, \$8 million (15%) was transferred down to the vault; however, an additional \$90 million in \$100 bills was transferred from the vault back up to the high limit cages.
- Interviews with site staff indicated that if a patron engaged in reasonable play, they will be paid out with \$100 bills regardless of the denomination that they bought in with. The following is taken into consideration by the site when determining whether play was reasonable: the amount being wagered in proportion to the buy-in; the amount of time spent gaming in proportion to the buy-in; and the amount of gaming loss incurred by the patron.
- The onus is on the tables department (i.e. dealer supervisor or other floor staff) and surveillance operators to inform the cage if a patron did not engage in reasonable play.

CONCLUSION

Our analysis of cash flows between patron buy-ins, the high limit cages and the vault at the River Rock Casino for the period July 1, 2015 – December 31, 2015, found that nearly all patrons that bought in with \$20 bills were not paid out in this denomination.

At a macro level, the high limit cages retained a disproportionate amount of \$100 and \$20 bills relative to cash buy-ins of the same denomination. The excess supply of \$100 bills available at the high limit cages suggests that patrons were primarily paid out in this denomination, while the minimal supply of \$20 bills suggests that patrons were rarely paid out in this denomination.

Although River Rock does have criteria in place to help prevent refining from occurring for the purposes of money laundering, the criterion applied is subject to discretion around what constitutes reasonable play.

The notion that nearly all patrons were paid out with \$100 bills regardless of the denomination that they bought in with, in part suggests that the controls in place to prevent a patron from refining bills may not be functioning as intended. As a result, based on the analysis performed and interviews with site staff it is reasonable to conclude that refining is occurring through the high limit cages at the River Rock Casino.

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INTRODUCTION

BACKGROUND

GPEB Compliance Division has periodically analyzed cash buy-ins conducted at the River Rock Casino cages to evaluate the denomination of currency patrons were buying in with. Our analysis showed that cash buy-ins at the high limit cages (Salon and Phoenix) were mainly with \$100 and \$20 bills. The high limit cages are reserved for patrons playing in the VIP high limit rooms (Salon Privé, Salon Premium and Phoenix room).

With this in mind, we wanted to determine the extent the high limit cages were paying out patrons in the same denomination of bills that they bought in with. Our review focused on the River Rock Casino. River Rock was selected based on our past work and because it generates the highest table game revenue in the Province.

OBJECTIVE

The objectives of our review were:

- To determine the extent the high limit cages at the River Rock Casino paid out patrons in the same denomination of bills that they bought in with.
- To evaluate whether refining was occurring through the high limit cages at the River Rock Casino.

SCOPE

The scope focused on the high limit cages (Salon and Phoenix) at the River Rock Casino for the period July 1, 2015 – December 31, 2015.

- Casinos in BC are not required to document the denomination of cash payouts from the cage. Due to this limitation, we were unable to analyze payouts on an individual transaction basis. The analytical component of our review focused on the cash transfers between the high limit cages and the vault as tracked on the GMS 'Report Inventory Movement Audit Trail Group by Transaction' and the cash buy-ins conducted at the high limit cages as tracked on the 'Cashier Drop Buy-In Tracking Sheet.'
- As part of the review, we conducted interviews with cage management and cashiers at the River Rock Casino. The interviews helped us understand how cash flow was tracked at the site and the denomination of cash that patrons were buying in and subsequently being paid out with at the high limit cages.

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PART 1: ANALYTICAL REVIEW OF CASH ACTIVITY

To determine the transfer of cash between the high limit cages and the vault, we analysed the daily GMS 'Report Inventory Movement Audit Trail Group by Transaction' reports for the period July 1, 2015 – December 31, 2015. The data was then compared to the total amount of cash buy-ins conducted at the high limit cages over the same period as documented on the 'Cashier Drop Buy-In Tracking Sheet'.

The table below shows by denomination, the total amount of cash buy-ins conducted at the high limit cages and the subsequent transfers between the high limit cages and the vault for the period July 1, 2015 – December 31, 2015.

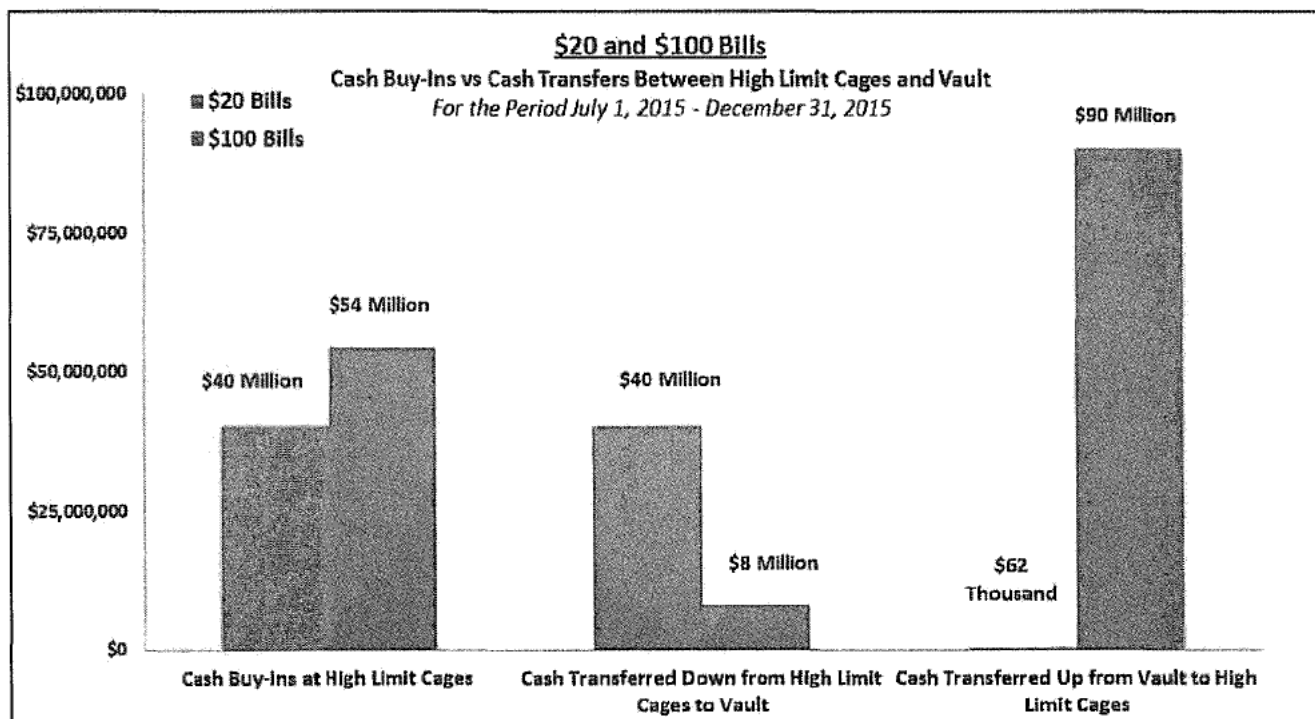
Bill Denomination	July 1, 2015 – December 31, 2015				= A – B + C Net Cash Available at High Limit Cages
	A Cash Buy-Ins Conducted at High Limit Cages		B Cash Transferred Down from High Limit Cages to Vault	C Cash Transferred Up From Vault to High Limit Cages	
\$100	\$54,223,000	54%	\$8,041,000	\$90,173,000	\$136,355,000
\$50	\$5,229,200	5%	\$5,505,000	\$215,000	N/A
\$20	\$40,120,920	40%	\$40,107,180	\$62,000	\$75,740
\$10	\$164,860	<1%	\$1,452,000	\$1,382,000	\$94,860
\$5	\$75,830	<1%	\$1,373,005	\$1,369,500	\$72,325
Total	\$99,813,810	100%	\$56,478,185	\$93,201,500	\$136,597,925

The table above highlights the following key points:

- Total cash buy-ins at the high limit cages with \$20 bills amounted to \$40 million. Of this amount, 99% was transferred down to the vault, and less than 1% transferred back up to the high limit cages. The high limit cages retained only \$75 thousand for subsequent payouts in this denomination. The short supply of \$20 bills available at the high limit cages indicated that patrons that bought in with \$20 bills were not being paid out in this denomination.
- Total cash buy-ins at the high limit cages with \$100 bills amounted to \$54 million. Of this amount, only \$8 million (15%) was transferred down to the vault; however, an additional \$90 million in \$100 bills was transferred from the vault back up to the high limit cages. The cash transfers showed that the high limit cages had significantly more \$100 bills available to conduct cash payouts than buy-ins of the same denomination. The excess supply of \$100 bills available at the high limit cages indicated that patrons were primarily being paid out in this denomination.
- Despite \$5 million of cash buy-ins at the high limit cages being conducted with \$50 bills, no \$50 bills were retained to conduct subsequent cash payouts to patrons. The cash transfers between the high limit cages and vault for \$10 and \$5 bills were largely attributed to floats being transferred to and from the vault at the end of each gaming day.

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The graph below reflects the contrast between the total dollar amount of \$20 and \$100 bills received from cash buy-ins conducted at the high limit cages and the subsequent transfers to and from the vault.



PART 2: EMPLOYEE INTERVIEWS

To prevent a patron from refining bills for the purposes of money laundering, sites are advised by BCLC to pay out patrons in the same denomination in which they bought in with. This requirement is not stated in the BCLC Casino and Community Gaming Centre Standards, Policies and Procedures.

Through interviews with cage management and cashiers at the River Rock Casino, we determined that the practice of paying out patrons in the same denomination of bills, for which they bought in with, is subject to discretion. The site holds the view that patrons that buy-in with small denomination bills can be paid out with large denomination bills, if the patron had engaged in reasonable play. The following is taken into consideration when determining whether play is reasonable:

- The amount being wagered in proportion to the buy-in.
- The amount of time spent gaming in proportion to the buy-in. For example, a patron's gaming activity would be considered suspicious if they placed a few small bets (relative to the buy-in) over a short period of time and then attempted to cash out.
- The amount of gaming loss incurred by the patron.

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The play of patrons in the high limit rooms is observed from the floor level by the tables department and from above by surveillance operators. If staff from the floor (i.e. dealer supervisor, shift manager, other) or surveillance operators determine that the patron did not engage in reasonable play, they are required to inform the cage. If the cage is not informed of the patrons play, then it is assumed that the patron engaged in reasonable play, and thus will be paid out with \$100 bills.

Through interviews with cage management and cashiers at the River Rock Casino, we identified the following:

- Primarily all of the \$20 bills that the high limit cages receive from cash buy-ins are transferred to the vault. Reason being, the cage does not pay out patrons in the \$20 bills that they bought in with unless informed by staff from the floor or surveillance operators that the patron did not engage in reasonable play.
- The high limit cages retain a large portion of the \$100 bills received from cash buy-ins and also request mainly \$100 bills from the vault as patrons deemed to be engaged in reasonable play are paid out in \$100 bills.

CONCLUSION

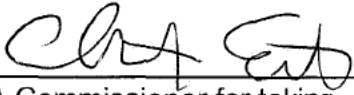
Our analysis of cash flows between patron buy-ins, the high limit cages and the vault at the River Rock Casino for the period July 1, 2015 – December 31, 2015, found that nearly all patrons that bought in with \$20 bills were not paid out in this denomination.

At a macro level, the high limit cages retained a disproportionate amount of \$100 and \$20 bills relative to cash buy-ins of the same denomination. The excess supply of \$100 bills available at the high limit cages suggests that patrons were primarily paid out in this denomination, while the minimal supply of \$20 bills suggests that patrons were rarely paid out in this denomination.

Although River Rock does have criteria in place to help prevent refining from occurring for the purposes of money laundering, the criterion applied is subject to discretion around what constitutes reasonable play.

The notion that nearly all patrons were paid out with \$100 bills regardless of the denomination that they bought in with, in part suggests that the controls in place to prevent a patron from refining bills may not be functioning as intended. As a result, based on the analysis performed and interviews with site staff it is reasonable to conclude that refining is occurring through the high limit cages at the River Rock Casino.

This is **EXHIBIT "39"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.

A handwritten signature in black ink, appearing to read 'Chris Eub', written over a horizontal line.

A Commissioner for taking Affidavits in British Columbia



INTERNAL MEMO

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

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

From: Lynn Li, Commercial Gaming Auditor, Compliance Division, GPEB

Date: April 29, 2016

Subject: Review of Transactions from China's Sky Net list of 100 Most Wanted Fugitives (COMM-8661)

Background:

China has implemented a massive anti-corruption campaign. On April 22, 2015 it released a list of 100 alleged economic fugitives comprising former government officials, company executives, police officers and more, who are suspected of taking bribes, embezzling funds and laundering money. Sixty-six individuals on the list are believed to be in the U.S. and Canada.

Objective:

The objective of this review was to determine if any of the individuals identified on the alleged fugitive list are gambling or have gambled in BC gaming facilities and to identify any transactions occurring at BC gaming facilities.

Scope:

The scope is limited to a review of transactions or events recorded in BCLC's incident tracking system used in gaming facilities ("iTrak") by searching on each alleged fugitive's full legal name, date of birth or other aliases that are on the list and based on the assumption that the fugitives kept their name(s) and birthday(s) unchanged.

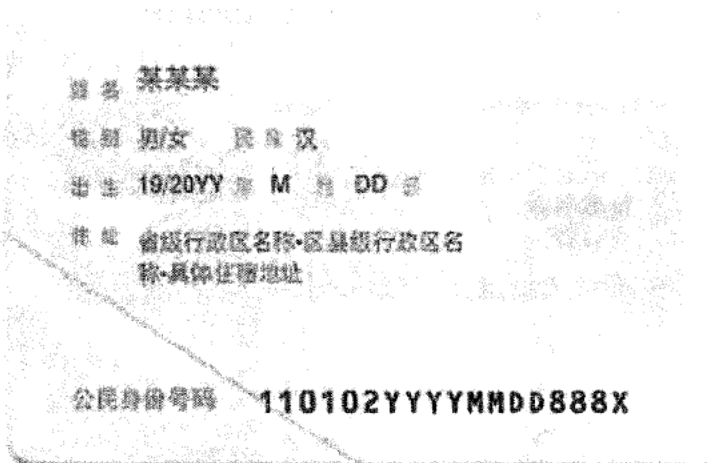
Approach:

We downloaded the "Sky Net" list from the Central Commission for Discipline Inspection Department website. The list contains the alleged fugitive's legal name or other aliases, picture, alleged crime, possible country of residence, China Resident Identity Card number and other possible holding passport(s) or ID(s), such as Hong Kong Permanent Resident ID, when they fled China. The Chinese names were translated to Pinyin (the pronunciation of Chinese characters). In addition, the China Resident Identity Card contains the person's date of birth listed in the Gregorian calendar format,

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which enabled us to extract the alleged fugitive's date of birth from the ID numbers provided on the list. This information is used as key search criteria in our review.

Illustration of date of birth information embedded in the Chinese ID number:



1	1	0	1	0	2	Y	Y	Y	Y	M	M	D	D	8	8	8	X
Address code					Date of Birth code						Order code			Checksum			

Review Summary:

We compared all 100 individuals on the Sky Net list to BCLC's iTrak system and found five matching player profiles. We compared photos of the individuals in iTrak with those posted on the Central Commission for Discipline Inspection Department website to confirm their identity. The results of our search can be summarized as follows:

1. Review of patrons in the iTrak system for incidents and status:

- All five patrons for which there was a match were barred by the BCLC AML ("Anti-money Laundering") Unit on October 27, 2015.
- Two of the five patrons had incident reports about them in the system for actions such as Chip passing and theft of others peoples' tickets.
- One individual had been categorized as a high-risk patron and marked "on watch" and monitoring on site for almost one year before being barred by the BCLC AML Unit.
- There is no information in iTrak detailing the reason why the other two individuals were barred.

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Details of Incident records:

	Full Name	China Resident ID number	Possible Date of Birth	Date left China	Possible Country of residence	Alleged crime	Reason for Barred
				2013.5	Canada	Falsely Making out Specialized VAT Invoices	Barred by BCLC AML effective 27, 2015. He was added to the BCLC High Risk patron list and placed on watch and monitoring on site. PII - FINTRAC
				2010.9	Canada	Corruption	Barred by BCLC AML effective Oct 27, 2015. Several incidents of Chip passing. PII - FINTRAC
				2012.12	USA	Bribery	BCLC barring effective on Oct 27, 2015. Barred for BCLC Prohibition, no detailed information disclosed in the iTrak report. PII - FINTRAC
				2013.7	USA	Corruption	Barred by BCLC AML effective Oct 27, 2015. no detailed information disclosed in the iTrak PII - FINTRAC
				2011.2	Canada, New Zealand	Embezzlement	Barred by BCLC AML effective Oct 27, 2015. Complainant in theft of credits. Several incidents of claim of ticket theft from others or claim of damaged tickets.

PII - FINTRAC

3. Analysis of iTrak data for types of identification used by Sky Net fugitives:

- Our review found that all of the five individuals matched to the Sky Net alleged economic fugitive list were using different identification from the one(s) released in the Sky Net wanted list, but used the same legal name. Four out of these five fugitives had obtained Canadian driver licenses.

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CONCLUSION

Five alleged individuals from China's Sky Net economic fugitive list issued by the Central Commission for Discipline Inspection Department were identified in BCLC's iTrak system. All five of them were identified, monitored and subsequently barred from all provincial gaming facilities by BCLC on October 27, 2015.

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Appendix I

Source: http://www.ccdi.gov.cn/xwtt/201504/t20150422_55183.html

Announced on 2015-04-22 17:57

Search Results: China "Sky Net" anti-graft operation: 100 Most Wanted Fugitives

Full Name	性别 (SEX)	身份证号码 (China ID number)	Possible Date of Birth	外透所持证照信息 (Passport or ID)	Date left China	Possible Country of residence	Alleged crime	iTrak record search	iTrak BDAY search	Detailed information on matched individual		
										# of LCTs	Main locations of Incidents	Reason for Barring
	男 Male				2010.9	Canada	Corruption	No record	Same name and birthday found match.	<input type="checkbox"/>	River Rock	Barred by BCLC AML effective Oct 27, 2015. Several incidents of Chip passing. PII - FINTRAC
	男 Male				2012.12	USA	Bribery	Yes. in iTrak. Barred. Confirmed same person by photo and name search	Yes date search	<input type="checkbox"/>	River Rock	BCLC barring effective on Oct 27, 2015. Barred for BCLC Prohibition, no detailed information disclosed in the iTrak report. PII - FINTRAC
	男 Male				2013.7	USA	Corruption	Possible found same name, photo looks alike. Barred	Nobody with that birthday	<input type="checkbox"/>	River Rock / Starlight Casino	Barred by BCLC AML effective Oct 27, 2015. No detailed information disclosed in the iTrak report. PII - FINTRAC



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Full Name	性别 (SEX)	身份证号码 (China ID number)	Possible Date of Birth	外逃所持证照信息 (Passport or ID)	Date left China	Possible Country of residence	Alleged crime	iTrak record search	iTrak BDAY search	Detailed information on matched individual		
										# of LCTs	Main locations of incidents	Reason for Barring
	男 Male				2011.2	Canada, New Zealand	Embezzlement	Photo looks really alike. Exactly same birthday. But already have Canadian driver license. Barred	Yes date search worked	1	River Rock	Barred by BCLC AML effective Oct 27, 2015. Complainant in theft of credits. Several incidents of claim of ticket theft from others or claim of damaged tickets.
	男 Male				2013.5	Canada	Falsely Making out Specialized VAT Invoices	Photo looks really alike. Exactly same birthday. But already have Canadian driver license. Barred	Yes date search worked	1	River Rock	Barred by BCLC AML effective Oct 27, 2015. He was added to the BCLC High Risk patron list and placed on watch and monitoring on site. PII - FINTRAC
	女 Female				2003.4	USA	Corruption	Possible [redacted] (iTrak file obtained) - No LCT	Nobody with that birthday	1		
	男 Male				2011.1	Singapore	Corruption	No record	Nobody with that birthday	1		
	男 Male				2011.11	USA	Corruption, embezzle public funds	1. Possible [redacted] (no LCT) 2. Found [redacted] from Shan Xi Province. 3. [redacted] PII - FINTRAC 4. Another, [redacted] born in [redacted] from Shanghai.	Nobody with that birthday on [redacted] - one Caucasian man on [redacted]	1		



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Full Name	性别 (SEX)	身份证号码 (China ID number)	Possible Date of Birth	外逃所持证照信息 (Passport or ID)	Date left China	Possible Country of residence	Alleged crime	ITrak record search	ITrak BDAY search	Detailed information on matched individual		
										# of LCTs	Main locations of incidents	Reason for Barring
	女 Female				2002.8	USA	Bribery	No record	Nobody with that birthday			
	男 Male				2001.11	New Zealand	crime of duty encroachment	No record	One birthday on [redacted] see photo and one Caucasian female on [redacted]			
	男 Male				2010.3	Canada	Bribery	No record	Nobody with that birthday			
	男 Male				2007.12	Singapore, USA	Illegal loans	No record	Nobody with that birthday			
	男 Male				2002.7	Australia, New Zealand	Abuse of powers	No record	Nobody with that birthday			
	男 Male				2009.11	Hong Kong	Corruption	No record	One South East Asian Male			
	男 Male				2007.4	New Zealand	Corruption	No record	Nobody with that birthday			
Xu [redacted]	男 Male				2011.5	USA	Bribery and abuse of powers	Possible: Xu [redacted]	7 persons with that birthday. One male Chinese. No match.			
[redacted]	男 Male				2004.1	England	Organize others to illegally cross the border	No record	9 persons with that birthday, checked each, one Chinese male. No match.			
Chen [redacted]	女 Female				2013.4	England	Money Laundering	No record	6 female with that birthday. 3 Asian. No match.			



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Full Name	性别 (SEX)	身份证号码 (China ID number)	Possible Date of Birth	外逃所持证照信息 (Passport or ID)	Date left China	Possible Country of residence	Alleged crime	iTrak record search	iTrak BDAY search	Detailed information on matched individual:		
										# of LCTs	Main locations of incidents	Reason for Barring
[REDACTED]	男 Male	[REDACTED]	[REDACTED]	[REDACTED]	2008.1	Thailand	Embezzle public funds	No record	2 male with that birthday. No Asian.			
	男 Male				2008.9	France	Bribery	No record	3 male with that birthday, all Caucasian.			
Chen [REDACTED]	男 Male	[REDACTED]	[REDACTED]	[REDACTED]	2002.6	USA, New Zealand	Embezzle public funds	No record	One male found with the birthday search. However, no detailed information shows the birthday and photo is really not clear.			
[REDACTED]	男 Male	[REDACTED]	[REDACTED]	[REDACTED]	1999.1	USA, Korea	Fraud, Cheat and Swindle	No record	Two persons with that birthday. All Caucasian.			
	女 Female	[REDACTED]	[REDACTED]	[REDACTED]	2012.11	Canada	Corruption	No record	2 Asian female with that birthday. No match.			
	男 Male	[REDACTED]	[REDACTED]	[REDACTED]	2009.11	USA, Australia	Corruption	No record	2 Asian Male with that birthday. No match.			
	女 Female	[REDACTED]	[REDACTED]	[REDACTED]	2002.9	USA	Corruption	No record	4 persons with that birthday. All Caucasian male.			
	男 Male	[REDACTED]	[REDACTED]	[REDACTED]	2002.9	USA	Corruption	No record	1 Asian male with that birthday. No match.			
	男 Male	[REDACTED]	[REDACTED]	[REDACTED]	1998.4	Thailand, Australia	Corruption	No record	1 Asian male with that birthday. No match.			
	女 Female	[REDACTED]	[REDACTED]	[REDACTED]	2010.5	Thailand	Corruption	No record	Nobody with that birthday.			



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Full Name	性别 (SEX)	身份证号码 (China ID number)	Possible Date of Birth	外逃所持证照信息 (Passport or ID)	Date left China	Possible Country of residence	Alleged crime	iTrak record search	iTrak BDAY search	Detailed information on matched individual		
										# of ICTS	Main locations of Incidents	Reason for Barring
[REDACTED]	女 Female	[REDACTED]	[REDACTED]	[REDACTED]	2010.8	USA	Conceal the proceeds of crime	No record	2 Asian with that birthday. All Males.			
[REDACTED]	男 Male	[REDACTED]	[REDACTED]	[REDACTED]	2013.8	Canada	Contract fraud	No record	1 Asian male with that birthday. No match.			
[REDACTED]	男 Male	[REDACTED]	[REDACTED]	[REDACTED]	2013.9	Canada, Australia	Corruption	No record	4 Asian males with that birthday. No match.			
Xu [REDACTED]	男 Male	[REDACTED]	[REDACTED]	[REDACTED]	2002.6	USA	Corruption, practise graft	No record	2 male with that birthday. All Caucasian.			
[REDACTED]	男 Male	[REDACTED]	[REDACTED]	[REDACTED]	2013.7	Canada	Embezzlement	No record	1 Asian male with that birthday. No match.			
[REDACTED]	女 Female	[REDACTED]	[REDACTED]	[REDACTED]	2001.12	Canada, USA	Corruption	No record	3 females with that birthday. No Asian.			
[REDACTED]	男 Male	[REDACTED]	[REDACTED]	[REDACTED]	2010.8	Australia	Bribery	No record	2 Asian males with that birthday. No match.			
[REDACTED]	男 Male	[REDACTED]	[REDACTED]	[REDACTED]	2014.2	Singapore, Korea or USA	Corruption	No record	2 Asian males with that birthday. No match.			
[REDACTED]	女 Female	[REDACTED]	[REDACTED]	[REDACTED]	2008.12	Australia	Corruption	No record	1 Asian female with that birthday. No match.			
[REDACTED]	男 Male	[REDACTED]	[REDACTED]	[REDACTED]	2012.12	Malaysia	Financial fraud	No record	3 Asian males with that birthday. No match.			
[REDACTED]	男 Male	[REDACTED]	[REDACTED]	[REDACTED]	2014.5	Indonesia or Singapore	Fraud, Cheat and Swindle	No record	5 Asian males with that birthday. No match.			
[REDACTED]	男 Male	[REDACTED]	[REDACTED]	[REDACTED]	2014.9	Thailand or Grenada	Corruption	No record	1 Caucasian male with that birthday. No match.			



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Full Name	性别 (SEX)	身份证号码 (China ID number)	Possible Date of Birth	外逃所持证照信息 (Passport or ID)	Date left China	Possible Country of residence	Alleged crime	iTrak record search	iTrak BDAY search	Detailed information on matched individual		
										# of LCTs	Main locations of incidents	Reason for Barring
[REDACTED]	男 Male	[REDACTED]	[REDACTED]	[REDACTED]	2000.1	USA	Contract Fraud	No record	1 Asian male with that birthday. No match.			
	女 Female				2014.9	Thailand or Grenada	Corruption	No record	2 female Caucasian with that birthday.			
	女 Female				2007.1	Australia	Corruption	No record	All males. No female with that birthday.			
Xu, [REDACTED]	男 Male				2003.5	USA	Bribery	No record	Nobody with that birthday.			
[REDACTED]	女 Female				2002.8	New Zealand	Embezzlement and Concealment offshore deposits	No record	3 female Asian with that birthday. No match.			
	男 Male				2012.3	Guinea-Bissau	Non-national staff of bribery	No record	1 Asian male with that birthday. No match.			
	男 Male				2012.12	Hong Kong	Corruption	No record	3 Asian male with that birthday. No match.			
Xu [REDACTED]	男 Male				2011.5	Canada or USA	Corruption	No record	No Asian. 4 all Caucasian.			
[REDACTED]	女 Female				2000.3	Australia	Bribery	No record	All males. No female with that birthday.			
	男 Male				2011.12	Canada	Corruption	No record	3 Asian male with that birthday. No match.			
	男 Male	2010.12	USA	Bribery	No record	1 Asian male with that birthday. No match.						



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Full Name	性别 (SEX)	身份证号码 (China ID number)	Possible Date of Birth	外逃所持证照信息 (Passport or ID)	Date left China	Possible Country of residence	Alleged crime	iTrak record search	iTrak BDAY search	Detailed information on matched individual		
										# of LCTs	Main locations of incidents	Reason for Barring
	男 Male				2001.11	Canada	Corruption	No record	1 Asian male with that birthday. No match.			
	男 Male				2001.8	Australia	Corruption	No record	2 Asian males with that birthday. One has no photo. No match.			
	男 Male				2001.1	Canada or USA	Corruption	No record	3 Asian male with that birthday. No match.			
	男 Male				2013.6	Singapore	Non-national staff of bribery	No record	3 male with that birthday, no Asian.			
	男 Male				2002.12	Australia	Misappropriation of funds	No record	2 Asian males with that birthday. No match.			
	男 Male				2001.2	New Zealand	Corruption	No record	One Caucasian male.			
	男 Male				2011.1	Canada	Embezzlement	No record	3 Asian male with that birthday. No match.			
	男 Male				1998.5	USA	Practise graft	No record	3 all female. No match			
	男 Male				2009.2	New Zealand	Bribery	No record	1 Asian male with that birthday. No match. Second birthday: no Asian.			
	女 Female				2014.1	Canada	Falsely Making out Specialized VAT Invoices	No record	1 Asian female with that birthday. No match.			
	男 Male				2006.5	USA	Corruption	No record	1 Asian male with that birthday. No match.			



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Full Name	性别 (SEX)	身份证号码 (China ID number)	Possible Date of Birth	外逃所持证照信息 (Passport or ID)	Date left China	Possible Country of residence	Alleged crime	ITrak record search	ITrak BDAY search	Detailed information on matched individual		
										# of LCTs	Main locations of incidents	Reason for Barring
[REDACTED]	女 Female	[REDACTED]	[REDACTED]	[REDACTED]	2000.1	Thailand	Corruption	No record	1 Asian female with that birthday. No match.			
	女 Female				1999.8	USA and Thailand	Falsely Making out Specialized VAT invoices	No record	One female Caucasian.			
	男 Male				1998.6	USA	Fraud, Cheat and Swindle	No record	1 Asian male with that birthday. No match.			
	男 Male				2011.1	Canada	Corruption and abuse of powers	No record	3 Asian males with that birthday. No match.			
	女 Female				2011.5	USA	Bribery	No record	1 Asian female with that birthday. No match.			
	女 Female				2005.5	USA	Corruption	No record	1 Asian male. No female with that birthday.			
Chen, [REDACTED]	男 Male	[REDACTED]	[REDACTED]	[REDACTED]	2000.8	Canada	Corruption, Transfer harboring stolen goods	No record	4 Asian males with that birthday. No match.			
[REDACTED]	男 Male	[REDACTED]	[REDACTED]	[REDACTED]	1999.5	USA	embezzle public funds	No record	1st birthday: no Asian. 2nd birthday: 4 Asian male. No match.			
	女 Female	[REDACTED]	[REDACTED]	[REDACTED]	1998.5	USA	embezzle public funds	Possible hit to SID 44053 - [REDACTED] - see stored	No female Asian with that birthday.			



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Full Name	性别 (SEX)	身份证号码 (China ID number)	Possible Date of Birth	外逃所持证照信息 (Passport or ID)	Date left China	Possible Country of residence	Alleged crime	iTrak record search	iTrak BDAY search	Detailed information on matched individual		
										# of LCTs	Main locations of incidents	Reason for Barring
								profile				
	男 Male				2007.1	New Zealand	Corruption	No record	No Asian male with that birthday			
	男 Male				2010.2	USA	Contract Fraud and surreptitious withdrawing the contributed capital	No record	Two Asian males with that birthday. No match.			
	男 Male				2001.12	USA	Corruption	No record	5 persons with same birthday. All females.			
	男 Male				2009.4	Canada	Corruption, Bribery	No record	One female Caucasian with that birthday.			
	男 Male				2013.11	USA	Illegal absorbing public's deposits, Fraud Loans	No record	3 Asian males with that birthday. No match.			
	女 Female				2013.8	USA	Embezzlement	No record	1 Asian female with that birthday. No match.			
	男 Male				2008.12	Hong Kong	Contract Fraud	No record	4 Asian males with that birthday. No match.			
	男 Male				2012.7	Canada	Corruption	No record	1 Asian male with that birthday. No match.			
	男 Male				2003.1	Canada	Corruption and bribery	No record	1 Asian male with that birthday. No match.			
	男 Male				2012.2	England	Corruption	No record	4 persons with that birthday. All Caucasian.			



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Full Name	性别 (SEX)	身份证号码 (China ID number)	Possible Date of Birth	外逃所持证照信息 (Passport or ID)	Date left China	Possible Country of residence	Alleged crime	ITrak record search	ITrak BDAY search	Detailed information on matched individual		
										# of LCTs	Main locations of incidents	Reason for Barring
	男 Male				2000.12	USA	Corruption	No record	4 persons with that birthday. All females.			
	男 Male				2012.9	Ghana	Falsely Making out Specialized VAT Invoices	No record	3 Asian males with that birthday. No match.			
	男 Male				2005.4	Canada	Credit Fraud	No record	2 Asian males with that birthday. No match.			
	男 Male				2014.3	Canada	Bribery	No record	3 persons with that birthday. All Caucasian females.			
	男 Male				2010.5	Korea	Embezzlement	No record	1 Asian male with that birthday. No match.			
	男 Male				2011.12	USA, Thailand, Philippines	Contract Fraud	No record	1 Asian male with that birthday. No match.			
	女 Female				2001.9	New Zealand	Corruption	No record	1 Asian female with that birthday. No match.			
	男 Male				2002.3	New Zealand	Corruption	No record	2 Caucasian males. No match.			
	男 Male				2001.8	Belize, USA, Korea	Corruption	No record	2 Asian males with that birthday. No match.			
Xu [REDACTED]	男 Male				2012.11	USA	Contract Fraud	No record	2 Asian males with that birthday. No match.			
[REDACTED]	男 Male				2014.1	St. Kitts and Nevis, Vietnam	Fraudulent loans, Forgery financial bills	No record	3 Asian males with that birthday. No match.			



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Full Name	性别 (SEX)	身份证号码 (China ID number)	Possible Date of Birth	外逃所持证照信息 (Passport or ID)	Date left China	Possible Country of residence	Alleged crime	iTrak record search	iTrak BDAY search	Detailed information on matched individual		
										# of LCTs	Main locations of incidents	Reason for Barring
	男 Male				2006.3	Sudan, Guinea	Bribery	No record	3 Asian males with that birthday. No match.			
	女 Female				2013.4	USA	illegal absorbing public's deposits	No record	1 Asian female with that birthday. No match.			
	女 Female				2011.12	Canada	embezzle public funds	No record	2 Asian, all males.			
	男 Male				2014.5	USA	Bribery	No record	2 Asian males with that birthday. No match.			
	男 Male				2013.6	Canada	Bribery	No record	2 Asian. All females.			
	男 Male				2013.11	Sri Lanka	Bribery	No record	3 Asian males with that birthday. No match.			
	男 Male				1996.11	Hong Kong, Singapore, USA	Corruption	No record	5 persons with same birthday. All Caucasian.			
	男 Male				2012.3	Canada	Fraudulent loans	No record	3 Asian males with that birthday. No match.			



This is **EXHIBIT "40"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.

A handwritten signature in cursive script, appearing to read 'C. A. G. W.', written over a horizontal line.

A Commissioner for taking Affidavits in British Columbia

INTERNAL MEMO



To: Len Meilleur, Executive Director, Compliance Division, GPEB
CC: Anna Fitzgerald, Director, Compliance Division, GPEB
Doug Mayer, Manager of Audit, Compliance Division, GPEB
From: Parminder Basi, Commercial Gaming Auditor, Compliance Division, GPEB
Date: April 29, 2016
Subject: COMM-8669 Review of Provincially Banned Cash Facilitators

EXECUTIVE SUMMARY

BCLC Casino and Community Gaming Centre Standards, Policies and Procedures prohibit loan sharking or cash facilitation (passing someone cash to gamble). Those engaged in such activity, may be provincially banned from attending gaming facilities with the length of the prohibition dependent on the circumstances of specific incidents. The objective of our review was to quantify the dollar amount of buy-ins conducted from cash that sites acknowledged was obtained from or connected to individuals provincially banned for cash facilitation. The period of our review was January 1, 2015 – December 31, 2015.

KEY OBSERVATIONS

- Eight provincially banned individuals in 46 incidents facilitated a total of \$6.7 million to patrons that led to a buy-in at the cage. Despite their provincial banning, they facilitated cash to patrons in close proximity to the gaming facility, in areas visible to casino surveillance. The eight individuals were banned because of their extensive history of passing cash to patrons.
- From the total \$6.7 million facilitated by banned individuals to patrons, 79% of the cash was accepted as buy-ins at the River Rock Casino, 11% at Edgewater and 10% at Starlight.

FINTRAC

- Paul King Jin was the most prolific cash facilitator. Despite receiving a five year provincial banning for activities 'consistent with loan sharking', the sites observed and documented Jin facilitate \$4.2 million to patrons over the course of 24 different incidents during the year.

- From the total \$6.7 million cash facilitated to patrons: 70% was with \$20 bills; 17% with \$100 bills; 12% with \$50 bills and the remaining 1% with \$10s and \$5s. In most cases, the cash passed to patrons was documented in iTrak by the site as being 'wrapped with elastics' and 'bundled in bricks.' The large volume of small denomination bills and their presentation suggest that the funds did not come from a financial institution but rather questionable sources.
- A total of 25 different patrons accepted the \$6.7 million cash facilitated to them by banned cash facilitators. 13 of the 25 patrons, including seven of the top 10 that accepted this cash, have since been issued a directive by BCLC which prohibits them from buying in with un-sourced cash.

CONCLUSION

Our review of cash facilitated by provincially banned individuals to patrons for the period January 1, 2015 – December 31, 2015, highlighted the following concerns:

- Provincially banned individuals openly facilitated cash to patrons in areas of close proximity to the site, such as parking lots, nearby restaurants, the attached hotel, and other areas visible by site surveillance or staff.
- Despite site surveillance monitoring the activities of banned individuals and documenting in iTrak that a patron obtained cash from them, the cage still accepted the funds as buy-ins. This indicates the sites knowingly accepted cash that they acknowledged was obtained from a banned individual and appeared of questionable source.
- Industry indicators of suspicious activity were present in all incidents in which the cage accepted the cash. For example: acknowledgment that the cash was obtained from a banned cash facilitator; the presentation of the cash suggesting that it may be from questionable sources; the patron's stated occupation did not reasonably explain where they may have access to such large volumes of cash (particularly small denomination bills) ; and associations with known cash facilitators and BCLC undesirables.

Overall, the gaming facilities are doing an effective job monitoring and documenting the activities of banned cash facilitators (including submitting suspicious transaction reports to FINTRAC). However, prior to the BCLC 'un-sourced' cash directive being issued to patrons, very little was being done to prevent buy-ins with questionable cash from being accepted. Issuing a provincial banning to an individual with a history of cash facilitation is a good deterrent; however, the meaningfulness of the deterrent is negated when the cash they facilitate, particularly in clear view of site surveillance, is accepted by the gaming facility as a buy-in.

INTRODUCTION

BACKGROUND

Gaming facilities in BC are a cash intensive business, often operating 24 hours a day. As such, they are vulnerable to attracting individuals that try to lend money to patrons to gamble. BCLC Casino and Community Gaming Centre Standards, Policies and Procedures prohibit loan sharking or cash facilitation (passing someone cash to gamble). BCLC may initiate provincial prohibitions to patrons engaged in such activity, with the length of the ban dependent on the circumstances of specific incidents.

OBJECTIVE

The objective of our review was to quantify the dollar amount of buy-ins conducted at gaming facilities from cash that sites acknowledged was obtained from or connected to individuals provincially banned for cash facilitation (passing someone cash to gamble).

SCOPE

The scope was limited to a review of buy-ins conducted at gaming facilities during the period January 1, 2015 – December 31, 2015, from cash obtained from or connected to individuals provincially banned for cash facilitation.

The review only focused on provincially banned cash facilitators because BCLC and sites are familiar with their undesirables. The review did not focus on any active (i.e. not banned) patrons, because these individuals are not deemed by BCLC as high risk and are welcome to gamble.

APPROACH

The GPEB audit team engaged in discussions with GPEB Investigations to gather information on individuals facilitating cash at gaming facilities. The discussions resulted in Investigations providing a list of individuals they had identified as being cash facilitators based on their ongoing monitoring of reporting from service providers. The list provided was narrowed down to only those individual's that were:

- Under a current BCLC prohibition; and
- Facilitated cash to a patron that directly led to a buy-in during the period reviewed.

Each incident report related to our persons of interest was evaluated as an isolated event. A correlation was deemed established if the buy-in occurred due to the following circumstances:

- Cash was obtained from the banned cash facilitator;
- Cash was obtained from an associate / runner connected to the banned cash facilitator; or
- Cash was dropped off or obtained from a vehicle connected to the banned cash facilitator.

ANALYSIS OF FUNDS FACILITATED BY PROVINCIALY BANNED CASH FACILITATORS IN AREAS VISIBLE BY SURVEILLANCE

Individuals that have been prohibited from attending gaming facilities will at times still appear in close proximity to the site where their activities can be monitored by surveillance. During the period January 1, 2015 – December 31, 2015, eight provincially banned individuals in 46 incidents facilitated a total of \$6,763,740 to patrons in areas visible by surveillance as shown in the table below. These funds were all facilitated by individuals whom were banned from attending gaming facilities for cash facilitation. The facilitated funds all led to cash buy-ins at the cage.

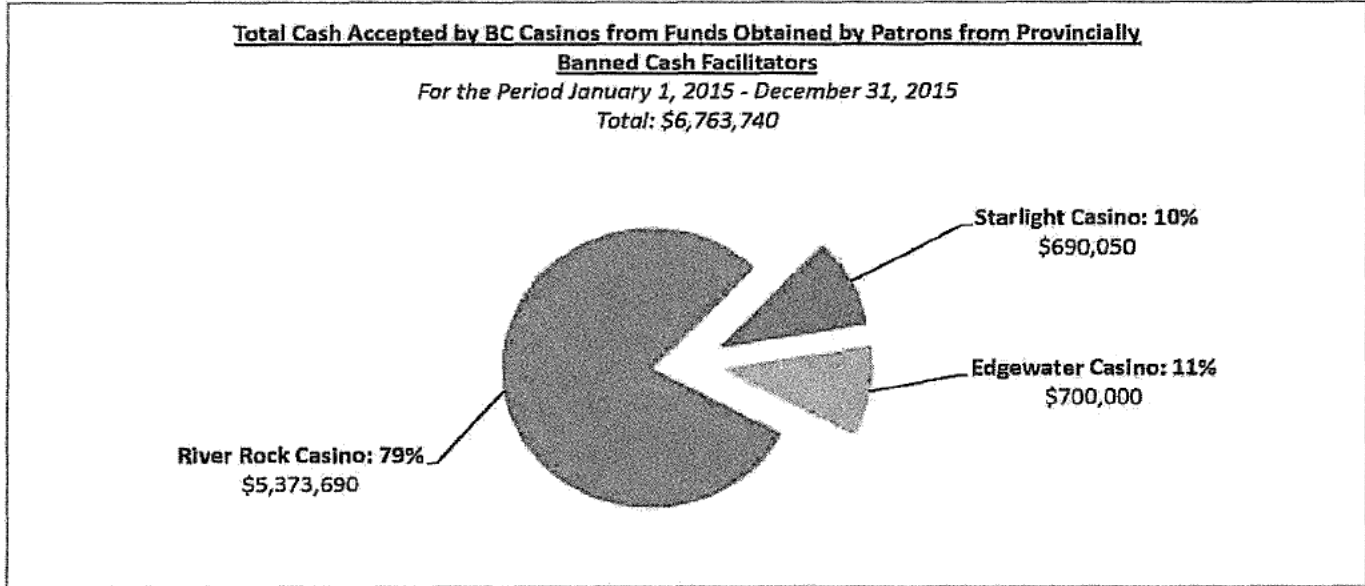
CASH FACILITATED TO PATRONS BY PROVINCIALY BANNED INDIVIDUALS

Appendix 1 contains a profile sheet on each provincially banned individual listed below.

Name of Provincially Banned Cash Facilitator	iTrak Subject ID	Period of Provincial Ban	Reason for Receiving Provincial Ban	# Of Cash Facilitated Incidents	Total Cash Facilitated Resulting in Cage Buy-In
				January 1 – December 31, 2015	
<u>Paul King Jin</u>	118418	5 Years: November 5, 2012 – 2017	'Activity consistent with loan sharking.'	24	\$4,252,590
██████████	39905	5 Years: May 5, 2010 – 2015 May 5, 2015 – 2020	'Activity consistent with loan sharking.'	4	\$1,011,000
██████████	153740	3 Years: April 28, 2014 – 2017	'Inappropriate transfers of cash.'	3	\$380,100
██████████	104999	5 Years: August 13, 2014 – 2019	'Inappropriate transfers of cash.'	3	\$350,050
<u>Jack Qin</u>	73465	5 Years: August 13, 2014 – 2019	'Activity consistent with loan sharking.'	4	\$330,000
██████████	66423	5 Years: November 22, 2012 - 2017	'Facilitating cash for high level gamblers.'	3	\$300,000
██████████ <u>Chen</u>	89530	5 Years: March 24, 2014 – 2019	'Inappropriate transfers of cash.'	4	\$70,000
██████████ <u>Xu</u>	102258	5 Years: September 22, 2015 – 2020	'Inappropriate transfers of cash and a history of similar incidents.'	1	\$70,000
Total				46	\$6,763,740

From the total \$6,763,740 facilitated by provincially banned individuals to patrons, 79% of the cash was accepted as buy-ins at the River Rock Casino, 11% at Edgewater and 10% at Starlight. **FINTRAC**

FINTRAC



Bill Denomination Breakdown of Funds Facilitated

The table below provides a breakdown of bill denominations. From the total \$6,763,740 facilitated to patrons, 70% of the dollar amount was with \$20 bills; 17% with \$100 bills; 12% with \$50 bills and the remaining 1% with \$10s and \$5s. The immense volume of small denomination bills suggests that the cash did not come from a financial institution. In most cases, the cash passed to patrons was documented in iTrak by the site as being 'wrapped with elastics' and 'bundled in bricks.' The presentation of the cash further hints that the cash may be of questionable sources.

Bill Denomination	Volume of Bills	Total Dollar Amount	Percentage
\$100	11,388	\$1,138,800	17%
\$50	16,406	\$820,300	12%
\$20	238,275	\$4,765,500	70%
\$10	3,408	\$34,080	<1%
\$5	1,012	\$5,060	<1%
Total		\$6,763,740	

REVIEW OF PATRONS THAT ACCEPTED FUNDS FROM PROVINCIALY BANNED CASH FACILITATORS

During the period January 1, 2015 – December 31, 2015, a total of 25 different patrons accepted the \$6,763,740 cash facilitated to them by provincially banned cash facilitators and subsequently conducted a buy-in at the cage, as shown in the table below.

Name of Patron Accepting the Cash	iTrak Subject ID	Occupation	BCLC 'Un sourced Cash' Directive Date <i>(All Dates 2015)</i>	Number of iTrak Incidents in which Patron Conducted Buy-Ins from Funds Obtained from Provincially Banned Cash Facilitators	
				<i>January 1 – December 31, 2015</i>	
██████████	100893	Property Developer	September 24	6	\$1,440,020
██████████	99395	Realtor	September 11	10	\$1,040,030
Jia Gui Gao	142378	President Real Estate Development	October 8	2	\$600,000
██████████	25566	Export/Import Paper Material		1	\$590,000
██████████	26303	Real Estate Developer		1	\$450,000
██████████	90767	Owner Steel Company	September 11	2	\$370,000
██████████	85666	Owner Real Estate Company	September 11	2	\$369,990
██████████	86709	Restaurant Owner		1	\$250,000
██████████	58336	Physician	September 11	2	\$240,000
██████	663	Chairman Board Real Estate	September 11	1	\$220,000
██████████	10241	Telecom Company Owner	September 11	1	\$200,120

██████████	67404	Owner Restaurant	September 11	1	\$145,060
Xi ██████████	139536	Real Estate Investor	December 9	1	\$140,000
██████████	140770	Construction Company Owner	October 30	3	\$130,000
Jian Qiu Rong	16985	Hotel Owner		2	\$119,920
██████████	10226	Real Estate Manager	September 11	1	\$100,000
██████████	109940	Logistics Import/Export	October 19	1	\$80,000
██████████	18354	Manager Food Company		1	\$70,000
██████████	134459	Pharmaceutical Company Owner		1	\$50,000
██████████	20027	Real Estate Company Owner		1	\$50,000
██████████	129352	Owner Construction Company		1	\$37,600
██████████	8278	Owner Detail Business		1	\$21,000
██████████	171624	Housewife		1	\$20,000
██████████	61552	Student		1	\$20,000
██████████	142054	Environmental Technician		1	\$10,000
Total				46	\$6,763,740

The table above highlights the following key points:

- In the latter part of 2015, BCLC started issuing ‘un-sourced’ cash (cash without an ATM or bank slip) directives to patrons who were buying in with cash that did not appear to have come from a recognized financial institution. This directive was issued to 13 of the 25 patrons, including seven of the top 10 during the period reviewed that accepted cash from the provincially banned individuals. The directive was impactful in that our analysis determined that none of the 13 individuals that received the directive conducted buy-ins with un-sourced cash from the identified cash facilitators post directive date.

- In most part (with the exception of the student and housewife) the occupations of the patrons listed above do suggest that they may have access to large sums of money. However, their occupations do not support their need to obtain funds from banned cash facilitators. Furthermore, with the exception of the detail business, restaurant and construction industries, all other occupations do not appear to be primarily cash based.

CONCLUSION

Our review of cash facilitated by provincially banned individuals to patrons for the period January 1, 2015 – December 31, 2015, highlighted the following concerns:

- Provincially banned individuals openly facilitated cash to patrons in areas of close proximity to the site, such as parking lots, nearby restaurants, the attached hotel, and other areas visible by site surveillance or staff.
- Despite site surveillance monitoring the activities of banned individuals and documenting in iTrak that a patron obtained cash from them, the cage still accepted the funds as buy-ins. This indicates that the sites knowingly accepted cash that they acknowledged was obtained from a banned individual and appeared of questionable source.
- Industry indicators of suspicious activity were present in all incidents in which the cage accepted the cash. For example: acknowledgment that the cash was obtained from a banned cash facilitator; the presentation of the cash suggesting that it may be from questionable sources; the patron's stated occupation did not reasonably explain where they may have access to such large volumes of cash (particularly small denomination bills) ; and associations with known cash facilitators and BCLC undesirables.

Overall, the gaming facilities are doing an effective job with monitoring and documenting the activities of banned cash facilitators (including submitting suspicious transaction reports to FINTRAC). However, prior to the BCLC 'un-sourced' cash directive being issued to patrons, very little was being done to prevent buy-ins with questionable cash from being accepted. Issuing a provincial banning to an individual with a history of cash facilitation is a good deterrent; however, the meaningfulness of the deterrent is negated when the cash they facilitate, particularly in clear view of site surveillance, is accepted by the gaming facility as a buy-in.

APPENDIX 1: PROFILE SHEETS

The appendix consists of profile sheets on each individual listed below. These individuals have been provincially banned from attending gaming facilities in BC. Profile sheets were created on these individuals because despite their banning, they continued to facilitate cash to patrons which led to buy-ins at the cage during the period January 1, 2015 – December 31, 2015.

Name of Provincially Banned Cash Facilitator	Total Cash Facilitated Resulting in Buy-In at Cage Period January 1, 2015 – December 31, 2015	Page Number
<u>Paul King Jin</u>	\$4,252,590	Page 10
██████████	\$1,011,000	Page 16
██████████	\$380,100	Page 18
██████████	\$350,050	Page 20
<u>Jack Qin</u>	\$330,000	Page 22
██████████	\$300,000	Page 24
██████████ <u>Chen</u>	\$70,000	Page 26
██████████ <u>Xu</u>	\$70,000	Page 28
Total	\$6,763,740	

Provincially Banned Individual: Paul King Jin **Profile Sheet**

Personal Details	
Date of Birth	[REDACTED]
iTrak Occupation	Spa Owner
Company Name	Water Cube
iTrak Subject ID	118418
BC Driver's Licence #	[REDACTED]
Home Address	[REDACTED]
Type of Ban	BCLC Prohibition
Ban Duration	5 Years November 5, 2012 – November 5, 2017
Reason for Ban	"Activities consistent with loan sharking"



Total Cash Facilitated Resulting in Cash Buy-In at Cage						
Period Reviewed: January 1, 2015 – December 31, 2015						
iTrak Incident #	Date (All 2015 Dates)	Casino	Patron that Conducted Buy-In at Cage	Total Amount of Buy-In	Denomination Breakdown	STR Filed
IN20150002509	January 13	River Rock	[REDACTED] SID: 140770	\$30,000	\$20 x 1,500	PII FINTRAC
<p>Abstract from IN20150002509 Supplemental Report: "At 10:49PM [REDACTED] is seen to take the elevator downstairs and exits the site via the north exit. It is noted that [REDACTED] is not carrying anything in his hands. Once outside he briefly enters an awaiting Bentley BCLP AD333G at 10:50PM. This vehicle is associated on iTrak with JIN. [REDACTED] exits vehicle carrying a white bag less than 30 seconds later. ... At 10:53PM [REDACTED] takes the bag to Phoenix Cage Area, where he empties the bag of three bundles of \$20 bills, held together with elastic bands. Cage completes its count for a total of \$30,000 CDN".</p>						
IN20150004645	January 25	River Rock	[REDACTED] SID: 100893	\$150,000	\$20 x 7,499 \$10 x 2	PII FINTRAC
<p>Abstract from IN20150004645 Supplemental Report: "On the evening of 2015-JAN-25 a male casino patron identified as [REDACTED] produced \$150K for play in River Rocks VIP room. [REDACTED] had the cash delivered to him by two Asian males, one of them a POI/Banned individual visually identified as JIN, Paul King."</p>						
IN20150005342	January 30	River Rock	[REDACTED] SID: 129352	\$37,600	\$20 x 1,880	PII FINTRAC
<p>Abstract from IN20150005342 Supplemental Report: "An unknown Asian male (resembles Paul JIN (SID: 118418), exited the vehicle holding a black shopping bag; At 00:55hrs. The black shopping bag was handed to [REDACTED]... At 00:58hrs. [REDACTED] presented Cash on CD13, taken out from the black shopping bag. Cash Count started and finished at 01:14hrs - 1,880 x \$20 for a total of \$37,600."</p>						

iTrak Incident #	Date (All 2015 Dates)	Casino	Patron that Conducted Buy-In at Cage	Total Amount of Buy-In	Denomination Breakdown	STR Filed
IN20150005596	January 31	River Rock	██████████ SID: 100893	\$190,000	\$100 x 100 \$20 x 9,000	PII FINTRAC
<p>Abstract from IN20150005596 Supplemental Report: ██████████ bought in \$190,000. At 11:32 white TOYOTA SIENA makes stop on drive way by main hotel entrance. (SIENA was similar car that was usually used by BCLC barred JIN , Paul King but surveillance cannot confirmed LP and driver identity). At 11:33 ██████████, who is at this time empty handed , approached to SIENA , driver open trunk door and ██████████ was on his way back to casino carrying black bag. At 11:33 ██████████ enters cage and emptied black bag."</p>						
IN20150007168	February 8	River Rock	██████████ SID: 100893	\$100,020	\$20 x 5,001	PII FINTRAC
<p>Abstract from IN20150007168 Supplemental Report: "On the evening of 2015-FEB-08 a male casino patron identified as ██████████ produced \$100,020 (all in CDN \$20 bills) for play in River Rocks VIP room. ██████████ had the cash delivered to him by at least two Asian males, one of them believed to be a POI/Banned individual visually identified as JIN, Paul King (DOB ██████████). ██████████ approached the van; spoke with the male believed to be JIN and retrieved a white shopping bag from the open side door."</p>						
IN20150007446	February 10	River Rock	██████████ SID: 100893	\$500,000	\$20 x 24,995 \$10 x 4 \$5 x 12	PII FINTRAC
<p>Abstract from IN20150007446 Supplemental Report: ██████████ received \$500,000 in funds via vehicle deliveries. Each of the deliveries was conducted by what appeared to be the same white Toyota Sienna. This vehicle has been linked to BCLC barred patron Paul King JIN. Paul JIN was confirmed as the driver during one of the deliveries."</p>						
IN20150008232	February 14	River Rock	██████████ SID: 100893	\$300,000	\$20 x 15,000	PII FINTRAC
<p>Abstract from IN20150008232 Supplemental Report: "At 13:46hrs. A white Toyota Sienna with BCLP: 603 MMK. Paul JIN (SID: 118418) exited the vehicle and retrieved a black luggage from the back of the vehicle. The luggage was then handed over to ██████████. Paul JIN then re-entered the vehicle and drove off-site. ██████████ proceeded back to Salon Prive. At 13:47hrs., ██████████ presented Cash on CD19, taken out from the black luggage. Total buy-in of \$300K in \$20's."</p>						
IN20150013008	March 10	River Rock	██████████ SID: 90767	\$300,000	\$100 x 906 \$50 x 1,000 \$20 x 7,970	PII FINTRAC
<p>Abstract from IN20150013008 Supplemental Report: "A vehicle registered to BCLC Barred Patron Paul King JIN delivered \$300,000 to ██████████. JIN is barred for 5 years for loan sharking activity."</p>						

iTrak Incident #	Date (All 2015 Dates)	Casino	Patron that Conducted Buy-In at Cage	Total Amount of Buy-In	Denomination Breakdown	STR Filed
IN20150013549	March 13	River Rock	Jian Qiu Rong SID: 16985	\$99,920	\$20 x 4,996	PII FINTRAC
Abstract from IN20150013549 Supplemental Report: "A vehicle associated to BCLC Barred Patron Paul King JIN delivered \$99,920 to RONG. JIN is barred for 5 years for loan sharking activity."						
IN20150015487	March 23	River Rock	██████████ SID: 140770	\$50,000	\$20 x 2,500	PII FINTRAC
Abstract from IN20150015487 Supplemental Report: "On the evening of 2015-MAR-23 a male patron identified as ██████████ produced \$50K in cash (all in \$20 bills) for buying in at one of River Rocks VIP rooms. ██████████ had the cash delivered to him by unknown occupant(s) of a vehicle described as a white Toyota van outside of the resort. This vehicle is believed to be the same Sienna van (BCLP 603MMK) associated to a banned individual, JIN, Paul King."						
IN20150015651	March 24	River Rock	██████████ SID: 86709	\$250,000	\$100 x 50 \$20 x 12,250	PII FINTRAC
Abstract from IN20150015651 Supplemental Report: "██████████ second buy in (\$250K) was delivered to him by a vehicle described as a white Toyota Sienna. The driver exited the vehicle and appeared to be a well-known cash facilitator identified previously as JIN, Paul King (presently banned from all BC Casinos for a 5 year term)."						
IN20150016861	March 27	Edgewater Casino	██████████ SID: 134459 ██████████ SID: 20027	\$50,000 \$50,000	\$20 x 5,000	PII FINTRAC
Abstract from IN20150016861 Supplemental Report: "On gaming date 2015-MAR-27 at approximately 19:27hrs, surveillance observed patrons ██████████ (SID#134459) and ██████████ (SID#20027) walking toward the taxi loop together and meeting up with a white Toyota van, which resembled the one driven by BCLC barred patron Paul JIN (SID#118418). The male driver, possibly Paul JIN, opened up the trunk where ██████████ & ██████████ each grabbed a bag. They walked back to the salon cage and proceeded to conduct LTBLs with money in those bags. ██████████ bought in for \$50,000 ... ██████████ bought in for \$50,000 all in \$20 bills."						
IN20150017636	April 3	River Rock	██████████ SID: 90767	\$70,000	\$100 x 449 \$50 x 42 \$10 x 1,800 \$5 x 1,000	PII FINTRAC
Abstract from IN20150017636 Supplemental Report: "██████████ produced a total of \$70K in CDN						

currency for buying in at River Rocks VIP Salon (majority in small denomination bills). [REDACTED] appeared to have had the money delivered to him by the driver of a vehicle described as a white Bentley sedan with BCLP AD3 33G driven by an unknown Asian male. This vehicle has been previously linked to a banned POI identified as JIN, Paul King."

iTrak Incident #	Date (All 2015 Dates)	Casino	Patron that Conducted Buy-In at Cage	Total Amount of Buy-In	Denomination Breakdown	STR Filed
IN20150018549	April 8	River Rock	Jia Gui Gao SID: 142378	\$300,000	\$100 x 600 \$20 x 12,000	PII FINTRAC

Abstract from IN20150018549 Supplemental Report: "GAO was dropped off with the first \$300K by the unconfirmed driver of a vehicle of interest described as a Toyota Sienna van with BCLP 603MMK (associated to JIN)."

IN20150020601	April 18	Edgewater	[REDACTED] SID: 26303	\$450,000	\$100 x 1,500 \$20 x 14,800 \$10 x 400	PII FINTRAC
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Abstract from IN20150020601 Supplemental Report: "On the above date at approximately 22:29 surveillance received an iLPR alert stating that BCLC prohibited SID#118418 Paul JIN (prohibited until 2017-NOV-05) was on site. Surveillance immediately attained a visual and noticed SID#26303 [REDACTED] exiting JIN's vehicle. At approximately 22:30 cage supervisor Janet HANSEN notified surveillance that [REDACTED] had dropped off a large quantity of \$20 bills at CD9 for a large table buy in. At approximately 22:42 [REDACTED] received \$200,000 in chips at MDB19. At approximately 22:38 [REDACTED] received another \$250,000 at MDB19."

IN20150023818	May 5	River Rock	[REDACTED] SID: 10226	\$100,000	\$20 x 5,000	PII FINTRAC
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Abstract from IN20150023818 Supplemental Report: "On May 5, 2015 [REDACTED] had \$100,000 in \$20 bills delivered to him at the River Rock casino, outside of regular banking hours. The funds were delivered by a white Bentley sedan, BCL AD333G. This vehicle has previously been linked to BCLC Barred patron Paul King JIN; the vehicle has also been operated by an associate of JIN's."

IN20150024818	May 11	River Rock	[REDACTED] SID: 663	\$220,000	\$20 x 10,500 \$10 x 1,000	PII FINTRAC
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Abstract from IN20150024818 Supplemental Report: "At 13:52 [REDACTED] is dropped off by white Sienna driven by JIN Paul. JIN exits driver-side accesses the trunk and provides a large duffel-type bag to [REDACTED] (who exited front passenger side). [REDACTED] drags the duffel-bag to Hotel-Resort. JIN drives off site via Charles Street.... At 13:57 [REDACTED] enters Salon and empties the duffel-bag at CD19-VIP revealing numerous bundles of \$20CDN and \$10CDN, held together with elastic bands. The Cage conducts the buy-in into two transactions."

iTrak Incident #	Date (All 2015 Dates)	Casino	Patron that Conducted Buy-In at Cage	Total Amount of Buy-In	Denomination Breakdown	STR Filed
IN20150024899	May 11	River Rock	██████████ SID: 140770	\$50,000	\$20 x 2,500	PII FINTRAC

Abstract from IN20150024899 Supplemental Report: "On the evening of 2015-MAR-23 a male patron identified as ██████████ produced \$50K in cash (all in \$20 bills) for buying in at one of River Rocks VIP rooms. ██████████ had the cash delivered to him by unknown occupant(s) of a vehicle described as a white Toyota van outside of the resort. This vehicle is believed to be the same Sienna van (BCLP 603MMK) associated to a banned individual, JIN, Paul King (DOB ██████████). There have been recent incidents (this one included) whereby another Asian male has been seen operating the Sienna linked to JIN but it's highly probable that JIN was involved on some level in providing ██████████ with the money this date."

IN20150029238	June 4	River Rock	██████████ SID: 58336	\$150,000	\$100 x 20 \$20 x 7,300 \$10 x 200	PII FINTRAC
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Abstract from IN20150029238 Supplemental Report: "On the evening of 2015-JUN-04 a male casino patron identified as ██████████ produced \$150K, majority in small bills, for purchase of chips in one of River Rocks VIP rooms. Review of available footage including a related incident suggests a prohibited male identified previously as JIN, Paul was involved and likely dropped ██████████ off with the cash."

IN20150030694	June 13	River Rock	██████████ SID: 67404	\$145,060	\$50 x 1,500 \$20 x 3,503	PII FINTRAC
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Abstract from IN20150030694 Supplemental Report: "On the afternoon of 2015-JUN-13 a male casino patron identified as ██████████ produced \$145,060 in CDN cash for buying in at River Rocks VIP Salon. Surveillance footage confirms that ██████████ was dropped off at the casino by a vehicle described as a white Toyota Sienna van (with 2 tinted sun-roofs) along with another male identified as ██████████. Although the vehicle driver and license plate were not confirmed on video this date it is suspected this vehicle is associated to a banned individual: JIN, Paul King."

IN20150034358	July 3	River Rock	██████████ SID: 58336	\$90,000	\$20 x 4,500	PII FINTRAC
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Abstract from IN20150034358 Supplemental Report: "On the afternoon of 2015-JUL-03 a male casino patron identified as ██████████ produced \$90K (all in \$20 bills) for purchase of chips in one of River Rocks VIP rooms. ██████████ was dropped off along the resorts driveway with the cash inside a shopping bag by the unknown occupants of a vehicle described as a white Cadillac SUV EXT (truck bed). Although the vehicle license plate and/or occupants could not be verified on the footage a vehicle matching this one's description w/BCLP HA 9213 has been previously linked to a high profile POI/Banned individual (and his associates); JIN, Paul King."

iTrak Incident #	Date (All 2015 Dates)	Casino	Patron that Conducted Buy-In at Cage	Total Amount of Buy-In	Denomination Breakdown	STR Filed
IN20150035266	July 8	River Rock	██████████ SID: 85666	\$100,000	\$20 x 5,000	PII FINTRAC

Abstract from IN20150035266 Supplemental Report: "On July 8, 2015 ██████████ was dropped off at the River Rock casino by a white Bentley Sedan, BCL: AD333G. PING was dropped off with the funds he used to conduct a buy-in for \$100,000. The white Bentley has been associated to BCLC Barred patron Paul King JIN."

IN20150035886	July 11	River Rock	██████████ SID: 85666	\$269,990	\$100 x 250 \$20 x 12,249 \$10 x 1	PII FINTRAC
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Abstract from IN20150035886 Supplemental Report: "██████████ received a cash delivery for \$199,990 from a white Cadillac Escalade pickup. ██████████ received a cash delivery for \$70,000 from a white Toyota Sienna. Both vehicles are the same make and model of vehicles that have been associated to BCLC Barred patron Paul King JIN."

IN20150040195	August 2	River Rock	██████████ SID: 100893	\$200,000	\$20 x 10,000	PII FINTRAC
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Abstract from IN20150040195 Supplemental Report: "On 2015AUG02 at approx. 22:06hrs patron ██████████ was observed speaking on his cell phone until approx. 22:13hrs. ██████████ then leaves the Salon gaming area and at approx. 22:15hrs meets with a white Cadillac Escalade that is parked on River Road. Upon ██████████ arrival to the vehicle, the passenger (unknown male) exits the Cadillac and greets ██████████. The driver also exits the vehicle and attends the trunk area. The driver then walks up to ██████████ while carrying a large white shopping bag and is passes it to ██████████. Once ██████████ receives the bag he heads directly back to the Salon Prive where at approx. 22:18hrs he produces \$200,000 all in \$20 CAD bills for cash buy in. All funds were bricked, bundled and wrapped in elastic bands. ..Although it cannot be confirmed, the above noted Cadillac Escalade that attended to meet with ██████████ is very similar to the associated vehicle of: JIN, Paul King"

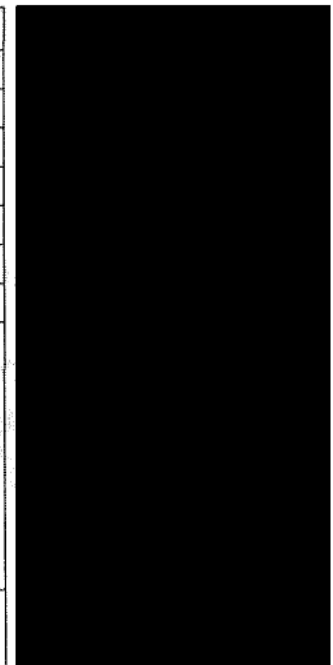
Total Amount of Cash Facilitated to Patrons				\$4,252,590
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Bill Denomination	Volume of Bills	Total Dollar Amount	Percentage
\$100	3,875	\$387,500	9%
\$50	2,542	\$127,100	3%
\$20	184,943	\$3,698,860	87%
\$10	3,407	\$34,070	<1%
\$5	1,012	\$5,060	<1%
Total		\$4,252,590	100%

Provincially Banned Individual: [REDACTED]

Profile Sheet

Personal Details	
Date of Birth	[REDACTED]
iTrak Occupation	Not stated.
Company Name	Not stated.
iTrak Subject ID	39905
BC Driver's Licence #	[REDACTED]
Home Address	[REDACTED]
Type of Ban	BCLC Prohibition
Ban Duration	5 Years <ul style="list-style-type: none"> • May 5, 2010 - May 5, 2015 • May 5, 2015- May 5, 2020 <p><i>The second BCLC Provincial Barring commenced consecutive to the previous five year barring.</i></p>
Reason for Ban	"Involved in an incident of activity consistent with loan sharking."



Total Cash Facilitated Resulting in Cash Buy-In at Cage						
Period Reviewed: January 1, 2015 – December 31, 2015						
iTrak Incident #	Date (All 2015 Dates)	Casino	Patron that Conducted Buy-In at Cage	Total Amount of Buy-In	Denomination Breakdown	STR Filed
IN20150012936	March 10	River Rock	[REDACTED] SID: 25566	\$590,000	\$100 x 2,676 \$50 x 2,448 \$20 x 10,000	PII FINTRAC
Abstract from IN20150012936 Supplemental Report: "A vehicle registered to BCLC Barred Patron [REDACTED] delivered \$590,000 to [REDACTED] is barred for 5 years for loan sharking activity."						
IN20150017034	March 31	River Rock	Jia Gui Gao SID: 142378	\$300,000	\$100 x 500 \$50 x 3,000 \$20 x 5,000	PII FINTRAC
Abstract from IN20150017034 Supplemental Report: "An Asian male, appearing to be [REDACTED] (BCLC Provincially Prohibited for 5 Years due to Loan Sharking Activity) gets out of the driver side and opens the rear tail gate. GAO and [REDACTED] are viewed at the trunk of the vehicle and [REDACTED] removes a black cloth shopping bag and hands it to GAO. GAO then immediately leaves the area and heads directly to the Salon Prive cash cag ... At approx. 18:44hrs GAO removes \$300,000 from inside the black bag. The funds were all bricked and bundled with elastic bands. GAO receives his gaming chips on MDB #71 and games without incident."						



iTrak Incident #	Date (All 2015 Dates)	Casino	Patron that Conducted Buy-In at Cage	Total Amount of Buy-In	Denomination Breakdown	STR Filed
IN20150025535	May 15	Starlight	██████████ SID: 99395	\$100,000	\$50 x 2,000	PII FINTRAC

Abstract from IN20150025535 Supplemental Report: "██████████ exited from vehicle carrying a paper bag in hand while heading into the casino. (It is noted that the silver colored Acura BCLP#272MXV is associated to a BCLC prohibited subject ██████████) ... At 1507:35 hrs ██████████ arrived at the VIP cage, ██████████ was seen removing bundles from the bag and placing them on the cage counter. Each bundles were wrapped with elastic bands, ██████████ produced 2000 in \$50 bills for total of \$100,000 buy-in."

IN20150065886	December 19	River Rock	██████████ SID: 8278	\$21,000	\$20 x 1,050	PII FINTRAC
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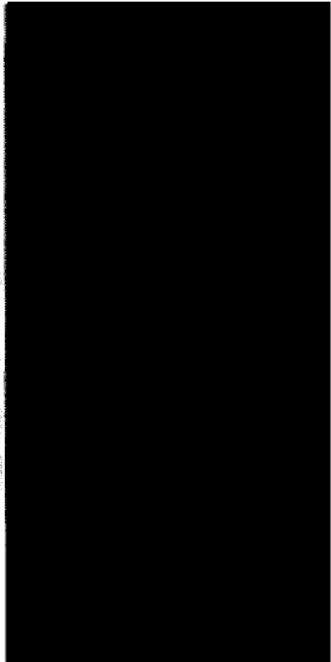
Abstract from IN20150065886 Supplemental Report: "██████████ (m) SID: 8278 who bought in for \$21K with bundles of \$20 bills just after the cash was delivered by BCLC barred patron ██████████ (m) SID: 39905."

Total Amount of Cash Facilitated to Patrons	\$1,011,000
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Bill Denomination	Volume of Bills	Total Dollar Amount	Percentage
\$100	3,176	\$317,600	31%
\$50	7,448	\$372,400	37%
\$20	16,050	\$321,000	32%
Total		\$1,011,000	100%

Provincially Banned Individual: [REDACTED] Profile Sheet

Personal Details	
Date of Birth	[REDACTED]
iTrak Occupation	College Student
College Name	Sprott Shaw College
iTrak Subject ID	153740
BC Driver's Licence #	[REDACTED]
Home Address	[REDACTED]
Type of Ban	BCLC Prohibition
Ban Duration	3 Years April 28, 2014 – April 28, 2017
Reason for Ban	"On April 28, 2014 while you were at the Edgewater Casino you were involved in an incident of inappropriate transfers of cash. As a result of this incident and other incidents of similar nature, you have been prohibited from entering all casinos, community gaming centres and commercial bingo halls in British Columbia."



Total Cash Facilitated Resulting in Cash Buy-In at Cage
 Period Reviewed: January 1, 2015 – December 31, 2015

iTrak Incident #	Date (All 2015 Dates)	Casino	Patron that Conducted Buy-In at Cage	Total Amount of Buy-In	Denomination Breakdown	STR Filed
IN20150026251	May 19	River Rock	[REDACTED] SID: 99395	\$99,980	\$50 x 1,000 \$20 x 2,499	PII FINTRAC

Abstract from IN20150026251 Supplemental Report: "As a result of information sharing between RRCR and STAR investigators the writer has learnt that the Mini-Cooper that dropped of the \$99,980 in relation to [REDACTED] second buy in is likely BCLC banned individual [REDACTED] (SID 153740) ... WANG is a known associate of a high profile banned individual: JIN, Paul King."

IN20150026673	May 21	River Rock	[REDACTED] SID: 109940	\$80,000	\$100 x 30 \$50 x 200 \$20 x 3,350	PII FINTRAC
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Abstract from IN20150026673 Supplemental Report: "As a result of information sharing between River Rock and Starlight (STAR) BCLC investigators the writer has learnt that the Mini-Cooper that dropped off the \$80K to [REDACTED] is likely being operated by a BCLC banned individual [REDACTED] (SID 153740)."

iTrak Incident #	Date (All 2015 Dates)	Casino	Patron that Conducted Buy-In at Cage	Total Amount of Buy-In	Denomination Breakdown	STR Filed
IN20150038787	July 26	River Rock	[REDACTED] SID: 10241	\$200,120	\$100 x 100 \$50 x 1,302 \$20 x 6,251	PII FINTRAC

Abstract from IN20150038787 Supplemental Report: "Footage begins on 2015-JUL-26 at approximately 1752hrs as a black Cadillac Escalade with possible BCLP: JD3578 (The owner of the Cadillac is BCLC Prohibited patron [REDACTED]) pulled into the South Hotel loop. At approx. 1756hrs patron [REDACTED] (SID#10241) was seen exiting from the South Hotel Entrance as he walked towards the Cadillac, which was parked just out-front of the Sea Harbor Restaurant. [REDACTED] opened one of the passenger side doors to speak with the driver. At approx. 1757hrs [REDACTED] Xiao was observed walking away from the Cadillac carrying a large red bag in his right hand ... [REDACTED] was escorted into the private cash cage CD#19 by two Guest Services staff members ... Following the count it was confirmed that [REDACTED] presented (100x\$100.00, 1302x\$50.00 and 6251x\$20.00 bills) for a total value of \$200,120.00."

Total Amount of Cash Facilitated to Patrons **\$380,100**

Bill Denomination	Volume of Bills	Total Dollar Amount	Percentage
\$100	130	\$13,000	3%
\$50	2,502	\$125,100	33%
\$20	12,100	\$242,000	64%
Total		\$380,100	100%

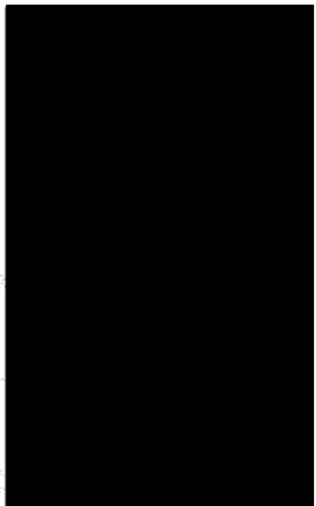
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Provincially Banned Individual: [REDACTED] Profile Sheet

Personal Details	
Date of Birth	[REDACTED]
iTrak Occupation	Cook
Company Name	Not Stated.
iTrak Subject ID	104999
BC Driver's Licence #	[REDACTED]
Home Address	[REDACTED]
Type of Ban	BCLC Prohibition
Ban Duration	5 Years August 13, 2014 – August 13, 2019
Reason for Ban	"BCLC Provincially barred 5 years for inappropriate transfer of cash."



Total Cash Facilitated Resulting in Cash Buy-In at Cage
 Period Reviewed: January 1, 2015 – December 31, 2015

iTrak Incident #	Date (All 2015 Dates)	Casino	Patron that Conducted Buy-In at Cage	Total Amount of Buy-In	Denomination Breakdown	STR Filed
IN20150025535	May 15	Starlight	[REDACTED] SID: 99395	\$100,000	\$100 x 1,000	PII FINTRAC

Abstract from IN20150025535 Supplemental Report: "At 2136:03 hrs a white Acura MDX BCLP#AM256V arrived at the casino driveway, [REDACTED] was seen entering the front passenger door and the vehicle proceeded heading to the lower parking lot. (It is noted that the white Acura MDX BCLP#AM256V is associated to a BCLC prohibited subject [REDACTED]... At 2137:02 hrs the vehicle stopped at the lower parking lot, the unidentified driver was seen passing some paper documents and a pen to [REDACTED] the driver pointed on a spot of the document and [REDACTED] was observed signing it. At 2137:53 hrs the driver takes back the document from [REDACTED] and was seen picking up a white shopping bag from the passenger seat area and placed back down by [REDACTED] At 2140:06 hrs [REDACTED] exited the vehicle carrying the white shopping bag in hand while heading into the casino. At 21:41 hrs [REDACTED] arrived at the cash cage, [REDACTED] was seen removing bundles from the bag and placing them on the cage counter. Each bundles were wrapped with elastic bands, [REDACTED] produced 1000 in \$100 bills for total of \$100,000 buy-in."

IN20150027159	May 24	Starlight	[REDACTED] SID: 99395	\$100,050	\$100 x 1 \$50 x 1,599 \$20 x 1,000	PII FINTRAC
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Abstract from IN20150027159 Supplemental Report: "At 1916:55 hrs a white Acura MDX BCLP#AM256V arrived at the casino driveway, [REDACTED] was seen opening the front passenger door and removed a white/black shopping bag before returning to the casino. (It is noted that the white Acura MDX BCLP#AM256V is associated to a BCLC prohibited subject [REDACTED]) At 19:19 hs the vehicle was seen stopping at the



lower parking lot, the female driver whom strongly resemble [REDACTED] exited the drivers door and entered the passenger side while an unidentified male enters the driver seat and drove off site shortly after. At 1918:25 hrs [REDACTED] arrived at the cage window, [REDACTED] was seen removing bundles of bills from the bag and placing them on the cage counter. Each bundles were wrapped with elastic bands, [REDACTED] produced 1000 in \$20 bills, 1599 in \$50 bills and 1 in \$100 bill for total of \$100,050 buy-in."

iTrak Incident #	Date (All 2015 Dates)	Casino	Patron that Conducted Buy-In at Cage	Total Amount of Buy-In	Denomination Breakdown	STR Filed
IN20150028352	May 30	Edgewater	[REDACTED] SID: 99395	\$150,000	\$100 x 1,090 \$50 x 820	PII FINTRAC

Abstract from IN20150028352 Supplemental Report: "On gaming date 2015-MAY-30 at approximately 00:23hrs, surveillance observed patron [REDACTED] (SID#99395) obtaining a bag of cash from an Asian female at taxi loop at approximately 00:23hrs. He then proceeded to the salon cage for a large table buy-in of \$150,000 with that money, including \$41,000 in \$50 bills and \$109,000 in \$100 bills ... Although not confirmed, the Asian female resembled [REDACTED] [REDACTED] (SID#104999) and the vehicle resembled one of the Acura SUVs registered to her.

Total Amount of Cash Facilitated to Patrons	\$350,050
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Bill Denomination	Volume of Bills	Total Dollar Amount	Percentage
\$100	2,091	\$209,100	60%
\$50	2,419	\$120,950	34%
\$20	1,000	\$20,000	6%
Total		\$350,050	100%

Provincially Banned Individual: [REDACTED] QIN Profile Sheet

Personal Details	
Date of Birth	[REDACTED]
iTrak Occupation	Trading Company Owner (Stocks)
Company Name	Not stated.
iTrak Patron Subject ID	73465
BC Driver's Licence #	[REDACTED]
Home Address	[REDACTED]
Type of Ban	BCLC Prohibition
Ban Duration	5 Years August 13, 2014 – August 13, 2019
Reason for Ban	"Banned by BCLC from all casinos for his involvement in facilitating cash for players (activity consistent with loan sharking)."



Total Cash Facilitated Resulting in Cash Buy-In at Cage
 Period Reviewed: January 1, 2015 – December 31, 2015

iTrak Incident #	Date (All 2015 Dates)	Casino	Patron that Conducted Buy-In at Cage	Total Amount of Buy-In	Denomination Breakdown	STR Filed
IN20150012045	March 5	Starlight	[REDACTED] SID: 99395	\$90,000	\$20 x 4,500	PI INTRAC

Abstract from IN20150012045 Supplemental Report: "A few minutes later, an Asian male resembling BCLC Prohibited [REDACTED] QIN (SID 73465) who was prohibited due to loan sharking activities can be seen exiting Shang's noodle house. When he exits it appears that he greets 2 former Starlight VIP managers (Mandy LI & Claudia YEUNG) who just recently exited Kirin restaurant. QIN appears to catch the attention of VIP host Linda WANG who appears to give QIN a complimentary taxi voucher. 22:30 hrs [REDACTED] can be see walking from where the Mercedes was parked, he was carrying a full backpack that appeared to be the same one that was used for the first buy in. [REDACTED] walks into the casino without interruption and hands the bag to a VIP host in the VIP room near CD 11. Contents of the backpack were 4500 x 20 dollar bills."

IN20150029525	June 6	River Rock	[REDACTED] SID: 99395	\$100,000	\$100 x 300 \$50 x 1,400	PI INTRAC
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Abstract from IN20150029525 Supplemental Report: "At 12:06 [REDACTED] was outside hotel lobby; dark p/u Toyota truck, BC plates: AU 2018 (associated to SID # 73465 - BCLC barred QIN, [REDACTED] pulled next to [REDACTED] and [REDACTED] appeared to get something from the truck. Truck was driven by unidentified A/M, not QIN. [REDACTED] proceeded to Salon and presented 1400x\$50 and 300x\$100 bills for \$100,000 buy in."

iTrak Incident #	Date (All 2015 Dates)	Casino	Patron that Conducted Buy-In at Cage	Total Amount of Buy-In	Denomination Breakdown	STR Filed
IN20150062349	December 1	River Rock	██████████ SID: 139536	\$140,000	\$20 x 7,000	PII FINTRAC

Abstract from IN20150062349 Supplemental Report: "On December 1, 2015 ██████████ conducted a suspicious buy-in for \$140,000 at the River Rock casino. ██████████ arrived at the River Rock casino as the driver and sole occupant of a white Range Rover. ██████████ went to a hotel room on the 8th floor where Jia Gui GAO and BCLC barred patron ██████████ QIN were already inside. GAO had carried a large black backpack into this hotel room. ██████████ exited the room carrying a large bag which contained the funds that ██████████ used to conduct the suspicious buy-in."

Total Amount of Cash Facilitated to Patrons	\$330,000
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Bill Denomination	Volume of Bills	Total Dollar Amount	Percentage
\$100	300	\$30,000	10%
\$50	1,400	\$70,000	21%
\$20	11,500	\$230,000	69%
Total		\$330,000	

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Provincially Banned Individual:

Profile Sheet

Personal Details	
Date of Birth	[REDACTED]
iTrak Occupation	Restaurant Waiter
Company Name	Not Stated.
iTrak Subject ID	66423
BC Driver's Licence #	[REDACTED]
Home Address	[REDACTED]
Type of Ban	BCLC Prohibition
Ban Duration	5 Years
Reason for Ban	"[REDACTED] has a documented history of facilitating cash for high level gamblers in BC Casinos and is currently prohibited from all BC Casinos by BCLC."



Total Cash Facilitated Resulting in Cash Buy-In at Cage
 Period Reviewed: January 1, 2015 – December 31, 2015

iTrak Incident #	Date (All 2015 Dates)	Casino	Patron that Conducted Buy-In at Cage	Total Amount of Buy-In	Denomination Breakdown	STR Filed
IN20150025204	May 13	Starlight	[REDACTED] SID: 99395	\$100,000	\$20 x 5,000	PII FINTRAC

Abstract from IN20150025204 Supplemental Report: "At 18:31 hrs a dark colored BMW X5 BCLP#238XRC arrived at the casino driveway, [REDACTED] was seen entering the passenger door and the vehicle proceeded to drive off site. (it is noted that this vehicle is associated with a BCLC prohibited subject identified as [REDACTED] SID#66423, surveillance footage also showed the driver of the vehicle strongly resembles [REDACTED] At 1836:05 hrs the dark colored BMW X5 BCLP#238XRC returned to the casino driveway, [REDACTED] was seen exiting from the passenger door carrying a green color bag in hand while heading into the casino. At 1837:21 hrs [REDACTED] arrived at the cage window, [REDACTED] was seen removing bundles of bills from the bag and placing them on the cage counter. Each bundles were wrapped with elastic bands, FU produced 5000 in \$20 bills for total of \$100,000 buy-in."

IN20150026071	May 18	Starlight	[REDACTED] SID: 99395	\$100,000	\$20 x 5,000	PII FINTRAC
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Abstract from IN20150026071 Supplemental Report: "A grey coloured BMW BCP#238XRC belonging to BC Prohib patron [REDACTED] (SID#66423) pulls up to the casino entrance. [REDACTED] gets in the passenger door of the vehicle and the driver and [REDACTED] leave the property. The vehicle returns approximately 6 minutes later at 11:42 hrs. [REDACTED] exits the vehicle carrying a black bag and enters the casino. [REDACTED] goes directly to the VIP cage where he hands over several bundles of twenty dollar bills wrapped in rubber bands. The breakdown was as follows: 5000 x \$20 = \$100,000."

iTrak Incident #	Date (All 2015 Dates)	Casino	Patron that Conducted Buy-In at Cage	Total Amount of Buy-In	Denomination Breakdown	STR Filed
IN20150026933	May 23	Starlight	██████████ SID: 99395	\$100,000	\$100 x 1,000	PII FINTRAC

Abstract from IN20150026933 Supplemental Report: "On the date of May 23 2015 at approximately 13:40 hrs ██████████ (SID 99395) bought in for \$100,000 all in \$100 dollar bills wrapped in elastic bands playing at MDB 17. Upon review Footage shows the following at approximate times: 13:40 hrs Jingwei ██████ gets dropped of by a Grey BMW BCLP 238 XRC driven by BCLC prohibited ██████████ (SID 66423). ██████ enters into the casino and proceeds directly to the VIP. 13:41 ██████ removes two bundles of \$100's bills (wrapped in elastic bands) from a black plastic bag and places the bundles on the cash counter. ██████ proceeds to the smoking patio."

Total Amount of Cash Facilitated to Patrons	\$300,000
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Bill Denomination	Volume of Bills	Total Dollar Amount	Percentage
\$100	1,000	\$100,000	33%
\$20	10,000	\$200,000	67%
Total		\$300,000	100%

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Provincially Banned Individual: CHEN Profile Sheet

Personal Details	
Date of Birth	[REDACTED]
iTrak Occupation	Housewife
Company Name	N/A
iTrak Subject ID	89530
BC Driver's Licence #	[REDACTED]
Home Address	[REDACTED]
Type of Ban	BCLC Prohibition
Ban Duration	5 Years March 24, 2014 – March 24, 2019
Reason for Ban	"While you were on the gaming floor of River Rock Casino Resort on March 24, 2014, you were involved in an incident of inappropriate transfer of cash/chips. As a result of this incident, a history of similar incidents, and a repeat of similar incidents while prohibited, your ban prohibiting you from entering all casinos, community gaming centers and commercial bingo halls in British Columbia has been extended."



Total Cash Facilitated Resulting in Cash Buy-In at Cage
 Period Reviewed: January 1, 2015 – December 31, 2015

iTrak Incident #	Date (All 2015 Dates)	Casino	Patron that Conducted Buy-In at Cage	Total Amount of Buy-In	Denomination Breakdown	STR Filed
IN20150015273	March 22	River Rock	Jian Qiu Rong SID: 16985	\$20,000	\$20 x 1,000	PII FINTRAC

Abstract from IN20150015273 Supplemental Report: "Jian RONG conducted a buy-in for \$20,000 that will be the subject of this report. [REDACTED] and RONG met with [REDACTED] CHEN, a patron who is BCLC Barred for loan-sharking activities, outside the south tower of The Hotel. RONG then conducted her buy-in for \$20,000."

IN20150022804	April 30	River Rock	[REDACTED] SID: 171624	\$20,000	\$20 x 1,000	PII FINTRAC
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Abstract from IN20150022804 Supplemental Report: "On the afternoon of 2015-APR-30 a female patron identified as [REDACTED] was suspected of receiving delivery of \$20K in CDN \$20 bills by a prohibited female identified previously as CHEN, [REDACTED]. [REDACTED] was gambling with another female identified as [REDACTED] who helped herself to the cash from [REDACTED] purse and initiated the buy in."



iTrak Incident #	Date (All 2015 Dates)	Casino	Patron that Conducted Buy-In at Cage	Total Amount of Buy-In	Denomination Breakdown	STR Filed
IN20150059643	November 11	River Rock	██████████ SID: 61552	\$20,000	\$100 x 155 \$50 x 20 \$20 x 175	PII FINTRAC

Abstract from IN20150059643 Supplemental Report: "At 20:08 ██████████ leaves Salon and Casino-East Lobby, walking to 'The HOTEL' valet parking, where he enters a white BMW X6 (I/p AB186G). Vehicle is associated with current BCLC Prohibited patron CHEN ██████████ (sid#89530); However, driver could not be identified. According to iTrak, CHEN is currently BCLC Prohibited until 2019-MAR-24 for multiple incidents of inappropriate transfer of cash/chips. At 20:37 a Toyota Venza pulls up to the BMW and stops in front of the BMW. ██████████ meets the driver of the Venza and appears something may have been passed between the driver and ██████████ ██████████ is observed to be carrying, what appears to be, a white plastic bag. At 20:53 WANG places bundle of various denominations at CD19-VIP Cage for a total of \$20,000CDN."

IN20150063176	December 5	River Rock	██████████ SID: 142054	\$10,000	\$20 x 500	PII FINTRAC
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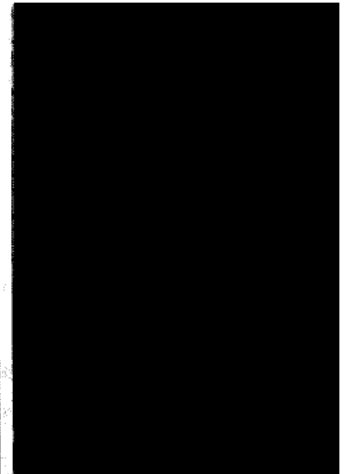
Abstract from IN20150059643 Supplemental Report: "On the evening of 2015-DEC-05 a male patron identified as ██████████ produced \$10K in CDN \$20 bills for purchase of chips in River Rocks VIP Salon. Review of ██████████ past casino transactions confirms \$10K is not out of the ordinary for him. Shortly after receiving the chips ██████████ was seen meeting with a vehicle associated to a banned individual (CHEN, ██████████) where he may have acquired a bag (possibly with more cash inside but it was not seen this date). The license plate of the vehicle was confirmed on camera (as above) and an unknown Asian male was operating the X6 (██████████ CHEN did not appear to be inside the vehicle). In addition to the above indicators there is no reasonable explanation as to where ██████████ may have come into possession of \$10K in \$20 bills. "

Total Amount of Cash Facilitated to Patrons **\$70,000**

Bill Denomination	Volume of Bills	Total Dollar Amount	Percentage
\$100	155	\$15,500	22%
\$50	20	\$1,000	2%
\$20	2,675	\$53,500	76%
Total		\$70,000	100%

Provincially Banned Individual: [REDACTED] XU Profile Sheet

Personal Details	
Date of Birth	[REDACTED]
iTrak Occupation	Import / Export Agent
Company Name	Cowry Cabinets
iTrak Subject ID	102258
BC Driver's Licence #	[REDACTED]
Home Address	[REDACTED]
Type of Ban	BCLC Prohibition
Ban Duration	5 Years September 22, 2015 – September 22, 2020
Reason for Ban	"Inappropriate transfer cash/chips and a history of similar incidents."



Total Cash Facilitated Resulting in Cash Buy-In at Cage
 Period Reviewed: January 1, 2015 – December 31, 2015

iTrak Incident #	Date (All 2015 Dates)	Casino	Patron that Conducted Buy-In at Cage	Total Amount of Buy-In	Denomination Breakdown	STR Filed
IN20150068083	December 30	River Rock	[REDACTED] SID: 18354	\$70,000	\$100 x 661 \$50 x 75 \$20 x 7 \$10 x 1	PII FINTRAC

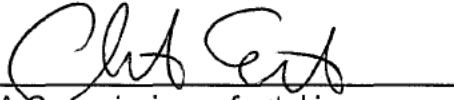
Abstract from IN20150068083 Supplemental Report: "At 0057 hrs, [REDACTED] exits resort with [REDACTED] and both get picked up by the same gray color Mercedes Benz bearing BC L/P AF635M. Vehicle is associated with a BCLC barred [REDACTED] SID 102258. 2nd buy in: At 0117 hrs, [REDACTED] returns with [REDACTED] in a white BMW Sedan bearing BC L/P CA588N. They enter west and take Dogwood elevator up to 3/F. Both sit at MDB 20 and watch the game. At 0127 hrs, [REDACTED] leaves MDB 20 and removes few bundles of various denominations of bills from his jacket's pockets onto CD 19 totaling 70K."

Total Amount of Cash Facilitated to Patrons \$70,000

Bill Denomination	Volume of Bills	Total Dollar Amount	Percentage
\$100	661	\$66,100	94%
\$50	75	\$3,750	5%
\$20	7	\$140	<1
\$10	1	\$10	<1
Total		\$70,000	100%



This is **EXHIBIT "41"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.



A Commissioner for taking Affidavits in British Columbia

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INTERNAL MEMO

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

CC: Angela Swan, Executive Director, Licensing, Registration, Certification Division, GPEB
Steve Lefler, Director, Certification and Game Integrity, GPEB
Anna Fitzgerald, Director, Compliance Division, GPEB
Derek Dickson, Director, Compliance Division, GPEB
Doug Mayer, Manager of Audit, Compliance Division, GPEB

From: Tim Storms, Commercial Gaming Auditor, Compliance Division, GPEB
Gord Bedingfield, Technical Investigator, Certification and Game Integrity, GPEB

Date: May 5, 2016

Subject: COMM-8654 Person of Interest Slot Play Analysis - Michael John MANCINI

EXECUTIVE SUMMARY

Staff from the Compliance Division and Certification and Game Integrity team were asked to conduct a combined analysis on the game play of Michael John MANCINI. The objective of this analysis was to build a profile of MANCINI's slot gaming activity. This would then be used to attempt to quantify the amount of funds he wagered to generate the \$2.2 Million of disbursements paid to him between November 2014 to October 2015.

The following lists some of the key observations of the analysis conducted on the gaming activity of Michael John MANCINI:

• **PII - FINTRAC**



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- PII - FINTRAC

PII - FINTRAC

These jackpot wins were predominantly paid back to MANCINI in cash. Only \$375,000 of the \$2.2 million in disbursements was paid back in cheques, the rest was in cash. Casinos do not track the denomination of slot jackpots paid to patrons.
- GPEB Certification and Technical Integrity staff did not identify any issues with the machines MANCINI played which could potentially indicate a specific game theme or platform that could be exploited.
- MANCINI did not use a BC Encore card during his game play and therefore an accurate and complete accounting of the dollar value or denominations wagered during the review period was not available. The information available did not provide the specific start and stop times of his play during each session, and therefore too much variability and estimation would be present in any analysis conducted.

No conclusion is being made as to whether MANCINI's activity constitutes money laundering or the use of proceeds of crime. The information analyzed as part of this review is intended to provide factual information about his gameplay, payouts, and an attempt to determine his wagering habits?

INTRODUCTION

BACKGROUND

On January 15, 2016 the BC Civil Forfeiture Office (Ministry of Justice) filed a statement of claim regarding Michael John MANCINI whose vehicle was searched by RCMP in October 2015 as a result of an impaired driving investigation and incidental to that investigation again in December 2015. During these searches, police seized drugs and significant amounts of concealed currency.

Background investigation on MANCINI identified that he frequented various gaming facilities throughout the province of BC.

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Given that MANCINI had generated such a large volume of disbursements and the alleged tie to the criminal element through the drugs and concealed currency in his vehicle, concerns were raised that his activity in BC gaming facilities could be attributed to either money laundering and/or the use of proceeds of crime.

OBJECTIVES

The objectives of this review were to:

- Determine how much he had spent to generate this volume of disbursements;



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- Build a profile of his game play;
- Investigate any potential weaknesses in the integrity of the games he was playing.

This review is not intended to make a determination as to whether MANCINI is laundering money or using the proceeds of crime to fund his gambling. The primary intent is to provide information to other stakeholders who have the necessary tools and expertise to make a decision as to whether there needs to be more due diligence attributed to large volume slot players around anonymous play, and monitoring to meet FINTRAC reporting requirements.

SCOPE & APPROACH

The scope of this review covers MANCINI's gaming activity at all BC facilities between the period November 2014 and October 2015. This period encompasses all of his known gaming activity.

We were able to analyze MANCINI's activity through data analysis, and testing. This included:

- Quantifying and documenting MANCINI's gambling activity by identifying jackpots, determining the methods of payment for these jackpots by the casinos, and identifying the various machines he played;
- Gathering technical data on the slot machines MANCINI won jackpots on to build a profile on the type of machines he was playing;
- Quantifying, if possible, the amount of money MANCINI had bought in with in order to generate the \$2.2 million in jackpots.

ANALYSIS

LARGE CASH TRANSACTION RECORD REVIEW

PII - FINTRAC

It is important to note that although MANCINI won \$2.2 million in jackpots, this does not indicate his actual net gaming win at the end of the period. Without the ability to identify how much money was initially bet, his actual net win may be far less. A large portion of his identified disbursements may have been used to fund his subsequent play, (i.e. churn).

Due to the inherent limitations in tracking the amount of money an individual places into a slot machine, gaming facilities are not required to track or report to FINTRAC on "buy-ins" related to slot play. There were

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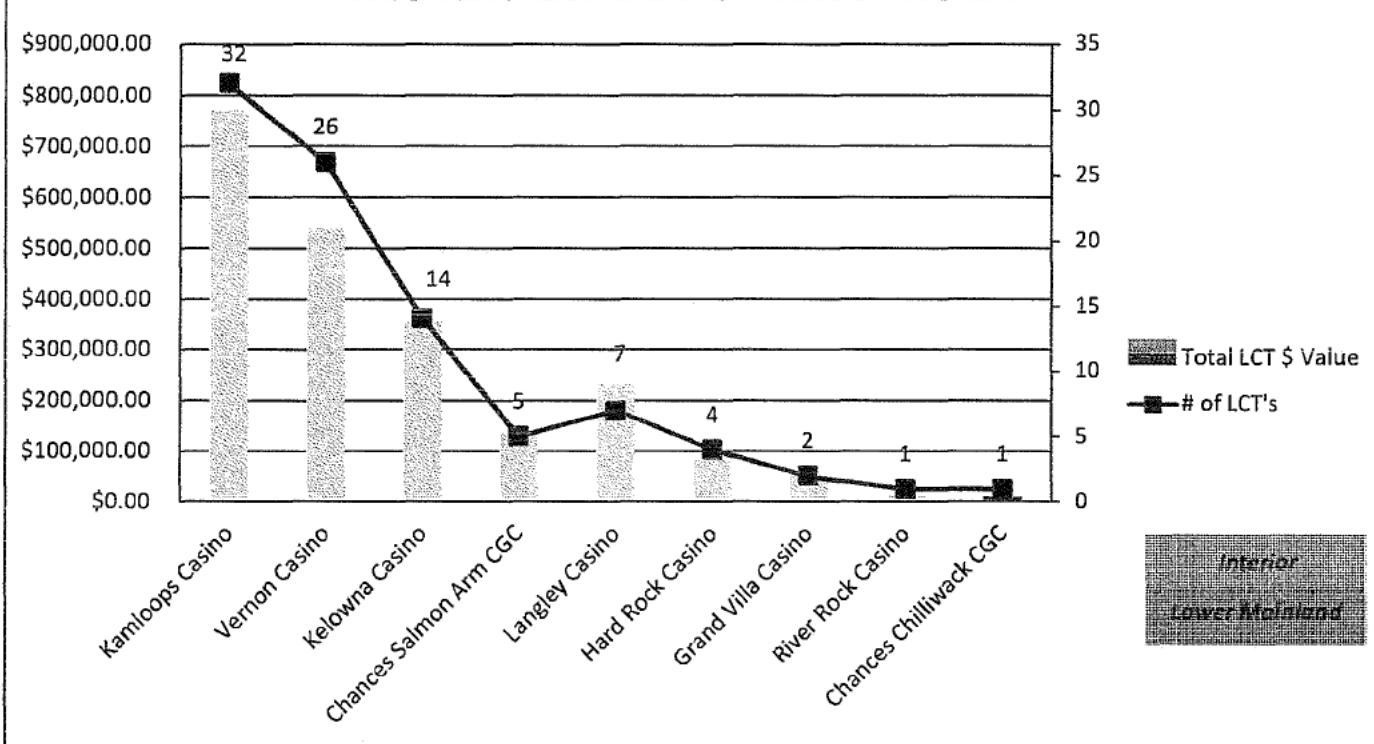
no LCT records created as a result of table games play by MANCINI. No information has been provided which would indicate that MANCINI plays table games on a regular basis.

P II - FINTRAC

The vast majority of his activity took place at casinos in the Okanagan; Kamloops, Kelowna and Vernon. Given his residence in the Shuswap area, this is to be expected. In the Lower Mainland he predominantly visited the Cascades Casino in Langley, and had minimal activity at other Lower Mainland casinos.

P II - FINTRAC

MANCINI LCT'S BY GAMING FACILITY



P II - FINTRAC

P II - FINTRAC

With the exception of one IVS/TITO ticket redemption disbursement for \$1,656 in March 2015, all others were for jackpots.



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PII - FINTRAC

PII - FINTRAC

The jackpot limits vary from location to location, on \$1.00 machines it generally ranges between \$1,000 and \$2,000. A machine will lock up upon seeing a jackpot that is equal to or exceeds the machine limit, requiring a hand-pay from a slot attendant.

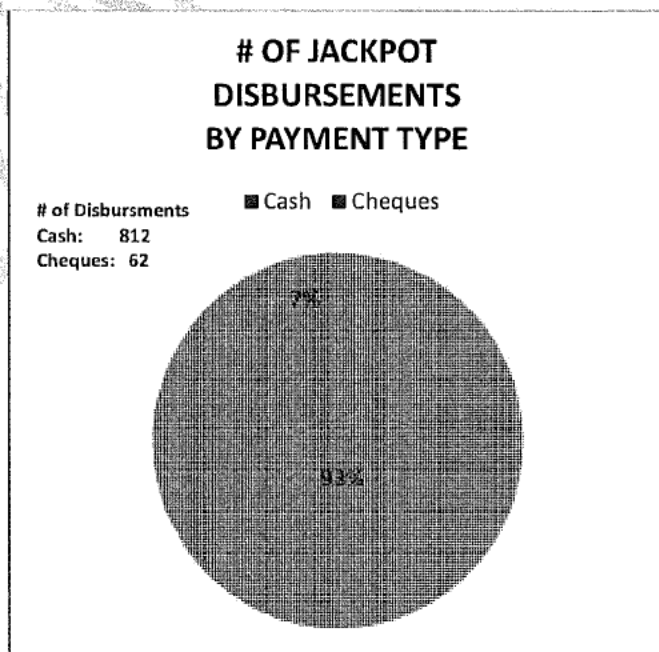
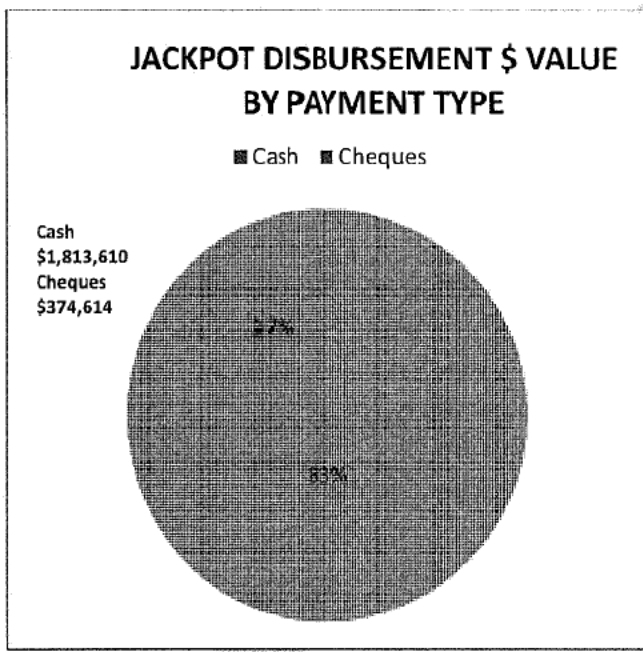
Jackpots won which do not exceed the lock-up limit may be paid out by an IVS/TITO ticket. These tickets can be redeemed at the IVS Ticket redemption machine, up to a value of \$2,499.99. There is no record kept of patrons redeeming IVS tickets at the machine.

The majority of the jackpot disbursements were made in cash. While MANCINI would have the option of requesting a Verified Win Cheque for any of his jackpots, only a small portion of his jackpots were paid out by this method.

The cheque amounts ranged from a low of \$2,040 to a high of \$17,125. Cheques were issued from seven of the nine facilities. No Convenience Cheques had been issued to MANCINI at the time of this report;

PII - FINTRAC

all cheques were for verified slot machine machine jackpots.



Jackpot Payment Type	\$ Value	%	# of Jackpot Disbursements	%
Cash	\$ 1,813,610	82.9 %	812	92.9 %
Cheque	\$ 374,614	17.1 %	62	7.1 %
Total	\$ 2,188,224	100 %	874	100 %



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PII - FINTRAC

WAGERING PATTERNS

BCLC had requested gaming facility surveillance staff monitor MANCINI's play after the October 5, 2015 incident in Chilliwack. On October 6, MANCINI attended the Cascades Casino in Langley. The following are excerpts from the iTrak Incident Report created to document the review:

PII - FINTRAC

It should be noted that the companion with MANCINI on these date was not identified in iTrak.

SLOT MACHINE INFORMATION

Concerns had initially been raised around the possibility, given the volume and amount of jackpots won by MANCINI, that the machines he was playing had somehow been compromised. In order to investigate this possibility, it was necessary to determine if there was a pattern to the types of machines that he was playing.

PII - FINTRAC

Where possible, the slot machine specifications, including manufacture, game platform/theme and denomination, were pulled from the BCLC rCasino database. Game denomination and return to player percentage information was not available in the database for five machines at Cascades Kamloops.

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Several consistent features were identified:

- MANCINI consistently played \$1.00 denomination slot machines. With the exception of a jackpot won on a \$.01 machine, all other jackpots, where the machine denomination was identified, were won on \$1.00 machines.
- The average return to player percentage on the identified machines was 96%.
- All identified machines were manufactured by IGT. These machines ran on 3 different platforms with 18 different themes. Many of these machines are older machines and offer a free game/free spin bonus.
- MANCINI would often play the same game themes across the different facilities he visited.

These machines were compared to the availability of other \$1.00 machines at the casinos MANCINI visited to see if the reason he was choosing these types was because no other \$1.00 machines were available. A listing of all \$1.00 slot machines in play in the province was requested from BCLC.

The three platform types of IGT machines that MANCINI was playing comprised approximately 56% of all \$1.00 machines at the facilities he was visiting. With the exception of Chances Salmon Arm, where all \$1.00 machines were one of the three types, all other sites had numerous \$1.00 machines running on platforms other than the type MANCINI was playing.

The listing of slot machines and their specifications was provided to the GPEB Certification and Registration Division for any feedback on the machines and any consistencies which may indicate a reason as to why MANCINI focused on these types. It was noted that most of these machines are in a medium to high %RTP at 96% however there is no consistency with the jackpot hit frequency. Almost all of the machines have a free spin/free game bonus. No other apparent issues with the machines were identified based on the information available. There was nothing identified that stands out as pointing to a specific game theme or platform that can be exploited.

SPEND ANALYSIS

GPEB Compliance and Certification staff were asked to try and determine the amount of money that MANCINI would have spent to generate the \$2.2 million in jackpots. Determining the amount of money spent by a slot player is inherently difficult as a patron's buy-in activity is not tracked in the way that disbursements are. If a patron is a member of the BC Encore slot rewards program then data would be available to track their activity. BCLC has indicated that MANCINI was not a BC Encore member, nor was an Encore card used during the sample of his play analyzed as noted below.

With the assistance of BCLC staff at the Cascades Casino in Langley, and through work previously conducted by the GPEB technical investigator, it was determined that the SDS Validator Transaction Report and the

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SDS Attendant Paid Jackpot Control Report, out of the Bally Gaming Management System (GMS), would provide details on an individual's slot machine activity.

The Validator Transaction Report contains the following information:

- Bills inserted into the machine
- Machine Pay Jackpots
- Hand Pay Jackpots
- IVS Tickets inserted for play
- IVS Tickets printed for cash out
- Insertion and Removal of BC Encore Card

In order to identify play by MANCINI, reports were requested for a sample of slot machines at the Cascades Casino.

PII - FINTRAC

difficulty arose when trying to identify when he sat down at the machine and inserted his first bill. As MANCINI did not use a BC Encore player rewards card during his play, the exact period of his play could not be isolated. It could be determined when MANCINI was not at a specific machine, by looking at play where an Encore card was used by another patron at a point before and after his identified jackpots. However, this was not deemed a reliable measurement because of the assumption that all play after the card was removed was attributable to Mancini. When this uncertainty is projected out over the multiple machines, facilities and periods of his play, any dollar value calculated as his spend could be considerably inaccurate and unreliable. The denominations used for play also cannot be accurately determined for this same reason.

PII - FINTRAC

PII - FINTRAC An LCT is required when a patron has \$10,000 or more in slot disbursements in a 24 hour period. For example, if MANCINI wagered \$5,000 and lost it all without receiving at least \$10,000 in jackpots, this money would not be permanently tracked.

CONCLUSIONS

No conclusion is being made as to whether MANCINI's activity constitutes money laundering or the use of proceeds of crime. The information analyzed as part of this review is intended to provide factual information about his gameplay, payouts, and an attempt to determine his wagering patterns. The review will also be used to: a) inform BCLC of our findings to help address any concern around risk in the area of anonymous play, b) assess any reporting concerns to FINTRAC, and c) provide background information on anonymous slot play to the Joint Illegal Gaming Investigation Team (JIGIT)

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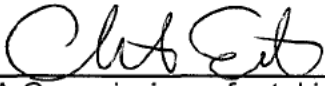
Key observations from the analysis are:

- As MANCINI did not use a BC Encore card during his game play an accurate and complete accounting of the dollar value or denominations wagered during the review period could not be determined (i.e. anonymous play).
- The majority of MANCINI's jackpots were paid out in cash. While MANCINI had the option of receiving a cheque for his jackpots, he rarely used the option.

PII - FINTRAC

- MANCINI frequented multiple gambling facilities throughout the Interior and the Lower Mainland.
- MANCINI focused his play on a narrow selection of machines. He focused almost exclusively on \$1.00 denomination machines that allowed him to bet up to \$90 per spin, but appeared to focus on a small subset of these machines available at the gaming facilities he frequented.
- No issues were identified with the machines MANCINI played which could potentially indicate a specific game theme or platform that could be exploited.

This is **EXHIBIT "42"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.



A Commissioner for taking Affidavits in British Columbia

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INTERNAL MEMO

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

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

From: Bojan Nikolic, Commercial Gaming Auditor, Compliance Division, GPEB
Terry Jacob, Commercial Gaming Auditor, Compliance Division, GPEB

Date: June 21, 2016

Subject: Compliance with BCLC Directive related to Unsourced Cash and Chips

Background

With a goal of reinforcing the ongoing efforts to curb suspected money laundering at casinos in British Columbia, BCLC introduced a new program directed primarily toward high limit players with a history of suspicious activities. These activities generally involved the use of substantial amounts of cash, often in small denominations, chip passing and facilitating access to, or delivery of, cash and chips.

On September 11, 2015, BCLC sent a letter to service providers instructing them of the directive issued to high risk patrons. Casinos were also notified through the iTrak reporting system with the following message:

*"2015-Sep-11 ***BCLC DIRECTIVE*** Effective immediately (as per letter sent to SP management this date) patron is not allowed to buy-in at any BCLC site with "un-sourced" cash (all cash without a bank or ATM withdrawal slip) or "un-sourced or borrowed" chips until further notice. Please advise patron to contact Consumer Services at 1-866-815-0222 or via email through BCLC.com and provide contact details for BCLC Investigations to schedule an interview to discuss further."*

Each applicable player's subject profile was updated in iTrak with the content of the above directive in such a way that it would be obvious to anyone who opens the profile.

Although the unsourced cash is defined as "all cash without a bank or ATM withdrawal slip", BCLC allowed players with the directive to buy-in with cash they received as winnings from the previous five days of gambling.

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Purpose

The purpose of this review was to determine if the casinos complied with the directive issued to the players and if BCLC conducted appropriate oversight of gambling activities of the players under the directive.

Approach

A total of 47 individuals who were issued directives between August 5 and November 10, 2015 were reviewed. Their gambling activities were examined using the iTrak reporting system; specifically all incident reports and large cash transaction reports for each player from the date of their directive until January 18, 2016 – the date of data collection. The emphasis was on the following activities:

- Buy-ins with unsourced cash and/or use of unsourced or borrowed chips after the directive was issued;
- Action taken by the casino; and
- BCLC's investigation of each incident.

Analysis

In the majority of cases the players that were issued the BCLC directive were prevented from playing with unsourced cash and chips by the casino sites. However, prevention was not always possible in cases where there was only a suspicion of chip passing due to players' activities at the tables (passing chips under the table) and in areas without surveillance cameras (washrooms).

Highlights from the analysis found:

- Of the 47 players reviewed, 32 returned to play with sourced cash, while 15 did not gamble after they were issued their directive.
- Multiple attempts to buy in with unsourced cash were made, however, in the majority of instances the sites identified that the patron had been issued the directive, and they did not process the attempted buy-in.
- iTrak reports showed two players that were issued the directive were able to buy-in with unsourced cash on two occasions and were able to play undetected. In each case, the players gambled at levels below the LCT reporting threshold.
- Fourteen players were recorded in iTrak to have been observed betting or attempting to bet with potentially unsourced chips. Chips were either brought into the casino or received from other players while inside the casino. In some cases, players attempted to gamble with unsourced chips by combining them with sourced chips. In one such case, casino staff confirmed this activity by reconciling the chip tray balances after the player left the table.

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- On several occasions throughout the review period, players not included in the directive bought in and made verbal bets for players who were under the directive. Essentially, sanctioned players used non-sanctioned players to gamble on their behalf. When such activity was noticed, the play was stopped in all cases, players involved were spoken to and an incident report opened in iTrak.

The review of iTrak showed the casinos appeared to adequately document the verification of gaming funds for all players issued the Directive including:

- The status of the players is verified;
- The source of cash/chips was checked. The players who continued gambling at casinos after the Directive used mainly PGF accounts, Global and ATM credit card cash advances and debit cards as the source of funds;⁽¹⁾
- The players' activities at the casino property was monitored;
- Incident reports were completed in iTrak; when needed a review of surveillance footage was conducted;
- Suspicious activities were investigated;
- Buy-in with unsourced cash or placing bets with unsourced chips were denied or the play was stopped; and
- In case of violation of the Directive, Table Games Managers spoke to the players to remind them of the imposed conditions on use of cash and chips.

BCLC Investigators added their supplemental reports to all but two incident reports in iTrak involving the players under the Directive.

⁽¹⁾ The tracking of cash from previous winnings, now deemed as sourced cash, was a cause of initial uncertainty with the casinos since it is not included in the definition of the sourced money. Once clarified by BCLC, the casinos started recording a running balance of unused winnings for all players under the Directive. The accuracy of tracking is essential for this process.

Conclusion

Overall, the review found the casinos appropriately enforced the use of "sourced cash" with all players issued the Directive during our review period. However, there were some instances documented in iTrak where players were able to play with unsourced chips and where players issued the Directive were found to have been using proxy bettors on their behalf.

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INTERNAL MEMO



BRITISH
COLUMBIA

This is **EXHIBIT "43"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3 day of March, 2021.

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

CC: Anna Fitzgerald, Director, Compliance Division, GPEB
Doug Mayer, Manager of Audit, Compliance Division, GPEB
Chris Knight, Regional Director, Northern Region, GPEB

From: Karen Roberts, Commercial Gaming Auditor, Compliance Division, GPEB

Date: August 16, 2016

Subject: COMM- 8604- River Rock "High Roller" Occupational Analysis

Ch Roberts
A Commissioner for taking
Affidavits in British Columbia

EXECUTIVE SUMMARY

A review was conducted to understand the occupational breakdown of the top "High Roller" patrons at River Rock Casino and the correlation of their stated occupation with the amounts of their buy-ins over the one year period of January 1, 2015 to December 31, 2015. The analysis consisted of three parts: a breakdown of high roller buy-ins and their stated occupations, analysis of Unusual Financial Transaction (UFT) reporting linked to occupation as a factor, and a check on the legitimacy of companies provided by high rollers to gaming facilities.

KEY OBSERVATIONS

The top occupations ranked by buy-in were:

- #1 was Real Estate with 135 patrons and \$53.1 M in buy-ins
- #2 was Business Owners with 86 patrons and \$38.5M total buy-ins for the year
- #3 Construction with 56 patrons and \$33.8M in buy-ins
- #4 Finance with 30 patrons and \$19.6M in buy-ins
- #5 Management with 54 patrons and \$18M in buy-ins
- #6 Housewife with 75 patrons, with \$14.3 M in buy-ins
- #7 Importer with 18 patrons and \$12.2M in buy-ins
- #8 Petroleum with 6 patrons and \$6.1M in buy-ins
- #9 Restaurant (Owners and Management) with 21 patrons and \$5.8M in buy-ins
- #10 Mining with 8 patrons and \$4.8 M in buy-ins

Also of note, Student was #17 with 36 patrons and \$2.3M in buy-ins.



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Incident reports were reviewed to determine if occupation was a factor in the UFT reporting:

- 42 Housewives with buy-ins of \$50K or more had 495 transactions, and were directly involved in 87 Unusual Financial Transactions (UFTs), and indirectly associated in 39 UFTs (ie. they weren't the primary individual conducting the buy-in). Who the Housewives associated with was a prominent reason for being indirectly named in a UFT, in some cases it was the only reason.
- 9 Students with buy-ins of \$50K or more had 62 transactions, and were directly involved in 11 UFTs.
- There were 62 patrons with buy-ins of \$1M or more that had 1915 transactions, and were directly involved in 611 UFTs and indirectly in an additional 156 UFTs.

These patrons do not always work alone. It is not unusual for multiple patrons from different occupational categories to be involved in a single suspicious transaction. When a transaction is reported as an UFT in iTrak, one incident report is created and is associated with all the patrons involved in the suspicious transaction.

The legitimacy of the 52 companies listed by the top 62 patrons in their iTrak profiles were reviewed and testing was found to be inconclusive. There were 43 companies with Chinese names. The names of the companies given were the English approximations of the Chinese characters (names) and are inexact. We were unable to conclusively determine whether the companies exist or are large enough to support the patrons' buy-ins amounts.

CONCLUSION

Real Estate was the largest occupational group both in terms of number of patrons and Total Buy-ins. The most active of the high rollers did not try to avoid stating their occupation. Housewives and Students were more significant than anticipated with 75 patrons with total buy-ins of \$14.3 million identified as Housewives, and 36 patrons and \$2.3 million in buy-in identified as Students.

The most common reason for UFTs were for large cash buy-ins and buy-ins with a large number of small denomination bills. Patrons had UFTs attached to their SID# not only from direct suspicious activity on their part but also to being associated with other patrons engaged in suspicious activity. Occupation played a secondary role in that the occupations listed could either not support the level of play or could not explain the amount of small bills used.

Determining the legitimacy of companies listed by the top 62 patrons proved inconclusive due to not having the exact Chinese characters. Obtaining the characters of the companies given by the high rollers would help enable the determination of a company's legitimacy and determine whether the positions given could support the level of play.

INTRODUCTION

BACKGROUND

GPEB has the regulatory mandate and authority to ensure the overall integrity of gaming. Through its audit and investigative functions, GPEB monitors anti-money laundering (AML) strategies and other efforts to protect gaming from organized crime.

In 2015 a review was conducted to examine the volume of cash flowing through the high limit rooms at River Rock Casino. This information was used to determine to what extent patrons are buying in with smaller denomination bills and the associated risk of refining (colouring up). A second review was conducted in 2015 that analyzed BCLC's process for identifying and reporting unusual or suspicious currency transactions. Its objective was to further GPEB's understanding of what BCLC is deeming a reportable transaction and to quantify the number of reportable vs non-reportable transactions in the review period.

Through these two reviews data was obtained on patrons buying in at the River Rock high limit rooms. The data consists of information related to these individuals' occupations, related companies, gaming frequency, buy-in amounts, and unusual or suspicious transactions. From this we are able to perform an occupational based analysis of the patrons conducting large buy-ins at the River Rock Casino.

OBJECTIVE

The objective of this review is to understand the occupational breakdown of the "High Rollers" at River Rock Casino and the correlation of their stated occupation with the amounts of their buy-ins and the denominations used in cash buy-ins. This information will assist GPEB in identifying to what extent patrons are buying-in with amounts more than what their stated occupations could reasonably support and could indicate possible money laundering activities. The report will comment on the following:

- Occupations of the high rollers and the plausibility of their stated occupation generating sufficient income to cover buy-ins.
- How many UFTs were reported involving the subject group and whether occupation was considered in the reporting criteria of UFTs.
- Extracts from unusual financial transactions connected to high rollers, which may provide insight into their behaviors or provide additional information for GPEB to consider going forward.
- The legitimacy of the companies listed in the high roller subject id profiles. Many of the subjects in this group are Chinese nationals listing employment by Chinese companies, so it was unknown whether or not it will be possible to confirm the legitimacy of the organizations.

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SCOPE and APPROACH

The scope of the report is limited to a review of the occupations stated by the "High Roller" patrons at River Rock Casino. The period of the review was January 1, 2015 – December 31, 2015.

The review will be conducted by:

- Reviewing cash buy-in information and stratify according to occupation to identify significant occupational groups and any correlation with buy-in amounts.
- Analyzing iTrak incident reports related to unusual or suspicious financial transactions, and determining if any relationships between UFT reports and occupation exist.
- Researching companies online using various search methods to determine their legitimacy and the probable income levels.
- Engaging in discussions (preliminary and throughout) with GPEB Manager of Intelligence Program for additional insight and feedback.
- Evaluating patterns or trends that emerge and discussing those internally where appropriate.

ANALYSIS (3 PARTS)

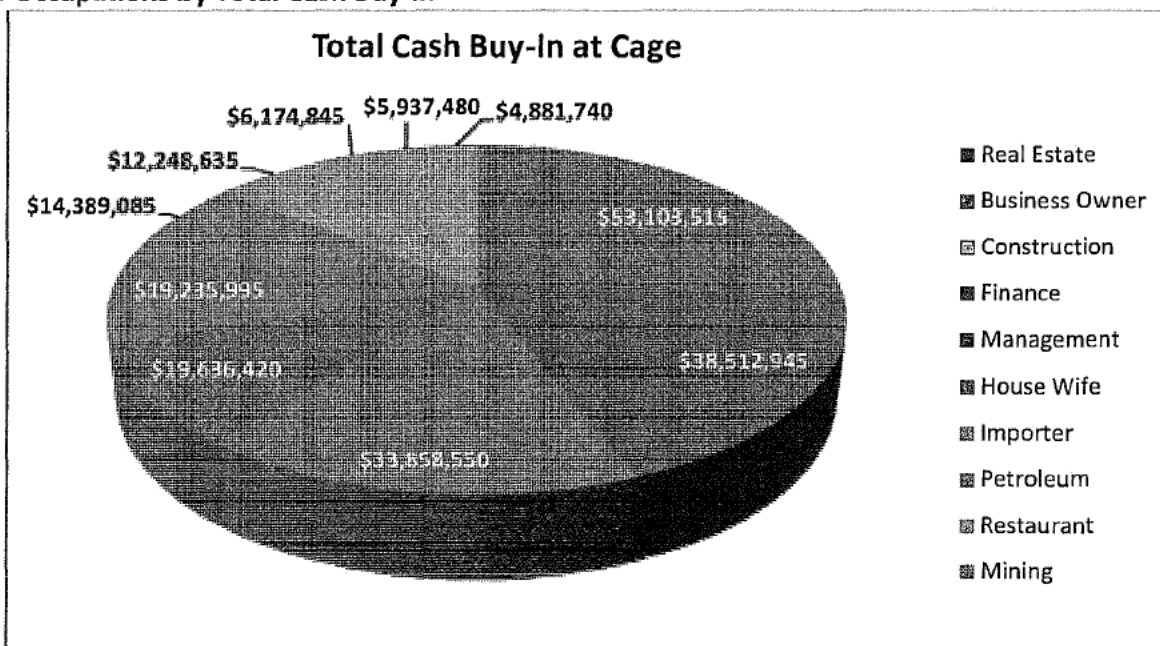
PART ONE – BASIC OCCUPATIONAL ANALYSIS

Information on the "High Rollers" buy-ins from the Player tracking sheets was compiled. The information included patron name, date of birth, position, company and buy-in information. The information was sorted and ranked by total annual buy-in amount. The occupations were standardized into groups. For example anyone in the real estate industry was grouped into "Real Estate"; anyone affiliated with the construction industry was put into "Construction". Managers of various random companies that did not fall into a main industry was put into "Management", general business owners were grouped together as "Business Owner" and other lower level employees and one off occupations were classified as "Other". A significant number of patrons did not indicate their company or position so they were put into the "Not Stated" group. "Housewife" and "Student" were classified into their own groups as their buy-in habits were of particular interest. There were a few single occupations that were significant enough that grouping them with other groups would have skewed the result and were thus left on their own. From all the classifications we were able to get an overall picture of the occupational composition of the subject group. Unique Subject ID numbers (SID#) assigned to each patron were used to identify patrons and to count the number of patrons in each occupational group. The Not Stated group included patrons did not have a subject ID # assigned to them or couldn't be positively identified as a patron with a SID# due to illegible handwriting on the Player Tracking Sheets, therefore not all transaction information about these patrons were available.

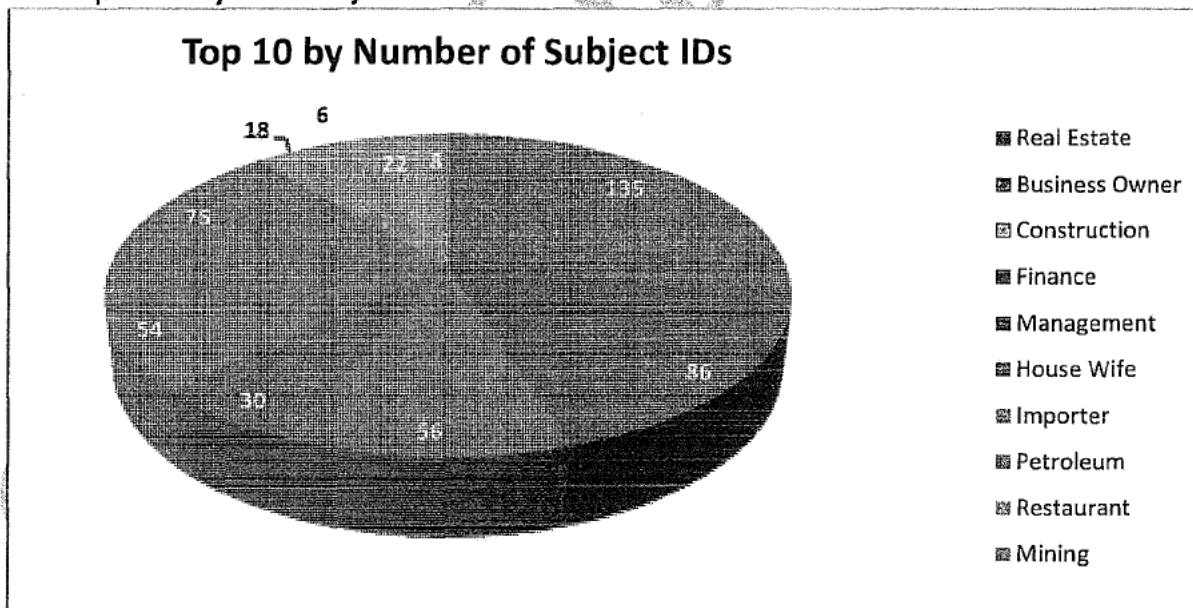
A total of 800 patrons were included in this analysis with Total Cash Buy-ins of \$243 Million.

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Top 10 Occupations by Total Cash Buy-in



Top 10 Occupations by iTrak Subject ID#



Notable findings include:

- 36 Students had total Buy-ins of \$2.3Million.
- 75 House Wives had total buy-ins of \$14.3 million.
- The highest annual buy-in by one patron in the “Not Stated” group was \$70K.



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- The "Not Stated" group of 77 patrons included patrons who did not have a SID# assigned to them

For the complete listing see **Appendix 1- All High Rollers**

Top 10 Occupational Groups- \$100K+

Standardized Occupation	Number of Subject IDs	Sum of Total Cash Buy-In at Cage	Sum of Total # Transactions
Real Estate	55	\$50,781,005.00	698
Business Owner	36	\$37,165,385.00	530
Construction	24	\$32,817,690.00	432
Finance	18	\$19,346,220.00	279
Management	24	\$18,136,805.00	267
House Wife	26	\$12,895,035.00	439
Importer	10	\$11,981,275.00	137
Petroleum	5	\$6,089,455.00	77
Restaurant	8	\$5,674,000.00	134
Mining	6	\$4,868,740.00	68

Patrons with individual Cash Buy-Ins of a minimum of \$100K were reviewed. This group includes 288 patrons with Total Cash Buy-ins of \$231 M. Notable findings are:

- A total of 26 House Wives with total buy-ins of \$12.89 M.
- A total of 5 Students with total buy-ins of \$1.66 M.
- 2 Servers with total buy-ins of \$367K.
- 2 Office Clerks in the Other category has total buy-ins of \$410K.
- 1 Food Service Worker in the Other Category has total buy-ins of \$164K.

For the complete breakdown of this group see **Appendix 2- \$100K Breakdown**

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\$500K Buy-ins

Standardized Occupation	Number of Subject IDs	Sum of Total Cash Buy-In at Cage	Total # Transactions
Real Estate	27	\$44,319,015.00	530
Business Owner	13	\$32,568,345.00	402
Construction	13	\$30,025,005.00	351
Finance	9	\$17,733,055.00	224
Management	8	\$14,931,065.00	177
Importer	4	\$10,729,265.00	115
House Wife	9	\$8,759,165.00	255
Petroleum	1	\$5,181,615.00	58
Restaurant	4	\$4,679,680.00	93
Mining	4	\$4,538,300.00	59
Mine Owner	1	\$2,526,990.00	40
Factory Owner	1	\$2,214,175.00	33
Ship Builder	1	\$1,843,510.00	13
Doctor/Dentist	1	\$1,825,520.00	24
Pharmaceuticals	1	\$1,759,840.00	7
Sales	2	\$1,108,130.00	18
Farmer	1	\$942,450.00	19
Student	1	\$819,530.00	19
Chef/Cook	1	\$785,940.00	24
Engineer	1	\$767,020.00	8
CEO	1	\$750,000.00	21
Truck Driver	1	\$710,430.00	14
Accountant	1	\$563,025.00	22
Teacher	1	\$506,000.00	18
Other	1	\$72,886.00	9
Grand Total	108	\$190,659,956.00	2553

The next level looked at was patrons who had minimum buy-ins of \$500K. This level included 108 patrons with total buy-ins of \$191M. Notable Findings are:

- 9 House Wives with total buy-ins of \$8.75M.
- 1 Student with a total buy-in of \$819K.
- 1 Chef with total buy-ins of \$785K.

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\$1 Million Plus Buy-ins

Standardized Occupation	Number of Subject IDs	Sum of Total Cash Buy-In at Cage	Total # Transactions
Real Estate	15	\$35,631,270.00	413
Business Owner	10	\$30,621,305.00	373
Construction	8	\$26,626,905.00	279
Finance	6	\$15,940,010.00	197
Management	7	\$14,271,075.00	166
Importer	3	\$10,069,265.00	107
Petroleum	1	\$5,181,615.00	58
House Wife	3	\$4,794,460.00	102
Mining	2	\$3,483,280.00	26
Restaurant	2	\$3,352,560.00	77
Mine Owner	1	\$2,526,990.00	40
Factory Owner	1	\$2,214,175.00	33
Ship Builder	1	\$1,843,510.00	13
Doctor/Dentist	1	\$1,825,520.00	24
Pharmaceuticals	1	\$1,759,840.00	7
Grand Total	62	\$160,141,780.00	1915

Finally, the \$1Million level of play was analyzed. 62 Patrons were in this group. Each patron had a minimum of \$1 M annual buy-in. The \$1M group had total buy-ins of \$160 Million which is 65% of the total buy-ins of the entire subject group reviewed. At this level the total numbers of substantiated Unusual Financial Transactions were also analyzed.

Notable Findings include:

- 3 House Wives with Total Buy-ins of \$4.79M.

In general, across all buy-in levels, several significant occupation groups such as Real Estate, Construction, and Mining reflect the general economy and could possibly support the levels of buy-ins made by the patrons. There are occupations, such as House Wife, Student and Server that are not typically able to support the level of cash buy-ins made by those patrons.

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PART TWO – UFT/STR OCCUPATION ANALYSIS

Patrons who have cumulative buy-ins of \$1 million or more were the base of information for analyzing the substantiated direct and indirect Unusual Financial Transactions (UFT's) reported in iTrak. Our analysis breaks out two categories of UFTs: "Direct UFT" is the occupation of the primary individual conducting the buy-in, and "Indirect UFTs" are the occupation of the individuals listed in the UFT as associated with the transaction, but not the primary buy-in individual.

The total number of UFTs are as follows:

Standardized Occupation	Total Cash Buy-Ins at Cage	Subject ID#	Total # Transactions	Total Direct Substantiated UFT	Total Indirect UFT	Direct UFT/Total transactions
Real Estate	\$35,631,270.00	15	413	118	55	29%
Business Owner	\$30,621,305.00	10	373	110	50	29%
Construction	\$26,626,905.00	8	279	83	18	30%
Finance	\$15,940,010.00	6	197	43	7	22%
Management	\$14,271,075.00	7	166	70	3	42%
Importer	\$10,069,265.00	3	107	41	1	38%
Petroleum	\$5,181,615.00	1	58	40	7	69%
House Wife	\$4,794,460.00	3	102	28	7	27%
Mining	\$3,483,280.00	2	26	11	0	42%
Restaurant	\$3,352,560.00	2	77	19	4	25%
Mine Owner	\$2,526,990.00	1	40	17	0	43%
Factory Owner	\$2,214,175.00	1	33	12	0	36%
Ship Builder	\$1,843,510.00	1	13	5	0	38%
Doctor/Dentist	\$1,825,520.00	1	24	13	4	54%
Pharmaceuticals	\$1,759,840.00	1	7	1	0	14%
Grand Total	\$160,141,780.00	62	1915	611	156	32%

Notable findings include:

- 32% of all transactions in this group were deemed substantiated unusual transactions.
- The highest reported occupation was Petroleum at 69%. This is probably more a result of the individual in the group than the actual occupation.
- The lowest reported occupation was Pharmaceuticals.

Testing the reasons for UFTs based on occupation proved to be inconclusive. Many of the UFTs reported in iTrak involved more than one patron in diverse occupational groups. After randomly testing the main occupation groups, it appears that specific occupations do not have an effect on whether a UFT/STR is

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reported. The only occupational factor is whether the occupation can support the level of play and/or explain the denominational composition of the cash buy-ins.

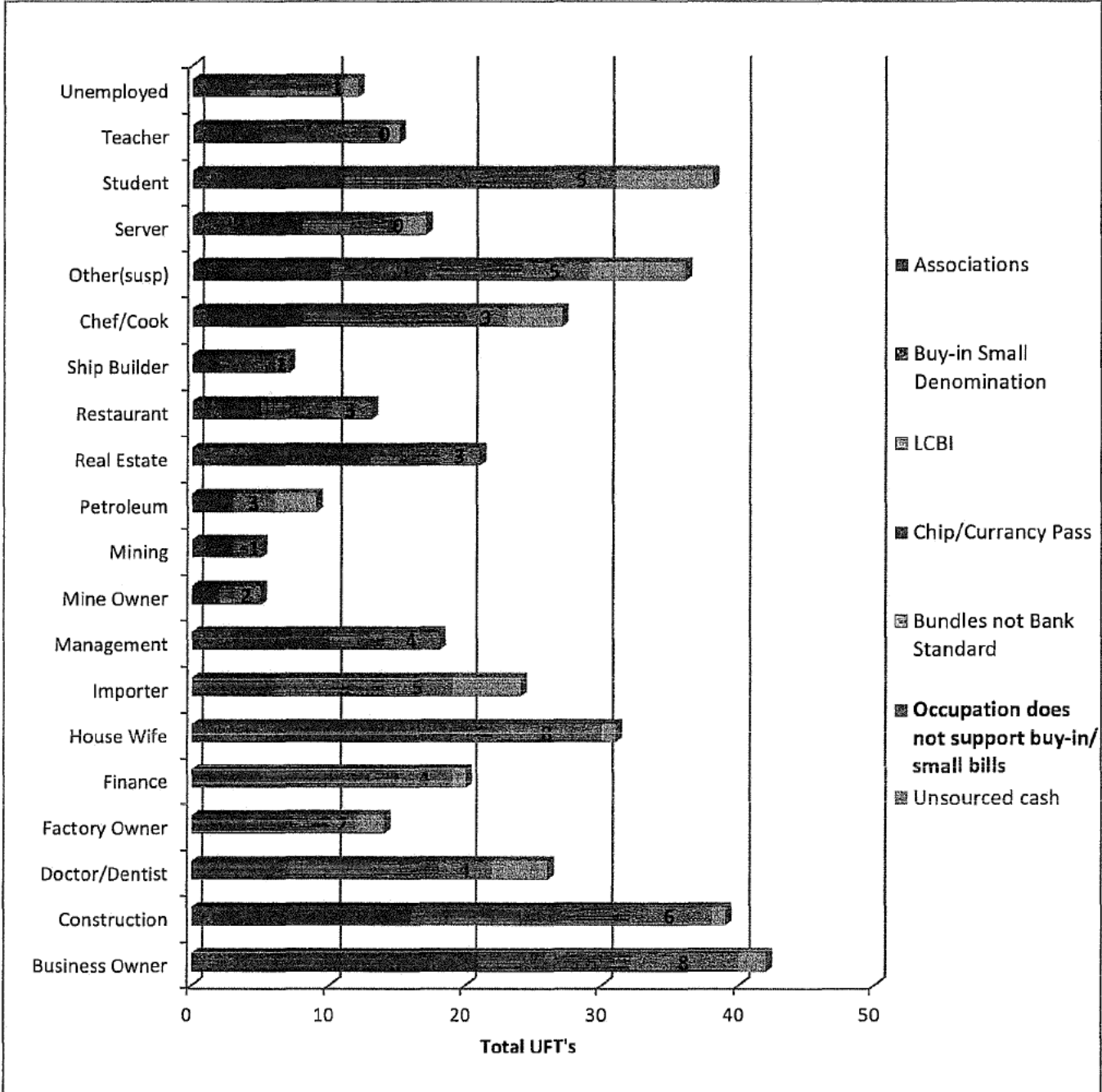
Reasons for UFTs

The chart below breaks down the reason for the UFT's in relation to each occupation. Specifically, the orange section identifies the number of UFT's for each occupation where the cause is "Occupation does not support buy-in / small bills".

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The UFTs for particularly suspicious occupations were also reviewed. Information on patrons with buy-ins of \$50K or more were included in this analysis.

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Standardized Occupations	Number of Subject IDs	Total Cash Buy-Ins at Cage	Total Transactions	Total Direct UFT Reports	Total Indirect UFT reports
Chef/Cook	6	\$1,108,630.00	39	11	6
House Wife	40	\$13,849,275.00	495	87	39
Other (susp)	10	\$2,351,645.00	90	13	10
Server	4	\$395,020.00	15	1	4
Student	9	\$1,934,870.00	62	11	9
Teacher	1	\$506,000.00	18	5	1
Unemployed	1	\$58,000.00	3	2	1
Grand Total	71	\$20,203,440.00	722	130	70

A notable finding is that UFTs arising from associations with other known patrons were more prevalent with Housewives than any other occupation reviewed. There were multiple incidences where a housewife patron had an UFT associated with their subject ID# due solely to whom they were associated with. This may be due to spousal relationships though that cannot be confirmed.

There were some incidents that highlight some of the overall concerns with particular occupations. The following are examples of such incident reports (names have been substituted with their SID#):

PII - FINTRAC

PII - FINTRAC

PART THREE – COMPANY ANALYSIS

A search of the 52 companies provided by the \$1 million patrons was conducted to determine the legitimacy of the business and its ability to generate income (if an owner) or pay enough in salary to support these levels of buy-ins. The overall results were inconclusive. Most of the companies are Chinese based and the names provided to the gaming facility were the English approximations, not the actual Chinese name in proper characters. This made finding the exact company extremely difficult.

An Auditor familiar with Chinese language and characters assisted in the search.

The patron's full name, occupation and company name were used in the online search of "Baidu.com", a Chinese search engine similar to Google. Unfortunately, because the conversion of Pinyin (the pronunciation of Chinese characters) to English at the gaming facilities, the searches were ineffective. The gaming facilities do not capture the Chinese characters necessary to conduct accurate searches as the "Baidu" search engine is more useful when searching information in Chinese characters. The challenge in

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converting Pinyin back to actual Chinese characters is that a same pronunciation can have many Chinese Characters.

Illustration of one Pinyin and the list of Chinese Characters that we can select from:

For example: Beijing Chang Pharmaceutical

The Pinyin "Chang" can be converted to the following individual Chinese characters

厂 长 夫 仕 场 长 肠 长 巷 场 尚 尚 昌 畅 长 昶 尝 偃 饗 倡 倘 萇 洵 颀 猖 悵 徜 償 滂 凰 唱 娼 莖
常 唱 脹 敞 瑁 煇 場 楫 and more ...

When the company name has two or more Chinese characters, the combination of Pinyin can be more than tripled.

As the name of the patron and the name of the company cannot be accurately converted to Chinese characters, the search on "Baidu" was not effective. Some possible matches were found, however we cannot determine if those companies are the ones that we are looking for without additional information such as address, city or location, which is not provided to the gaming facilities.

CONCLUSIONS

Real Estate was the largest occupational group both in terms of number of patrons and Total Buy-ins. The most active of the high rollers did not try to avoid stating their occupation. Housewives and Students were more significant than anticipated with 75 patrons with total buy-ins of \$14.3 million identified as Housewives, and 36 patrons and \$2.3 million in buy-in identified as Students.

Reasons for UFTs did not differ significantly across occupation lines. The most common reasons for UFTs were large cash buy-ins, buy-in with large number of small denomination bills, not bundled in a manner that would come from a recognized bank and chip passing- similar to what has been previously report in past reviews. Patrons had UFTs attached to their SID# not only from direct suspicious activity on their part but also to being associated with other patrons engaged in suspicious activity. Occupation played a secondary role in that the occupations listed could either not support the level of play or could not explain the amount of small bills used. This reasoning was consistent across occupational lines.

Associations with other patrons resulted in UFTs being linked to other patrons and seemed most prevalent with the House Wives group, possibly due to spousal connections.

Determining the legitimacy of companies listed by the top 62 patrons proved inconclusive due to not have the exact Chinese characters. Obtaining the characters of the companies given by the high rollers would help enable the determination of a company's legitimacy and determine whether the positions given could support the level of play.

APPENDICIES:



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Appendix 1 - All Patrons

Standardized Occupation	Number of Subject ID	Total Cash Buy-In at Cage	Average \$	Total # Transactions
Real Estate	135	\$53,103,515.00	\$393,359.37	834
Business Owner	86	\$38,512,945.00	\$447,824.94	631
Construction	56	\$33,858,550.00	\$604,616.96	493
Finance	30	\$19,636,420.00	\$654,547.33	297
Management	54	\$19,235,995.00	\$356,222.13	329
House Wife	75	\$14,389,085.00	\$191,854.47	557
Importer	18	\$12,248,635.00	\$680,479.72	152
Petroleum	6	\$6,174,845.00	\$1,029,140.83	80
Restaurant	21	\$5,875,680.00	\$279,794.29	151
Mining	8	\$4,881,740.00	\$610,217.50	70
Sales	27	\$3,200,985.00	\$118,555.00	85
Factory Owner	5	\$3,000,155.00	\$600,031.00	48
Mine Owner	3	\$2,582,990.00	\$860,996.67	56
Manufacturing	24	\$2,511,085.00	\$109,836.88	86
Doctor/Dentist	6	\$2,454,240.00	\$409,040.00	51
Other	33	\$2,400,046.00	\$72,728.67	157
Other (susp)	10	\$2,351,645.00	\$235,164.50	90
Student	36	\$2,300,085.00	\$63,891.25	104
Ship Builder	1	\$1,843,510.00	\$1,843,510.00	13
Pharmaceuticals	2	\$1,769,840.00	\$884,920.00	8
CEO	8	\$1,420,400.00	\$177,550.00	48
Engineer	7	\$1,283,860.00	\$183,408.57	28
Farmer	6	\$1,120,750.00	\$186,791.67	33
Chef/Cook	6	\$1,108,630.00	\$184,771.67	41
Teacher	4	\$731,000.00	\$182,750.00	22
Truck Driver	3	\$718,930.00	\$239,643.33	16
Accountant	4	\$659,025.00	\$164,756.25	31
Not Stated	77	\$635,055.00	\$8,247.47	6
Shipping	1	\$494,330.00	\$494,330.00	12
Server	4	\$395,020.00	\$98,755.00	15
Banking	2	\$380,060.00	\$190,030.00	11
Contractor	6	\$341,700.00	\$56,950.00	18
Advertising	2	\$333,075.00	\$166,537.50	7
Marketing	3	\$314,350.00	\$104,783.33	15

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Architect	4	\$245,540.00	\$61,385.00	6
Pro Player	3	\$186,485.00	\$62,161.67	15
Retired	3	\$151,000.00	\$50,333.33	5
Beauty	8	\$124,000.00	\$15,500.00	15
Casino Dealer	2	\$117,800.00	\$58,900.00	4
Fisherman	2	\$66,600.00	\$33,300.00	10
Server	1	\$61,800.00	\$61,800.00	4
Unemployed	2	\$61,000.00	\$30,500.00	4
IT	2	\$53,000.00	\$26,500.00	4
Consultant	1	\$46,000.00	\$46,000.00	6
Travel Agent	2	\$41,000.00	\$20,500.00	4
Steel	1	\$5,000.00	\$5,000.00	1
Grand Total	800	\$243,427,401.00	\$304,440.50	4673

Appendix 2- \$100K Breakdown

Standardized Occupation	Number of Subject ID	Total Cash Buy-In at Cage	Average \$	Total # Transactions
Real Estate	55	\$50,781,005.00	\$923,291.00	714
Business Owner	36	\$37,165,385.00	\$1,032,371.81	476
Construction	24	\$32,817,690.00	\$1,367,403.75	85
Finance	18	\$19,346,220.00	\$1,074,790.00	29
Management	24	\$18,136,805.00	\$755,700.21	121
House Wife	26	\$12,895,035.00	\$495,962.88	260
Importer	10	\$11,981,275.00	\$1,198,127.50	183
Petroleum	5	\$6,089,455.00	\$1,217,891.00	41
Restaurant	8	\$5,674,000.00	\$709,250.00	50
Mining	6	\$4,868,740.00	\$811,456.67	9
Other	18	\$4,084,371.00	\$226,909.50	100
Factory Owner	3	\$2,960,155.00	\$986,718.33	7
Sales	9	\$2,899,270.00	\$322,141.11	42
Mine Owner	1	\$2,526,990.00	\$2,526,990.00	1
Doctor/Dentist	3	\$2,423,240.00	\$807,746.67	7
Manufacturing	9	\$2,003,110.00	\$236,456.67	15
Ship Builder	1	\$1,843,510.00	\$1,843,510.00	3
Pharmaceuticals	1	\$1,759,840.00	\$1,759,840.00	9
Student	5	\$1,661,170.00	\$332,234.00	11
Engineer	3	\$1,178,720.00	\$392,906.67	3
CEO	4	\$1,156,300.00	\$289,075.00	23
Chef/Cook	3	\$1,041,530.00	\$347,176.67	28



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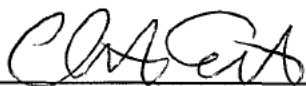
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Farmer	1	\$942,450.00	\$942,450.00	2
Truck Driver	1	\$710,430.00	\$710,430.00	2
Teacher	2	\$706,000.00	\$353,000.00	4
Accountant	1	\$563,025.00	\$563,025.00	4
Shipping	1	\$494,330.00	\$494,330.00	3
Server	2	\$367,780.00	\$183,890.00	10
Advertising	2	\$333,075.00	\$166,537.50	26
Banking	1	\$315,060.00	\$315,060.00	3
Contractor	1	\$249,000.00	\$249,000.00	2
Marketing	1	\$245,160.00	\$245,160.00	1
Retired	1	\$136,020.00	\$136,020.00	9
Casino Dealer	1	\$107,000.00	\$107,000.00	5
Grand Total	287	\$230,463,146.00	\$803,443.02	2288

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This is **EXHIBIT "44"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.

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A Commissioner for taking Affidavits in British Columbia

COMM-8687

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INTERNAL MEMO

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

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

From: Tim Storms, Commercial Gaming Auditor, Compliance Division, GPEB
Sue Whittred, Commercial Gaming Auditor, Compliance Division, GPEB

Date: December 19, 2016

Subject: High Volume Slot Play Analysis COMM - 8687

EXECUTIVE SUMMARY

This review was intended to look at the potential for money laundering through slot machine play at BC gaming facilities. While anti-money laundering analysis has typically focused on table game play, as this is where the established risks were deemed the greatest, less information was available on the risks associated with slots.

The overall objectives of the review were to:

- Develop an understanding of the types of indicators that exist for suspicious slot play.
- Identify and evaluate the controls in place to mitigate the risk of money laundering through slot and IVS machines.
- Build a profile and identify patterns of play for the top ten slot machine patrons.

The results of the review found:

- While BCLC has automated controls in place to detect suspicious slot play, they may not be utilized to their full potential.
 - Reviews of data from the BCLC Gaming Management (GMS) System and the iTrak Incident Reporting system did not find any material indicators of suspicious activity.
 - No significant indicators of suspicious activity were identified during the review of the play of the top ten slot players.
 - Anonymous play, or play without a player rewards card continues to be an issue. While the vast majority of high volume players possess and use a BC Encore player rewards card, it was
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evident that multiple slot machines were being played by each patron at a time. As a patron can only insert the Encore card into one machine at a time, the play on the other machines is very difficult, if not impossible, to track. This anonymous play makes it difficult to accurately compute a total spend amount for the patron and to monitor play for suspicious activity.

INTRODUCTION

BACKGROUND

The focus of anti-money laundering activity at BC gaming facilities has traditionally been centered on table games play. Historically, slot machine play has been viewed as a lower risk area to laundering money.

GPEB Compliance had recently conducted a review of the slot play of a patron being investigated for possible criminal activity related to a civil forfeiture case that had been in the media. Through this review concerns were raised as to the effectiveness and/or existence of controls to monitor slots for money laundering or the use of proceeds of crime. One area of concern is the "anonymous" play where it is difficult to track the play of players for AML purposes.

OBJECTIVE

The objectives of this review were as follows:

1. Develop an understanding of the types of indicators that exist for suspicious slot play.
2. Identify and evaluate controls put in place to mitigate the risk of money laundering through slot machines.
3. Conduct a review of the IVS Ticket Redemption process.
4. Build a profile and identify patterns of play for the top ten slot machine patrons.

SCOPE AND APPROACH

The scope of the review primarily focused on data generated during the first six months of 2016, which included:

1. Analyzing reporting out of the GMS Slot Data System (SDS) module and the Casino Marketplace (CMP) module to quantify the amounts wagered by the top tier slot players during the review period.
2. Reviewing GMS SDS and other BCLC systems to identify the controls in place to reduce the risk of slot machines being used to launder money.
3. Reviewing Ticket Redemption Machine (TRM) reporting to identify any potential for tracking patrons redeeming IVS/TITO tickets. This included documenting what types of controls/reporting

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are in place with the TRM machines – i.e. alerts/reporting generated upon suspicious patterns of redemption. Review reporting to identify any suspicious patterns of redemption.

4. Reviewing iTrak Incident Reporting data to quantify incidents of suspicious slot machine activity and evaluate BCLC's response.

ANALYSIS

The analysis was broken down into two components:

- Component I – BCLC Control Environment: Automated and Procedural Controls
- Component II – Top Ten Slot Patron Activity Review – LCT Activity and Slot Machine Transactional Analysis

COMPONENT I – BCLC Control Environment: Automated and Procedural Controls

Discussions were held with BCLC technical staff regarding system controls that were in place to detect and/or deter money laundering through the use of slot machines. One of the primary money laundering risks associated with slot machines is the use of the machines for refining (colouring up) lower denomination bills into higher ones, i.e. changing \$20's into \$100's.

Identified controls were:

- 1) Bill Acceptor Large Buy-In Alerts
- 2) Suspicious IVS Ticket reporting
- 3) Internal slot machine controls
- 4) BCLC AML Team monitoring

1) Bill Acceptor Large Buy-In Alert:

The Acceptor Large Buy-In Alerts are designed to warn surveillance operators of patrons inserting consecutive bills into a slot machine without intervening play. This alert is primarily designed to identify patrons who may be trying to colour up smaller denomination bills into larger ones.

The GMS Slot Data System (SDS) has a component called the Alert Grid system, which displays various slot machine alerts to surveillance operators through a display in the surveillance room. Types of alerts include large jackpots, machine door openings and acceptor large buy-in alerts.

- **What specifically triggers an alert?** It is triggered when the number of bills inserted consecutively into a slot machine, without game play, hits a configured number.

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The thresholds in place are:

The Thresholds that are Currently in Place are:	New Thresholds being Implemented in 2017:
\$5 – 16 bills	\$5 – 25 bills
\$10 – 5 bills	\$10 – 20 bills
\$20 – 16 bills	\$20 – 20 bills
\$50 – 16 bills	\$50 – 10 bills
\$100 – Disabled	\$100 – 10 bills

- **Where is the alert displayed and what actions are required upon an alert?** Alerts come up in the Alert Grid application for Surveillance. This particular alert (#120) will come up colored green which means the event should be monitored. The machine does not stop taking additional bills or prevent further play when an alert is triggered.
- **Are the alert dollar values site specific and/or machine denomination specific?** The configuration is the same for all sites with the denomination specific settings mentioned above.

Acceptor Large Buy-In Alert reports for River Rock, Edgewater, and Grand Villa casinos were generated from SDS for the period August 31 to September 8, 2016. The times of these alerts were then compared against Daily Logs created by surveillance staff in the iTrak incident system (the Daily Log is a record of all material events happening at a casino and is the precursor to an incident file being created).

None of the 435 alerts identified appeared to result in a Daily Log being created, which indicates that these alerts are either being ignored or not deemed a material concern. The Alert Grid system uses a color coding to indicate the severity of the alert and the need for review by Surveillance; red is high risk, yellow medium and green low risk. The alert code for acceptor large buy-in alerts is green – indicating low risk. The alert that is displayed to the surveillance operator does not indicate the denomination or amount of bills that created the error – and therefore the operator cannot prioritize between 10 x \$5 bills being inserted versus 25 x \$20 bills as an example.

Given the large volume of alerts that are generated, the denomination thresholds may be too low. Without the report displaying the number and denomination of the bills that created the error, surveillance operators cannot prioritize what would be considered higher risk alerts.

2) Suspicious IVS Redemption Report:

The Suspicious IVS Redemption Report displays unusual or suspicious patterns of IVS tickets being printed from a slot machine when credits are being cashed out. The parameters set by BCLC to identify these patterns are:

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- An accumulated IVS ticket dollar amount of \$10,000 within a specified time frame.
- An accumulated amount of 15 or more IVS tickets printed within a specified time frame.
- An accumulated consecutive count of 5 or more IVS tickets printed within a specified time frame without intervening bets.

Currently this report is restricted to select BCLC staff with no requirement in place for review. The report is not available to service provider staff. Reports for Edgewater, River Rock, Grand Villa and Starlight Casinos, were obtained for the period January to August 2016. Only one alert, at River Rock Casino, was listed on the report during this timeframe.

Given that the controls analyzed above did not appear to be used to their full potential, additional testing was conducted to review IVS Ticket Redemptions for patterns of suspicious activity.

Patrons have the ability to redeem IVS tickets in three ways:

- Inserting the ticket in a slot machine and redeeming for play.
- Cashing out the ticket at the cage.
- Cashing out the ticket at a self-serve Ticket Redemption Machine (TRM).

The TRM's will redeem tickets for cash up to a maximum value of \$2,000 to \$2,500 per ticket depending on the site. This maximum value assists in capturing disbursements for FINTRAC reporting purposes, as any tickets above that value must be redeemed at the cage.

Two potential risks were found with the TRM's:

- TRM machines do not have the capability to track patron disbursements as no personal information is captured during the redemption process. As long as the individual IVS ticket values were less than the maximum for the TRM, a patron in theory could redeem \$10,000 or more of tickets without being tracked. Redeemed IVS tickets can be traced to a patron, through the back end of the GMS system, as long as an Encore card was inserted into the machine that generated the ticket. This is not a live process – no live monitoring of patrons redeeming tickets at the TRM is being done.
- The IVS machines will dispense denominations up to \$100 depending on the value of the ticket being redeemed. A patron could generate IVS tickets by inserting \$20's into the slot machine and then redeem the ticket at the TRM with all or a portion being paid in \$100's – colouring up. Patrons do not have the choice of what types of bills they receive when cashing an IVS ticket, the disbursement denomination settings, i.e. what bills are disbursed for different values, are preset by the service providers.

The Cashier and Kiosk Session reports for River Rock, Edgewater, Grand Villa and Starlight casinos for the month of June 2016 were reviewed to identify any suspicious activity. These reports, generated

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from the GMS SDS system, show the time, dollar amount, and the location redeemed (cage or TRM) for all IVS tickets redeemed during the period.

Examples of what could be considered suspicious would be:

- Multiple IVS tickets of the same or similar amount being redeemed within a short period of time (60 seconds or less was the time frame used in this exercise)
- Multiple IVS tickets being redeemed for amounts that were just below the maximum value.

Whole dollar value tickets, i.e. \$500, \$800, \$1,000, were captured. Fractional dollar tickets were excluded as these would indicate slot play before the printing of the ticket. Given the large volume of tickets redeemed, a materiality limit was set to those tickets of \$500 or greater.

Redemptions that appeared suspicious were reviewed. The GMS SDS Voucher Inquiry Report was used to see what time and what machine the tickets were printed on. Based on this, the tickets which originally appeared suspicious were found not to be. Large volumes of tickets that were redeemed within 60 seconds of each other were actually generated either over a much longer period of time or on several different machines. This would indicate there was actual slot play and not a case of bills being inserted and tickets redeemed right away

3) Internal Slot Machine Control:

A control has been built into the slot machine which limits the amount of credits that can be paid automatically by the machine, i.e. a machine jackpot. When this occurs the slot machine will lock up and will not allow further play or the patron to cash out, and the cage is alerted. Above this limit, jackpots must be paid by a slot attendant (hand-pay) and therefore require the disbursement to be documented for FINTRAC reporting purposes. The hand-pay lock-out limits are dependent on the site and the denomination of the machine, for example the \$1 machine will lock out on any jackpot of \$2,500 or higher machines.

4) BCLC AML Team monitoring:

Discussions were held with the BCLC AML team around what processes they have in place to monitor slot play. The BCLC AML Specialist indicated that due to the difficulties in tracking cash-in/buy-ins on slot machines they focus on the disbursement side of the transaction. For example they focus on players with large volumes of disbursements (which would be generated by large volumes of cash wagered) that have no source of wealth to support such activity. When players are identified they rely on the service providers to supply patron Encore rewards program data to show what players are wagering. It was noted through discussions with BCLC GMS staff that the Casino Marketplace Encore data does not provide details on what cash and what denomination was spent by patrons during play. The BCLC AML team also indicated that the risk of money laundering is reduced with the limits in place on slot machine, i.e. limits on the amount of credits that can be paid to a patron before a slot

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attendant must document the jackpot for LCT purposes, and the limits on the value of tickets that can be redeemed at a Ticket Redemption Machine.

COMPONENT II – Top 10 Slot Patron Activity Review – LCT Activity and Slot Machine Transactional Analysis

Analysis was conducted on the playing activity of the top 10 slot players, which we've broken down into the following three sections:

1. LCT's – cheques vs cash, IVS tickets, playing activity,

The Large Cash Transaction Record (LCTR) history of the top ten slot players, *based on their total LCTR disbursement value between April 1 2015 to March 31, 2016*, was reviewed. Fifty of their most current LCTR's, as of June 2016, were then selected for each of these patrons to develop a profile of their play. The following table shows the highlights of this analysis:

LCT Analysis - Details of Last 50 LCT's 2015/16 - rounded to nearest \$000's							
Subject ID	Disbursements * (Jackpots & IVS Redemptions)	Nature of Disbursement		Jackpots Paid By Cheque		Remainder of Disbursements Paid By Cash	
		# of Jackpots	# of IVS Tickets	\$ Amount	%	\$ Amount	%
54	\$5,517,000	1346	15	\$0	0%	\$5,517,000	100%
11354	\$4,407,000	986	16	\$0	0%	\$4,407,000	100%
15960	\$4,240,000	693	33	\$250,000	6%	\$3,990,000	94%
156119	\$3,757,000	829	0	\$0	0%	\$3,757,000	100%
80983	\$2,593,000	644	1	\$64,000	2%	\$2,529,000	98%
13827	\$3,082,000	808	2	\$0	0%	\$3,082,000	100%
12114	\$2,773,000	760	400	\$108,000	4%	\$2,665,000	96%
86471	\$2,717,000	647	29	\$40,000	1%	\$2,677,000	99%
16613	\$2,159,000	430	1	\$0	0%	\$2,159,000	100%
153353	\$1,901,000	357	48	\$10,000	1%	\$1,891,000	99%
Total	\$33,146,000	7,500	545	\$472,000	1%	\$32,674,000	99%

* It is important to note that the disbursement number does not indicate the patron's net win, or how much they were "up" at the end of the period reviewed. This number includes the "churning" of winnings back into the machine and the cashing of IVS tickets redeemed for any credits not played.

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Two key take a ways from the table above:

- The overwhelming majority of disbursements are slot jackpots, not the cashing out of IVS tickets. This would appear to indicate that the patrons are actively gambling and winning jackpots as opposed to inserting currency into the slot machines, generating IVS tickets with no play, and then cashing out. It should be noted that this table only refers to those IVS tickets cashed out at the cage, not the tickets cashed out at the self-serve Ticket Redemption Machines (TRM). Analysis of tickets redeemed through the TRM was conducted in Component I of this report and no suspicious activity was identified.
- 99% of all disbursements are being made in cash. The patrons are not requesting verified win cheques for their jackpot disbursements. Verified win cheques could provide a verifiable source of funds to a potential money launderer. The absence of verified win cheques would tend to reduce the money laundering risk associated with the activity of these patrons.

The next table contains further details about the top ten slot patrons.

Subject ID	Occupation	Frequency of Play: # of days in Jan to Jun 2016 where an LCT was Generated	STR's	PGF?	Primary Gambling Site
54	Owner of Door Manufacturing Company	41	PII Fintrac	Yes	River Rock
11354	Housewife	14			River Rock & Starlight
15960	Housewife	50	No		River Rock
156119	Restaurant Manager	32	No		River Rock
80983	Housewife	23	No		Starlight
13827	Financial Adviser	69	No		Hard Rock
12114	Bookkeeper	74	No		LCC Penticton & Dawson Creek CGC
86471	Owner Investment Company	26	No		Edgewater & River Rock
16613	President Real Estate Development Company	83	No	Yes	River Rock
153353	Travel Agent	86	No		Edgewater & Villa

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The PGF accounts for the two patrons identified were only used on an infrequent basis to fund their slot play. It should be noted that Subject ID 11354 is currently under a no-play ban for refusing to provide the name of her spouse and the nature of her occupation to the BCLC AML team. The one slot related STR involved a patron buying IVS tickets at the cage with a large volume of \$20's.

2. Review of Patron Data Captured in the GMS Casino Marketplace System

BCLC offers a player rewards program to slot and table players called BC Encore. Patrons are given an account and a card which is inserted into slot machines during play. This program offers rewards to players, such as free play.

The Casino Marketplace system in GMS tracks the play of patrons using an Encore card and gives various statistics about their play.

The following table shows some of the key statistics for the top ten slot players:

Subject ID	Encore Play Tracked Through Casino Marketplace							
	January 1 thru September 15, 2016				January 1 to December 31, 2015			
	Total Bet (\$)	Total Paid (\$)	Win/Loss (\$)	Average Bet (\$)	Total Bet (\$)	Total Paid (\$)	Win/(Loss) (\$)	Average Bet (\$)
80983	5,585,972	5,125,663	-460,308	32.20	22,833,201	22,010,732	-822,469	36.76
2114	12,043,045	11,466,655	-576,390	59.53	20,642,117	19,883,410	-758,707	58.48
15960	10,421,966	9,663,231	-758,735	39.40	25,572,604	23,110,349	-2,462,255	40.69
11354	3,171,731	2,934,465	-237,266	27.87	38,980,817	37,009,100	-1,971,716	63.67
13827 *	0	0	0	-	0	0	0	-
54	19,285,380	17,107,539	-2,177,841	82.76	21,424,467	20,798,892	-625,575	86.85
153353	11,208,890	10,783,313	-425,577	31.78	15,696,480	15,253,512	-442,968	28.27
156119	18,422,993	17,574,366	-848,627	36.66	19,666,227	18,849,029	-817,198	32.13
16613	16,539,024	15,695,495	-843,529	39.63	22,274,147	20,977,954	-1,296,193	31.37
86471	6,979,016	6,644,088	-334,928	55.10	22,276,182	21,272,429	-1,003,753	55.89

* Patron did not use her Encore card during the period reviewed.

3. Review of Patron Data Captured In the GMS SDS System.

Validator Transaction Reports from the GMS SDS system were requested from BCLC. These reports show activity on a slot machine, such as number and denomination of bills inserted, jackpots won, IVS tickets generated/redeemed and where applicable the BC Encore card inserted. Activity for nine of the top ten patrons was reviewed, for the period March 1 to June 30, 2016. One patron did not use her Encore card, and the machine numbers she won jackpots on were not recorded on her LCT's, so her activity could not be reviewed.

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The reports were first reviewed to determine what denominations the patron was inserting into the slot machine. There is a risk that slot machines could be used for refining or "colouring up" i.e. converting \$20's into \$100's. The review noted that overwhelmingly these patrons were using \$100 bills when buying in. It was also identified that these players are predominantly playing \$1.00 machines.

Secondly, the reports were reviewed for suspicious activity, such as:

- Inserting multiple bills into slot machine and then cashing out an IVS ticket with no or limited play,
- Large number of IVS tickets generated on one machine but redeemed on another,
- Large number of bills being inserted in a short period of time,
- Large of volume of IVS tickets being generated but none being redeemed on slot machines.

This table shows the results of the analysis:

Subject ID #	Main Denomination Used	\$100's as a % of all bills	Suspicious Activity
80983	\$100	97%	No
12114	\$100	98%	No
15960	\$100	95%	No
11354	\$100	90%	No
13827	<i>N/A - Encore card not used</i>		
54	\$100	97%	No
153353	\$100	95%	No
156119	\$100	98%	
16613	\$100	98%	No
86471	\$100	94%	No

Patron 156119 was noted to print large volumes of \$2,500 IVS tickets on a machine where his Encore card was not used. He would then redeem the tickets on a second machine where his card was inserted. A review of his activity noted a pattern of \$100's and \$50's bills (88% 100's) totaling \$2,500 being fed into the first machine, with an IVS ticket printed without any slot play. These tickets were then redeemed in the second machine with the Encore card inserted, followed by significant wagering. The risk associated with this appears to be low given that overwhelmingly \$100's were being used to generate the tickets (so no attempt at colouring up) and that there was significant slot play after the tickets were inserted into the second machine.

One possible motive for the play of 156119 would be that by having the IVS tickets generated on a different machine than what was being actively played, the machine being played is not interrupted for bill insertion giving the patron more playing time. It is also possible that a second individual was

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generating the IVS tickets so that Subject 156119 could continue playing without interrupting his game play to insert bills.

It is important to note that patrons will often play multiple machines at a time, and therefore play can only be tracked for the one machine that their Encore card is in. Suspicious activity could be missed if it was conducted on a machine without the card. Several of the patrons reviewed were noted to move their Encore card around to different machines being played at the same time. This makes it virtually impossible to determine a true value of their spend during the time period or to get a complete picture of their play.

CONCLUSIONS

It appears that while controls are in place within BCLC systems to detect suspicious slot play, they may not be utilized to their full potential. Alerts were being generated when patrons were inserting multiple bills without play, but they appear not to be acted upon by surveillance staff. Reporting around suspicious IVS ticket generation is not available to the service provider staff that would have responsibility for monitoring such activity, i.e. surveillance.

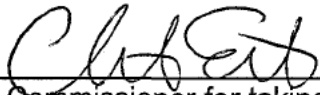
No significant issues were found during the review of IVS ticket redemptions. No material evidence of suspicious redemptions was found.

No significant issues were noted with the review of the slot play of the top ten patrons. While their wagering is significant, there is nothing that appears materially suspicious. Patrons overwhelmingly gambled with \$100's so there was no indication of significant colouring up taking place. Patrons are predominantly requesting cash for payouts as opposed to cheques. The extremely frequent and large volume play of the patrons may be an indication of problem gambling but that is outside of the scope of this review.

Anonymous play, or play without an Encore card inserted, is still an issue. While all of the top ten patrons possess Encore cards, substantial play was identified where the cards were not inserted. For example several of the top players would play multiple machines at time, with their card inserted in only one of these machines. The play on the machines where their card was not inserted cannot be accurately and completely tracked. This anonymous play makes it difficult to accurately compute a total spend amount for the patron and also to monitor for suspicious activity.

This is **EXHIBIT "45"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.

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INTERNAL MEMO



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

CC: Anna Fitzgerald, Senior Regional Director, Lower Mainland Compliance Division, GPEB
Doug Mayer, Manager of Audit, Compliance Division, GPEB
Bob Stewart, Manager, Intelligence Unit, Compliance Division, GPEB

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

Date: June 26, 2017

Subject: COMM-8997 UnionPay Review



UnionPay is a bankcard association headquartered in Shanghai, China, which over the years has become the preferred method of payment for Chinese abroad. UnionPay is the 3rd largest payment card processor after Visa and MasterCard. With the influx of tourists to Metro Vancouver, UnionPay has gained traction here, which is evidenced through the wider acceptance of the card by merchants (such as T&T grocery stores) and ATMs across the region.

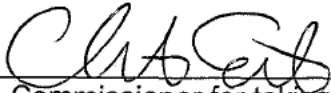
In September 2015, China's State Administration of Foreign Exchange (SAFE) enacted an annual cap on overseas cash withdrawals for UnionPay cardholders of 100,000 yuan (CDN\$19,378) or its equivalent per card in an effort to prevent money laundering and restrict the flight of capital from China.

Through discussion with GPEB's Sr. Intelligence Analyst, potential risks associated with the use of UnionPay were identified that could impact the BC gaming industry if these cards are accepted here. As a result, a review was conducted to determine if UnionPay debit cards were accepted at BC gaming facility cages to access funds. The review was limited to debit at the cage, because withdrawals from ATM machines on the gaming floor are not tracked and the debit card use at the cage is intended for transactions in amounts above ATM limits.

Our review confirmed that presently, UnionPay debit cards are not accepted by casinos in the Province. This was confirmed through:

- Confirmation with service provider management at Great Canadian Gaming Corporation (GCGC), Edgewater Casino and Gateway Casinos and Entertainment Limited that UnionPay is not accepted at their cages.
- Analysis of debit card transactions conducted at the cage for the period January 1, 2016 – April 30, 2017, at River Rock, Edgewater, Grand Villa, Starlight, and Hard Rock Casino did not identify any UnionPay transactions.
- GPEB auditors conducting fieldwork onsite on June 8, 2017, at Lake City Casino Kelowna, Chances Squamish, Chances Chilliwack and Chances Terrace, confirmed UnionPay is not accepted.

This is **EXHIBIT "46"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.



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INTERNAL MEMO

mj



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

CC: Anna Fitzgerald, Senior Regional Director, Lower Mainland Compliance Division, GPEB
 Doug Mayer, Manager of Audit, Compliance Division, GPEB
 Bob Stewart, Manager, Intelligence Unit, Compliance Division, GPEB

From: Parminder Basi, Gambling Auditor, Compliance Division, GPEB

Date: August 9, 2017

Subject: COMM-8939 BCLC Directive Impact on Cash Buy-Ins and New Money PGF Deposits

EXECUTIVE SUMMARY

In the latter part of 2015, BCLC began issuing directives to certain high risk patrons advising them they are no longer permitted to buy-in with 'unsourced' cash. Patrons that received the directive were those conducting buy-ins with substantial amounts of cash, primarily \$20s.

A two year time period was chosen for review (January 1, 2015 – December 31, 2016) and involved five gaming facilities: River Rock, Edgewater, Grand Villa, Starlight and Hard Rock Casino. The objectives of our review were to:

1. Assess if the BCLC unsourced cash directive resulted in a reduction in cash buy-ins with \$20s.
2. Determine if the directive resulted in increased new money deposits to PGF accounts.

REVIEW RESULTS

Objective #1: Assess if BCLC unsourced cash directive resulted in a reduction in cash buy-ins with \$20s.

- The BCLC unsourced cash directive had a significant impact in reducing the amount of cash buy-ins with \$20s, particularly at River Rock Casino.
 - Cash buy-ins with \$20s decreased by 53% in 2016 compared to 2015 at River Rock. The decrease notably started around directive issuance, in the second fiscal quarter of 2015.
 - For the two quarters before the directive, cash buy-ins at River Rock with \$20s ranged from \$37 to \$47 million. For the six quarters post directive, cash buy-ins with \$20s at River Rock ranged between \$13 and \$14 million each quarter.

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- Edgewater Casino, which is in close proximity to River Rock, experienced a 25% decrease in cash buy-ins with \$20s in 2016 compared to 2015. Post directive, cash buy-ins with \$20s steadily declined each quarter.
- The directive did not adversely nor materially impact cash buy-ins conducted with \$20s at Grand Villa, Starlight or Hard Rock Casino. This makes sense, from the perspective that the directive primarily targeted high limit gamblers at River Rock.

Objective # 2: Determine if the directive resulted in increased new money deposits to PGF accounts.

- When the directives started being issued to patrons, one theory was that in the short term it may lead to a reduction in the amount of gaming chips purchased; however, in the long term patrons would adjust, by sourcing their cash or transitioning to PGF accounts. Our analysis showed that the directive did result in increased new money deposits to PGF accounts.
 - For the six months before the directive, the average monthly new money deposit to PGF accounts was \$11.6 million. For the 18 months post directive, the average monthly new money deposit to PGF accounts was \$14.5 million, which represents an increase of 25%.
 - Total new money deposits to PGF accounts for the calendar year 2016 were \$186.1 million compared to \$145.4 million in 2015, which represents an annual increase of 28%.
 - River Rock was most impacted by the directive. Our analysis at River Rock showed that the correlation between the decrease in cash buy-ins with \$20s and the increase in new money deposits to PGF accounts started around the time of directive issuance.

CONCLUSION

Although fluctuations in the amount of money coming into casinos (cash and new money deposits to PGF accounts) may partly be attributed to changes in player behaviour, frequency and duration of visits; the most material procedural change over the past two years was the BCLC unsourced cash directive. The results of our analysis showed that the directive resulted in a significant reduction in cash buy-ins with \$20s which correlated with an increase in new money deposits to PGF accounts.

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INTRODUCTION

BACKGROUND

In the latter part of 2015, BCLC starting issuing directives to certain high risk patrons advising them they are no longer permitted to buy-in with 'unsourced' cash. Unsourced cash is defined as cash without a bank or ATM withdrawal slip; however, patrons under the directive may buy-in with cash they received as winnings from the same casino. Patrons that received the directive were those conducting buy-ins with substantial amounts of cash, primarily \$20s. The nature of the cash they presented often suggested the money did not come from a financial institution and may be of questionable source.

OBJECTIVE

The objectives of our review were to:

1. Assess if the BCLC unsourced cash directive resulted in a reduction in cash buy-ins with \$20s.
2. Determine if the directive resulted in increased new money deposits to PGF accounts.

SCOPE

The following five casinos were reviewed for the two year period January 1, 2015 – December 31, 2016: River Rock, Edgewater, Grand Villa, Starlight and Hard Rock Casino. Although the BCLC unsourced cash directive targeted primarily those frequenting the high limit rooms at River Rock, we expanded our scope to include the other four big lower mainland casinos to determine if they were impacted.

APPROACH

The approach consisted of the following steps:

- Analyzing GMS 'Report Drop Reconciliation' reports, which document cash buy-ins for the casino, by denomination.
- Analyzing PGF 'Trust Ledger' reports, which document PGF account transactions.
- Evaluating trends or patterns that emerged.

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REVIEW RESULTS

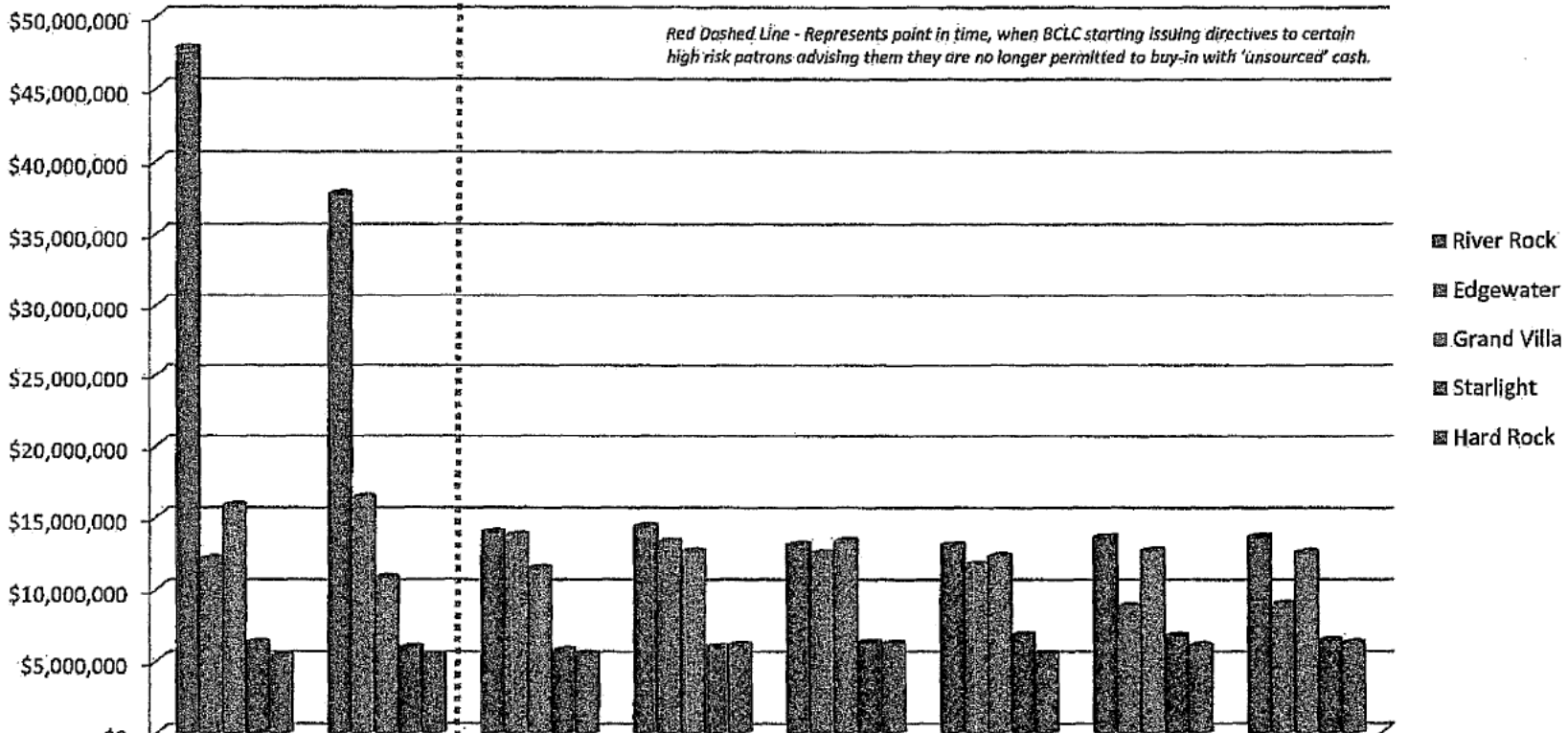
Objective #1: Assess if BCLC unsourced cash directive resulted in a reduction in cash buy-ins with \$20s

GMS 'Report Drop Reconciliation' reports document cash buy-ins for the casino, by denomination. These reports were filtered and then analyzed to show the total dollar amount of cash buy-ins with \$20s.

On the following page, Chart 1 provides a summary of cash buy-ins with \$20s, for the period January 1, 2015 – December 31, 2016, at River Rock, Edgewater, Grand Villa, Starlight and Hard Rock Casino. The chart highlights the following key points:

- The BCLC unsourced cash directive had a significant impact in reducing the amount of cash buy-ins with \$20s, particularly at River Rock Casino.
 - Cash buy-ins with \$20s decreased by 53% in 2016 compared to 2015 at River Rock. The decrease notably started around directive issuance, in the second fiscal quarter of 2015.
 - For the two quarters before the directive, cash buy-ins at River Rock with \$20s ranged from \$37 to \$47 million. For the six quarters post directive, cash buy-ins with \$20s at River Rock ranged between \$13 and \$14 million each quarter.
- Edgewater Casino, which is in close proximity to River Rock, experienced a 25% decrease in cash buy-ins with \$20s in 2016 compared to 2015. Post directive, cash buy-ins with \$20s steadily declined each quarter.
- The directive did not adversely nor materially impact cash buy-ins conducted with \$20s at Grand Villa, Starlight and Hard Rock Casino. This makes sense, from the perspective that the directive primarily targeted high limit gamblers at River Rock.

Chart 1: Cash Buy-Ins with \$20 Bills
 For the period January 1, 2015 - December 31, 2016



	Q4: Jan - Mar 2015	Q1: Apr - Jun 2015	Q2: Jul - Sep 2015	Q3: Oct - Dec 2015	Q4: Jan - Mar 2016	Q1: Apr - Jun 2016	Q2: Jul - Sep 2016	Q3: Oct - Dec 2016	Total
River Rock	\$47,769,320	\$37,671,500	\$13,932,520	\$14,348,040	\$13,102,520	\$13,075,060	\$13,614,540	\$13,627,220	\$167,140,720
Edgewater	\$12,089,140	\$16,317,980	\$13,700,780	\$13,290,900	\$12,466,100	\$11,644,860	\$8,770,640	\$8,933,260	\$97,213,660
Grand Villa	\$15,771,380	\$10,764,480	\$11,379,820	\$12,560,160	\$13,312,340	\$12,259,540	\$12,658,860	\$12,533,660	\$101,240,240
Starlight	\$6,270,680	\$5,874,460	\$5,663,720	\$5,919,200	\$6,215,420	\$6,772,820	\$6,717,920	\$6,397,260	\$49,881,480
Hard Rock	\$5,323,980	\$5,324,060	\$5,459,840	\$6,042,520	\$6,120,560	\$5,387,380	\$6,014,160	\$6,197,460	\$45,869,960

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Objective # 2: Determine if the directive resulted in increased new money deposits to PGF accounts.

When the directives started being issued to patrons, one theory was that in the short term it may lead to a reduction in the amount of gaming chips purchased; however, in the long term patrons would adjust, by sourcing their cash or transitioning to PGF accounts.

Table 1 provides a quick year over year comparison of total PGF deposits. As shown, total deposits to PGF accounts for the calendar year 2016 were \$564.3 million compared to \$353.5 million for 2015, which represents an annual increase of 59%.

Table 1: PGF Deposit Summary	2015	2016	% Change
New Money PGF Deposits	\$145,415,364	\$186,053,911	+28%
Churn	\$208,141,407	\$378,254,906	+82%
Total PGF Deposits	\$353,556,771	\$564,308,817	+59%

New Money - A patron may deposit new money into their PGF account via means of a bank draft or certified cheque from a regulated financial institution, wire transfer, electronic funds transfer (domestic and international) debit card transaction, or internet banking transfer from an authorized personal bank account. Despite various options, almost all new money deposits into PGF accounts are done with bank drafts.

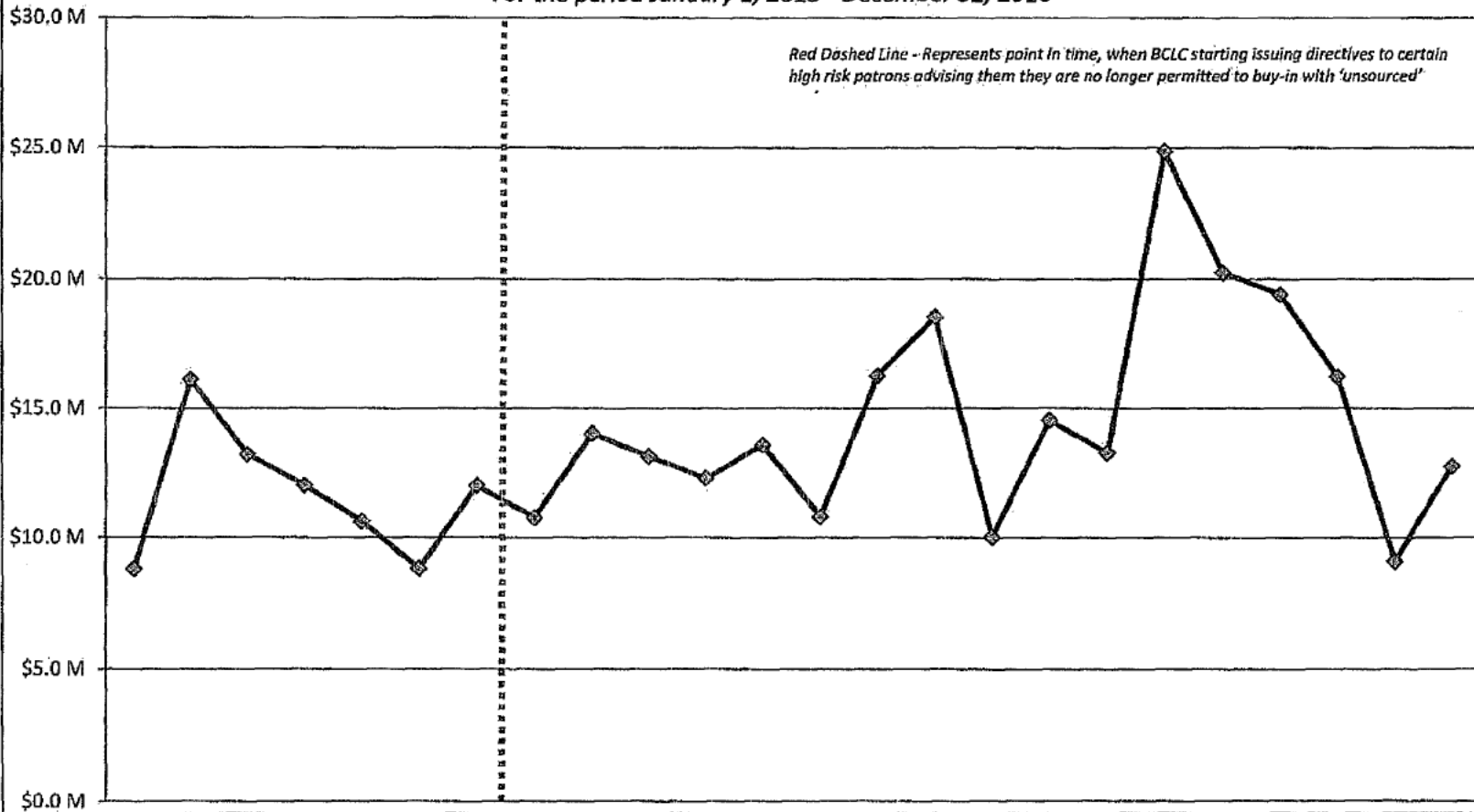
Churn - A patron may deposit churn into their PGF account via means of a cheque from a Canadian casino (either verified win cheque or a 'Return of Funds' cheque), chips from funds previously withdrawn from the account and substantiated with table play or sourced to a documented table win, slot jackpot slips, and cash from a verified win issued at the same casino.

Chart 2 on the following page provides a summary of new money PGF deposits on a monthly basis for the period January 1, 2015 – December 31, 2016. The chart highlights the following key points:

- For the six months before the directive, the average monthly new money deposit to PGF accounts was \$11.6 million. For the 18 months post directive, the average monthly new money deposit to PGF accounts was \$14.5 million, which represents an increase of 25%.
- Total new money deposits to PGF accounts for the calendar year 2016 were \$186.1 million compared to \$145.4 million in 2015, which represents an annual increase of 28%.

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Chart 2: PGF New Money Deposits
 For the period January 1, 2015 - December 31, 2016

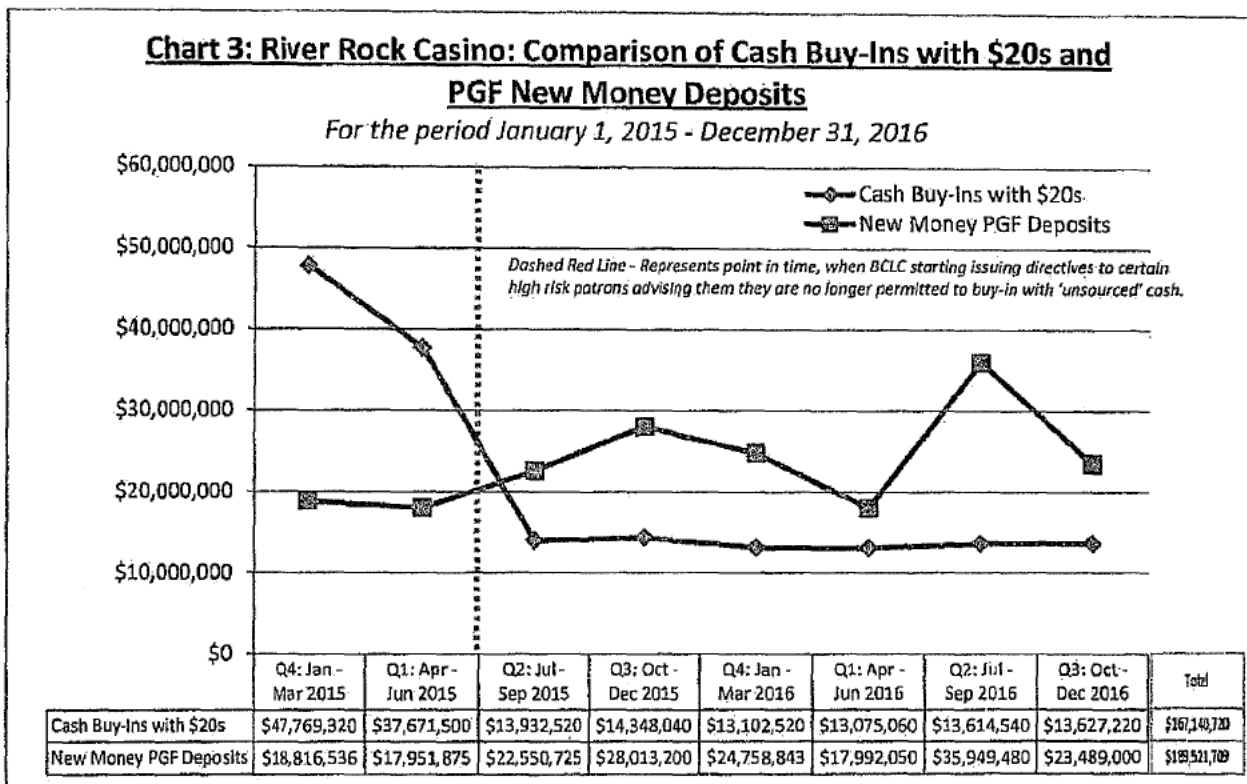


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The BCLC unsourced cash directive targeted primarily those frequenting the high limit rooms at River Rock. Consequently, River Rock was most impacted by the directive. Chart 3 compares cash buy-ins with \$20s and new money deposits to PGF accounts at River Rock. The chart highlights the following key points:

- The decrease in cash buy-ins with \$20s and increase in new money deposits to PGF accounts was most significant from July 2015 onwards when BCLC starting issuing directives to certain high risk patrons advising them they are no longer permitted to buy-in with 'unsourced' cash.
- Overall, cash buy-ins with \$20s at River Rock for the calendar year 2016 were \$53.4 million compared to \$113.7 million in 2015, which represents a decrease of 53%. New money deposits to PGF accounts at River Rock for the calendar year 2016 were \$102.2 million compared to \$87.3 million, which represents an increase of 17%.



CONCLUSION

Although fluctuations in the amount of money coming into casinos (cash and new money deposits to PGF accounts) may partly be attributed to changes in player behaviour, frequency and duration of visits; the most material procedural change over the past two years was the BCLC unsourced cash directive. The results of our analysis showed that the directive resulted in a significant reduction in cash buy-ins with \$20s which correlated with an increase in new money deposits to PGF accounts.

This is **EXHIBIT "47"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.



A Commissioner for taking Affidavits in British Columbia

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INTERNAL MEMO



To: Executive Director, Compliance Division, GPEB

CC: Senior Regional Director, Lower Mainland Compliance Division, GPEB
Managers of Audit, Compliance Division, GPEB
Manager, Intelligence and Investigations, Compliance Division, GPEB
Manager of Investigations (JIGIT), Compliance Division, GPEB

From: Gambling Auditor, Compliance Division, GPEB

Date: March 23, 2018

Subject: COMM-8994 High Risk Patron Analysis

EXECUTIVE SUMMARY

Concerns have been raised around patrons conducting large cash buy-ins with unsourced funds. To mitigate such risk, service providers are required to identify a patron when it conducts a transaction where it is required to create and keep a record, which includes those circumstances where it must submit a report to FINTRAC. The objectives of our analysis were to:

1. Examine patrons selected through our risk assessment criteria to understand their gambling activity (i.e. buy-ins, disbursements) and incident report history.
2. Verify that service providers were in compliance with collecting and documenting required information on patrons, where applicable, to ascertain their identity in accordance with policies, procedures and legislation.

This was the first time Audit had conducted this detailed analysis and as such the focus was on a limited selection of high risk patrons. The scope included analysis on seven high limit table patrons and four slot patrons over their lifetime play as documented in iTrak.

Patrons were selected based on risk criteria that included factors such as: dollar amount of buy-ins as documented on Large Cash Transaction Reports (LCTRs), deposits made to Patron Gaming Fund (PGF) accounts, number of Suspicious Transaction Reports (STRs), if they had been issued a BCLC 'Unsourced Cash Directive', if the patron had significant slot play but did not have an Encore Rewards membership and if the patron was identified as high risk by GPEB Investigations/Intelligence.

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ANALYSIS HIGHLIGHTS

7 HIGH LIMIT TABLE PATRONS

- 2,549 LCTRs were filed over the course of their gambling history in BC. This ranged from a per patron high of 733, to a low of 110, with the average at 364 LCTRs.
- 225 STRs were filed. Two of the seven patrons had one or less STRs.
- Five of the patrons had a history of gambling with questionable cash, and as a result were issued the BCLC 'Unsourced Cash Directive'.
- The occupations of two patrons (student and housewife) suggest no apparent source of income.
- All had PGF accounts, with five of the seven having more than one account. With the exception of one, all actively gambled with funds withdrawn from their PGF accounts.
- Two patrons had previously enrolled in the Voluntary Self-Exclusion (VSE) program, while another was prohibited from gambling in the Province for a three month period for 'abusing the play conditions imposed by BCLC's AML Unit'.
- Based on our analysis of LCTRs and PGF trust ledgers, for the 12 year period June 1, 2005 - June 30, 2017, table buy-ins for these seven patrons were \$375.9 million; while total disbursements were \$333.2 million. As at June 30, 2017, collectively they were down \$42.7 million. At times, some of these patrons had a history of walking out of the casino with gaming chips, and also passing their chips to others. Overall, two of the patrons had a net gaming profit; while the other five were at a loss.

4 SLOT PATRONS (NO ENCORE REWARDS MEMBERSHIP)

- 1,258 LCTRs were filed over the course of their gambling history in BC. This ranged from a per patron high of 635, to a low of 105, with the average at 315 LCTRs.
- Zero STRs were filed. It is difficult to track slot play of patrons that do not have or use an Encore Rewards membership card. If the play cannot be reliably tracked, it makes it harder for the casino to monitor play for suspicious activity.
- Disbursements to these four slot patrons for the period November 1, 2009 – October 31, 2017, were \$30.2 million. 97% of the disbursements were from jackpot wins, which indicates that the patrons were actively gambling as opposed to inserting currency into the slot machines, generating IVS tickets with no play, and then cashing out.

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- As service providers are not required to keep track of slot buy-ins, we do not know how much money was gambled. However, on slots, what we do know is that a patron may experience frequent small wins. In the case of these four, they won 12,126 jackpots, with an average jackpot payout of \$2,420.

SERVICE PROVIDER COMPLIANCE

Service providers were in compliance with collecting and documenting required information to ascertain the identity of the seven high limit table and four slot patrons, in accordance with applicable policies, procedures and legislation. Specifically, the service providers documented personal information on the patrons and their occupation (including company name where applicable); and obtained copies of photo ID used for acceptable identification. Our audits of PGF accounts did not identify any concerns in relation to the identification of patrons for PGF account openings and account transactions.

The service providers did an effective job at monitoring and documenting the activities of the high limit table patrons (including submitting STRs to FINTRAC). In relation to the slot patrons, their play was anonymous and no STRs were filed; therefore, no conclusions can be drawn which would warrant their activity being closely monitored.

CONCLUSION

Overall, the analysis provided insights into some of the highest risk patrons in BC casinos. Conducting the individual analysis over the lifetimes of the patrons as opposed to single events or incidents assisted in gaining an understanding of their behaviour. Specifically, the dollar volume of buy-ins occurring from seven table patrons over their gambling lifetimes (\$376 million), the number of STRs that accumulated over the years for some table patrons, and seeing one of the top slot patrons gambling primarily from outside the Lower Mainland in Northern BC.

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INTRODUCTION

BACKGROUND

This analysis was undertaken as part of our continuous work on understanding and addressing potential money laundering at BC casinos. Concerns have been raised around patrons conducting large cash buy-ins with unsourced funds. To mitigate such risk, service providers are required to identify a patron when it conducts a transaction where it is required to create and keep a record, which includes those circumstances where it must submit a report to FINTRAC.

OBJECTIVE

The objectives of our analysis were to:

1. Examine patrons selected through our risk assessment criteria to understand their gambling activity (i.e. buy-ins, disbursements) and incident report history.
2. Verify that service providers were in compliance with collecting and documenting required information on patrons, where applicable, to ascertain their identity in accordance with policies, procedures and legislation.

SCOPE

The scope included analysis on seven high limit table patrons and four slot patrons (without an Encore Rewards membership) over their lifetime play as documented in iTrak.

APPROACH

A risk based approach was applied in selecting the patrons to analyze, with one or more of the following factors taken into consideration:

- Patron was deemed a high roller based on the dollar amount of buy-ins as documented on Large Cash Transaction Reports (LCTRs) and deposits made to Patron Gaming Fund (PGF) accounts;
- Patron had numerous Suspicious Transaction Reports (STRs);
- Patron had been issued a BCLC 'Unsourced Cash Directive';
- Patron was identified as high risk by GPEB Investigations/Intelligence; and
- Patron had significant slot play but did not have an Encore Rewards membership. Patrons without a membership were deemed high risk because their slot play is very difficult to track. Also, it appears a bit unusual for a patron that gambles regularly to not want a membership that would earn them points which could be redeemed for free play at slots or tables.

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ANALYSIS OF 7 HIGH LIMIT TABLE PATRONS

Table 1 on the following page provides a synopsis of the seven high limit table patrons selected for analysis based on our risk assessment criteria as outlined in the 'Approach'. Key highlights included:

- 2,549 LCTRs were filed over the course of their gambling history in BC. This ranged from a per patron high of 733, to a low of 110, with the average at 364 LCTRs.
- 225 STRs were filed. Two of the seven patrons had one or less STRs. There is no dollar threshold that triggers the requirement to submit an STR. It is the presence of reasonable grounds for suspicion that triggers the need to submit an STR, which will depend on the circumstances of the transaction, knowledge of the patron conducting the transaction and staff's ability to evaluate the relevant factors.
 - 180 STRs were prior to the BCLC 'Un sourced Cash Directive.' The primary reasons for these STRs were that the patrons: acquired cash from others (in areas visible by surveillance); and conducted large cash buy-ins with primarily \$20 bills that appeared of questionable source.
 - 45 STRs were post directive. The primary reasons for these STRs were that the patrons: were suspected of using others to purchase chips for them, at times students with minimal history in iTrak or new patrons (individuals not previously identified by the service provider); directed play of others gambling alongside of them at the table; and presented cash for a buy-in that was denied because it could not be sourced.
- Five of the patrons had a history of gambling with questionable cash, and as a result were issued the BCLC 'Un sourced Cash Directive'. The directives were issued in the later part of 2015 to certain high risk patrons advising them they were no longer permitted to buy-in with un sourced cash.
- The occupations of two patrons (student and housewife) suggest no apparent source of income.
- All had PGF accounts, with five of the seven having more than one account. With the exception of one, all actively gambled with funds withdrawn from their PGF accounts.
- Two patrons had previously enrolled in the Voluntary Self-Exclusion (VSE) program, while another was prohibited from gambling in the Province for a three month period for 'abusing the play conditions imposed by BCLC's AML Unit'.

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Table 1: Synopsis of 7 High Limit Table Patrons						
Subject ID	Occupation	Ban History	BCLC Unsourced Cash Directive	Period of Analysis	# of STRs	# of LCTRs
13038	Manger Real Estate Company	VSE (3 Years) Expired August 2009	<input checked="" type="checkbox"/>	June 1, 2005 – June 30, 2017		
71603	Real Estate Developer	VSE (1 Year) Expired May 2015	<input checked="" type="checkbox"/>	October 1, 2009 – March 31, 2017		
87050	Housewife	N/A	<input checked="" type="checkbox"/>	September 1, 2010 – June 30, 2017		
115177	Manager Medical Company	N/A	<input checked="" type="checkbox"/>	April 1, 2012 – March 31, 2017		
127214	University Student (SFU)	N/A	<input checked="" type="checkbox"/>	October 1, 2012 – March 31, 2017		
130874	Owner Trading Company	BCLC Prohibition (3 Months) Expired October 2017	<input checked="" type="checkbox"/>	January 1, 2013 – June 30, 2017		
182916	President/CEO	N/A	<input checked="" type="checkbox"/>	August 1, 2015 – June 30, 2017		
Total						

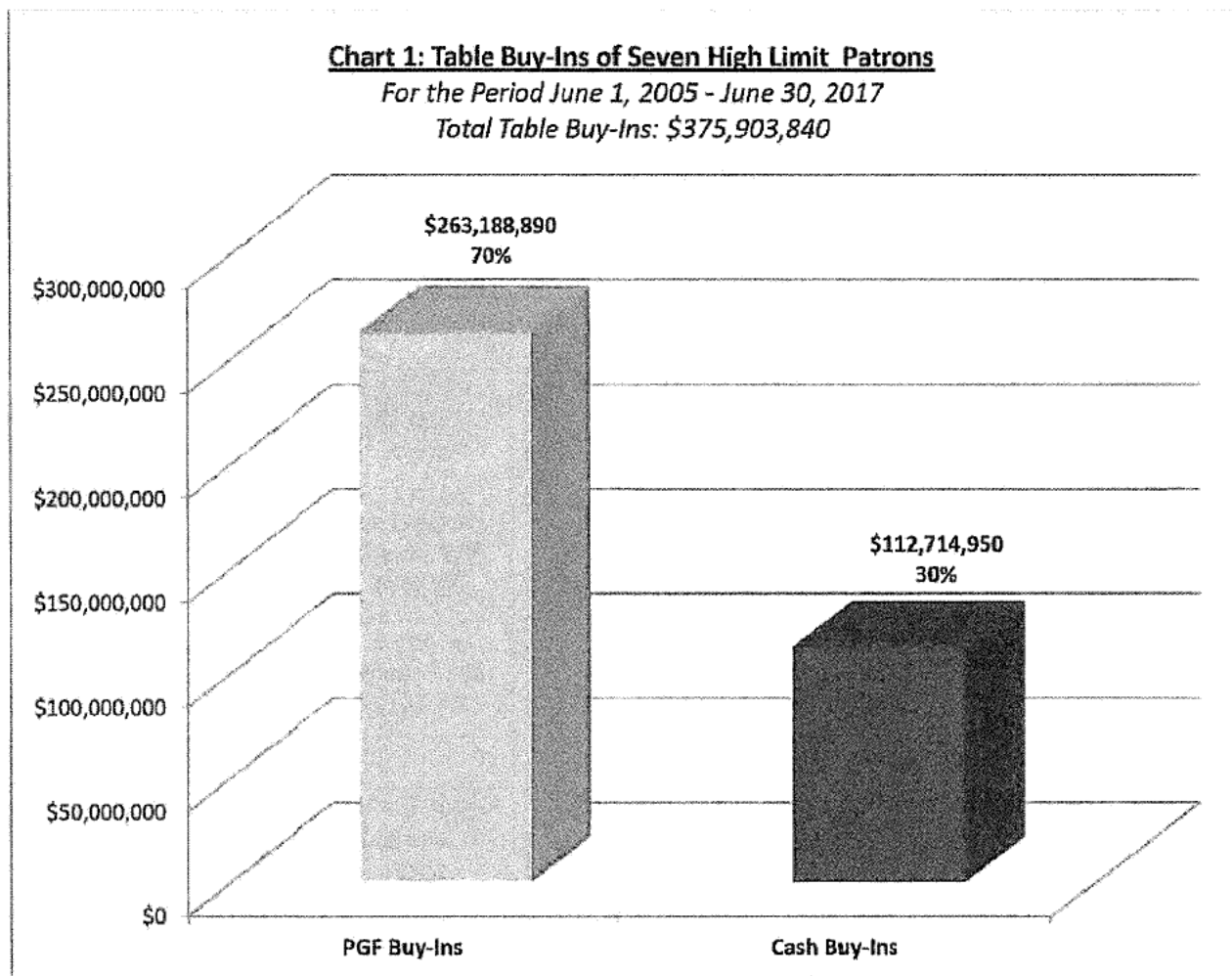
PII-FINTRAC

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TABLE BUY-IN ANALYSIS

Table buy-ins of the seven patrons were analyzed for the period June 1, 2005 (earliest LCTR date) – June 30, 2017. During this 12 year period, table buy-ins totalled \$375.9 million, of which 70% were with funds withdrawn from PGF accounts and 30% with cash as shown in Chart 1.



DISBURSEMENT (PAYOUT) ANALYSIS

Disbursements to these seven patrons over the same 12 year period were \$333.2 million as shown in Chart 2 on the following page. 24% of the payouts were in cash; and 39% were in the form of casino cheques ('Verified Win', PGF 'Return of Funds', and 'Convenience' cheques). 37% of disbursements consisted of PGF net chip deposits, which represent chips that were redeposited into PGF accounts which were not redeemed for cash/casino cheques.

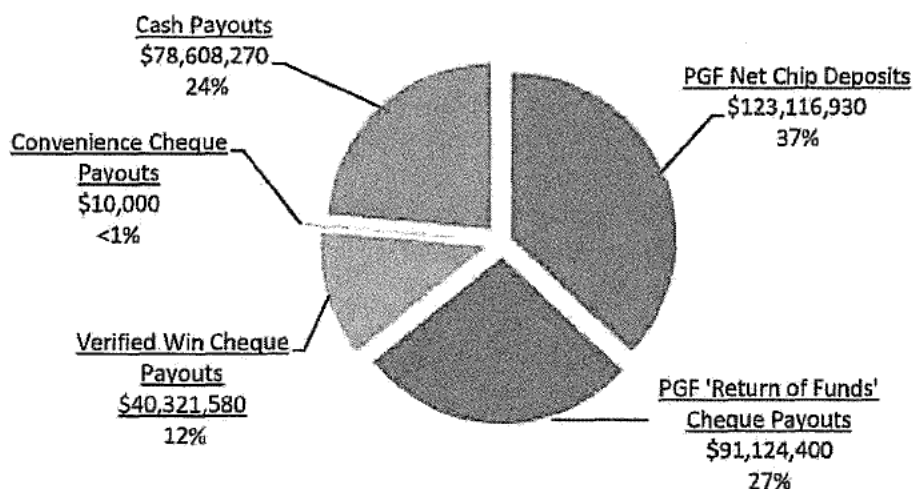
375

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Chart 2: Disbursements to Seven High Limit Patrons

For the Period June 1, 2005 - June 30, 2017

Total Disbursements: \$333,181,180



WIN/LOSS ANALYSIS

Based on our analysis of LCTRs and PGF trust ledgers, for the 12 year period June 1, 2005 - June 30, 2017, table buy-ins for these seven patrons were \$375.9 million; while total disbursements were \$333.2 million. As at June 30, 2017, collectively they were down \$42.7 million. At times, some of these patrons had a history of walking out of the casino with gaming chips, and also passing their chips to others. Overall, two of the patrons had a net gaming profit; while the other five were at a loss.

Table 2: LCTR and PGF Trust Ledger Summary

For the Period June 1, 2005 – June 30, 2017

		Amount
Total Table Buy-Ins		
PGF Buy-Ins	\$263,188,890	
Cash Buy-Ins	<u>\$112,714,950</u>	\$375,903,840
Total Disbursements		
PGF Net Chip Deposits	\$123,116,930	
PGF 'Return of Funds' Cheque Payouts	\$91,124,400	
Cash Payouts	\$78,608,270	
Verified Win Cheque Payouts	\$40,321,580	
Convenience Cheque Payouts	<u>\$10,000</u>	<u>\$333,181,180</u>
Net Loss as at June 30, 2017		(\$42,722,660)

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ANALYSIS OF 4 SLOT PATRONS (NO ENCORE REWARDS MEMBERSHIP)

Four patrons that had significant slot play but no Encore Rewards membership were selected for analysis based on our risk assessment criteria as outlined in the 'Approach'. Table 3 provides a synopsis of the four slot patrons. Key highlights included:

- 1,258 LCTRs were filed over the course of their gambling history in BC. This ranged from a per patron high of 635, to a low of 105, with the average at 315 LCTRs.
- Zero STRs were filed. It is difficult to track slot play of patrons that do not have or use an Encore Rewards membership card. If the play cannot be reliably tracked, it makes it harder for the casino to monitor play for suspicious activity.
- Two had PGF accounts; however, only one utilized their account regularly.
- One patron had previously enrolled in the VSE program. His self-exclusion expired in 2007, and since then he has gambled frequently.
- The average duration of play per LCTR for three of the patrons was in excess of 6 hours, while for one patron; the average duration of play was two hours.

Subject ID	Occupation	Ban History	Period of Analysis	# of Jackpots	# of STRs	# of LCTRs	Average Duration of Play/LCTR
258	Financial Planner	VSE (3 Years) Expired January 2007	November 1, 2009 – October 31, 2017	8,836	0	PII-FINTRAC	7 ½ HRS
78002	Real Estate Developer	N/A	March 1, 2010 - October 31, 2017	488	0		2 HRS
150206	Housewife	N/A	January 1, 2014 – October 31, 2017	2,435	0		7 ½ HRS
155941	Management Consultant	N/A	September 1, 2014 – September 30, 2017	367	0		6 ½ HRS
Total				12,126	0		

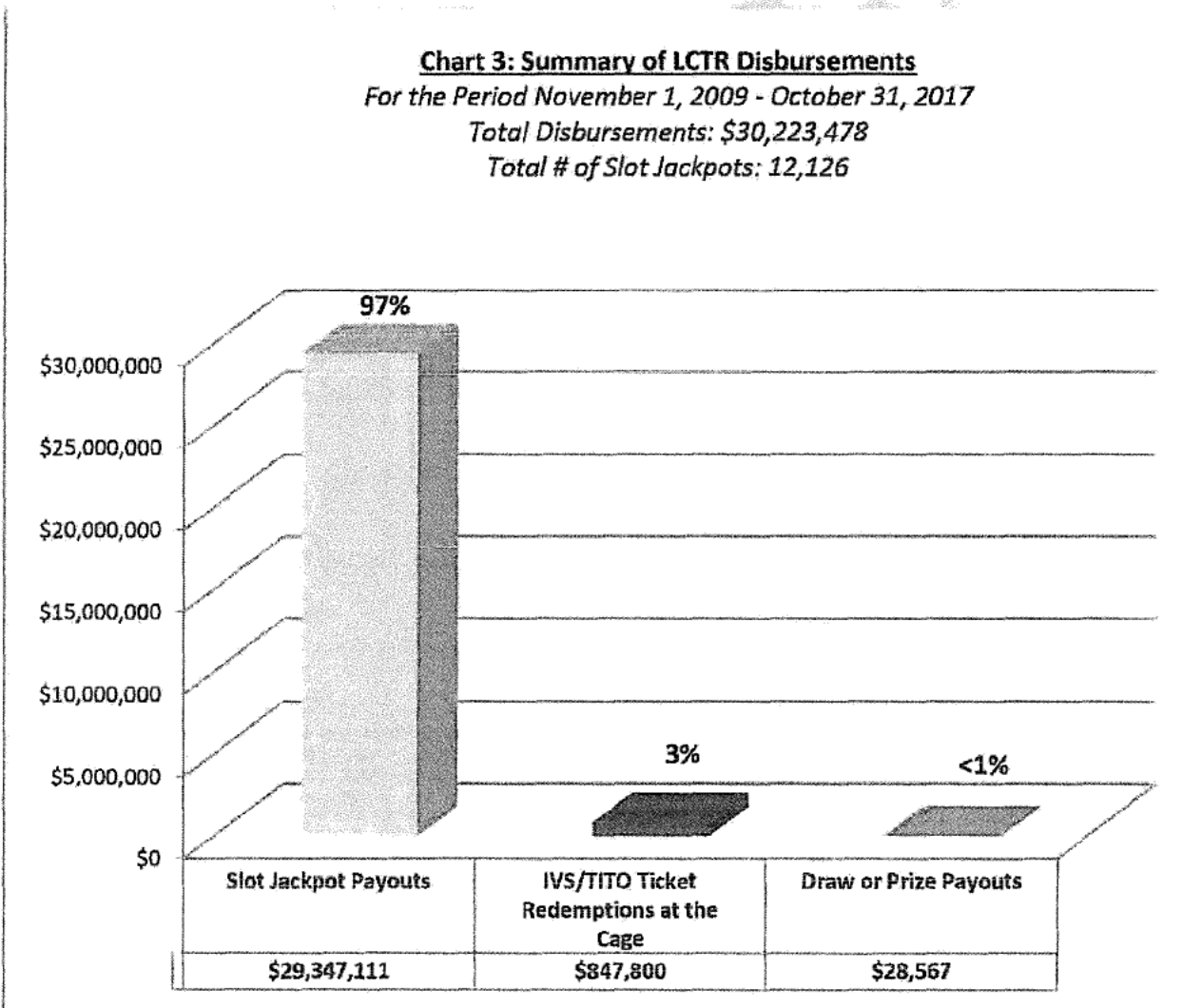
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DISBURSEMENT (PAYOUT) ANALYSIS

Due to the inherent limitations in tracking the amount of money a patron places into a slot machine, service providers are not required to track or report to FINTRAC on buy-ins related to slot play. Instead, for slots, only disbursements (jackpot payouts and redemption of IVS/TITO tickets at the cage) are required to be reported on a LCTR when such transactions reach \$10,000 or more within a static period of 24 consecutive hours.

Based on our analysis of LCTRs, disbursements to these four slot patrons for the period November 1, 2009 – October 31, 2017, were \$30.2 million. Of that, 97% of the disbursements were from jackpot wins, which indicates that the patrons were actively gambling as opposed to inserting currency into the slot machines, generating IVS tickets with no play, and then cashing out. Of note, Chart 3 does not take into account tickets cashed out at the self-serve ticket redemption machines, as redemptions at the machines are not required to be reported on an LCTR.

Chart 3: Summary of LCTR Disbursements
 For the Period November 1, 2009 - October 31, 2017
 Total Disbursements: \$30,223,478
 Total # of Slot Jackpots: 12,126

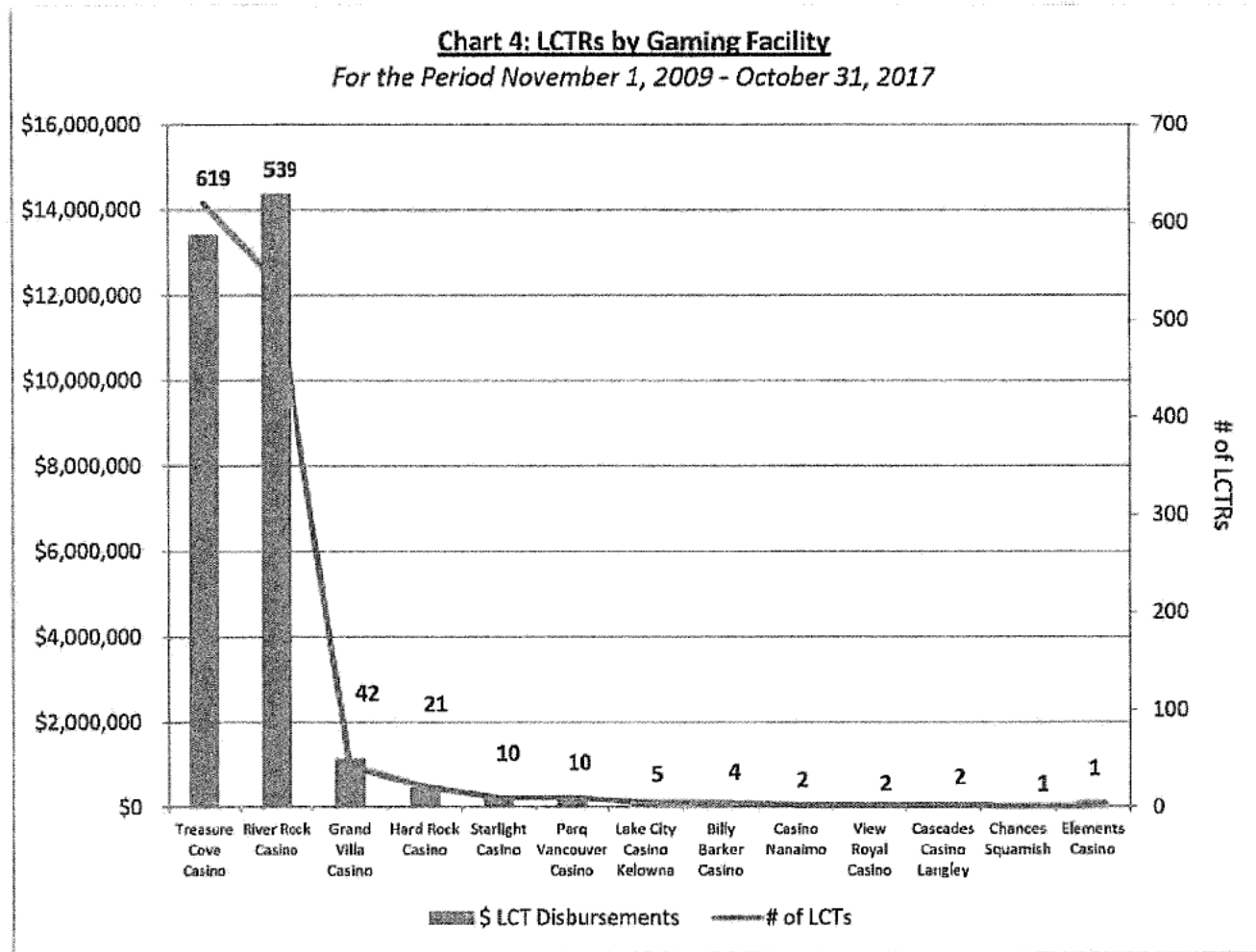


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As service providers are not required to keep track of slot buy-ins, we do not know how much money was gambled. However, on slots, what we do know is that a patron may experience frequent small wins. In the case of these four patrons, they won 12,126 jackpots, with an average jackpot payout of \$2,420. Often, small wins on slots are not enough to compensate for the amount of money lost. Small wins give players the feeling that they are doing better than they really are. This may create the illusion that continuing to play will lead to a large win (i.e. the average duration of play for three patrons was in excess of six hours per LCTR), when in fact extended play typically leads to more losses.

GAMING FACILITIES FREQUENTED

The four slot patrons frequented 13 different casinos as shown in Chart 4. The casinos they frequented were all in close proximity to where they resided.



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SERVICE PROVIDER COMPLIANCE

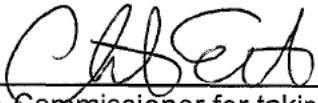
Service providers were in compliance with collecting and documenting required information to ascertain the identity of the seven high limit table and four slot patrons, in accordance with applicable policies, procedures and legislation. Specifically, the service providers documented personal information on the patrons and their occupation (including company name where applicable); and obtained copies of photo ID used for acceptable identification. Our audits of PGF accounts did not identify any concerns in relation to the identification of patrons for PGF account openings and account transactions.

The service providers did an effective job at monitoring and documenting the activities of the high limit table patrons (including submitting STRs to FINTRAC). In relation to the slot patrons, their play was anonymous and no STRs were filed; therefore, no conclusions can be drawn which would warrant their activity being closely monitored.

CONCLUSION

Overall, the analysis provided insights into some of the highest risk patrons in BC casinos. Conducting the individual analysis over the lifetimes of the patrons as opposed to single events or incidents assisted in gaining an understanding of their behaviour. Specifically, the dollar volume of buy-ins occurring from seven table patrons over their gambling lifetimes (\$376 million), the number of STRs that accumulated over the years for some table patrons, and seeing one of the top slot patrons gambling primarily from outside the Lower Mainland in Northern BC.

This is **EXHIBIT "48"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.



A Commissioner for taking Affidavits in British Columbia

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INTERNAL MEMO



To: Executive Director, Compliance Division, GPEB

CC: Senior Regional Director, Compliance Division, GPEB
Managers of Audit, Compliance Division, GPEB
Manager, Intelligence and Investigations, Compliance Division, GPEB
Manager of Investigations (JIGIT), Compliance Division, GPEB

From: Gambling Auditor, Compliance Division, GPEB

Date: June 15, 2018

Subject: COMM 9126 – Third Party Reasonable Measures – Cancelled Casino Cheque Analysis

EXECUTIVE SUMMARY

FINTRAC's Third Party Determination rules require entities to take reasonable measures to make a third party determination for certain transactions. BCLC issued a directive on June 17, 2017, for all BC Casinos and Community Gaming Centres to enhance their due diligence to determine and document ownership of funds for all cash buy-ins of \$10,000 or more. To ensure compliance, service providers are required to take reasonable measures to determine whether funds used for buy-in's belong to the patron or were sourced from a third party (third-party transaction).

An example of a third-party transaction would be a patron buying in with a bank draft purchased or borrowed from a third party. Service provider personnel must ask patrons if the funds are their own or from a third party and document the answers.

A possible indication of this type of activity could be where casino cheques that are payable to various patrons are being deposited into the same bank account(s) (i.e. that of the lender(s)). Our analysis began by trying to identify if casino cheques have been deposited into a concentrated number of accounts. These would then be traced back to the iTrak Incident Reporting System to identify any discrepancies and determine if third party determination measures were effective.

Information for all cancelled PGF return of funds and convenience cheques from January 1 – October 31, 2017 and Verified Win cheques from September 1 – October 31, 2017, for five Metro Vancouver casinos, was analyzed. Of the 1,340 cheques reviewed, only one instance was identified where the bank account number of two separate individuals was the same. We did not identify a pattern where cheques from multiple individuals were deposited into the same bank account.

Based on the results of our analysis, it does not appear PGF return of funds cheques, convenience cheques or verified win cheques written by the casinos to patrons were passed on to other parties for repayment of third-party loans from January 1, 2017 to October, 31, 2017.

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INTRODUCTION

To be compliant with FINTRAC's updated Third Party Determination requirements BCLC issued a directive on June 17, 2017, for all BC Casinos and Community Gaming Centres to enhance their due diligence in determining and documenting ownership of funds for all cash buy-ins of \$10,000 or more. Service providers are required to take reasonable measures to determine whether funds used for buy-in's belong to the patron or if the patron is gambling on behalf of another individual (third-party determination).

In accordance with BCLC's Reasonable Measures policy, service provider personnel must ask patrons if the funds are their own or from a third party, and then document the answers on the reasonable measures form to be scanned into the BCLC incident reporting system (iTrak). This process ensures that all identified third-party transactions with cash over \$10,000 are documented.

An example of a third-party transaction, which may not be documented, would be a patron buying in with a bank draft purchased/borrowed from a third party. In this scenario, a patron under a BCLC directive which prohibits them from buying in with "unsourced" cash, obtains or "borrows" a bank draft from a third party as the patron does not have access to sourced cash. Patrons could then repay the bank draft lender using PGF return of funds cheques or convenience cheques.

Possible indication of this type of third-party transaction could be casino cheques payable to different individuals (the patrons) being deposited in similar bank accounts (that of the lender(s)). Since cancelled cheques (cashed or deposited) often show the bank account number of the depositor it is possible to determine whether this type of third-party transaction occurred.

OBJECTIVE

The objective of the analysis was to determine if the third-party determination measures are effective by identifying whether casino cheques were used to repay funds (cash, bank drafts) borrowed from third parties.

SCOPE

The analysis tested cancelled casino cheques from the five large Metro Vancouver casinos: River Rock, Hard Rock, Parq Vancouver (formerly Edgewater), Grand Villa and Starlight Casino for the period January 1 to October 31, 2017.

The volume of cancelled casino cheques for the five Metro Vancouver sites was significant (1,340 cheques were reviewed); with verified win cheques accounting for 70%-80% of the cancelled cheques in the review period. Verified win cheques were assessed as low risk for use in the repayment of third party loans as a verified win is the amount exceeding the buy in. If a patron borrowed funds from a third party for a buy in and wins, it is our assumption that repayment of the loan would more likely be in form

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of cash or PGF return of funds/convenience cheque obtained at cash out, rather than a verified win cheque. As such, a threshold of \$10,000 or more was established for verified win cheques for this analysis.

Based on this risk assessment and given the significant volume of cancelled cheques, we focused the scope of the analysis on higher risk transactions by reviewing all cancelled PGF return of funds and convenience cheques for the period January 1– October 31, 2017 and reviewing verified win cheques of \$10,000 or more for the period September 1 to October 31, 2017.

APPROACH

The approach for this analysis included the following steps:

- Copies of all cancelled PGF return of funds, convenience and verified wins cheques for the period January 1 to October 31, 2017 from all five casinos were requested.
- Relevant information from the front and back of cancelled cheques was captured.
- Analysis was conducted on the cancelled cheque data to determine if cheques were deposited into a concentrated number of accounts.
- If instances of cheques being deposited into similar accounts were identified, the associated reasonable measures form stored in iTrak would be reviewed to assess the patron's response and whether the reasonable measures were effective in identifying a third party transaction.

ANALYSIS RESULTS

In all, a total of 1,340 cancelled cheques with a total dollar value of approximately \$114.6 million were reviewed (see table below for summary). PGF return of funds and convenience cheques accounted for 704 (52%) of the entered cheques. The depositor's bank account number for approximately 15% of the cheques could not be determined, however, based on our analysis we expect the vast majority of these cheques were cashed/deposited at the casino for buy ins.

Casino	Number of Cheques Reviewed	Number of Patrons	Value of Cheques Reviewed
Parq Vancouver	501	164	\$25,670,595
River Rock	465	164	64,811,543
Hard Rock	154	57	15,299,207
Grand Villa	136	82	4,489,997
Starlight	84	34	4,288,847
Grand Total	1,340	501	\$114,560,189

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The cheque information was sorted and analyzed, and we identified only two cheques (from what appears to be unrelated individuals) deposited into the same bank account. One of the cheques, in the amount of \$20,000, was for a slot verified win at Grand Villa and the patron appears to be a slot player from Surrey. The other was a \$150,000 PGF return of funds cheque from River Rock and the patron appears to be a baccarat player from Port Moody. Details of these patrons were provided to the GPEB intelligence team for further review.

We did not identify a pattern where cheques paid to multiple individuals were deposited into the same bank account(s). As such, we did not conduct further review on completed reasonable measures forms stored in iTrak.

CONCLUSION

Based on the results of our analysis, it does not appear PGF return of funds cheques, convenience cheques or verified win cheques written by the casinos to patrons were passed on to other parties for repayment of third-party loans.

This is **EXHIBIT "49"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.



A Commissioner for taking Affidavits in British Columbia



Gaming Policy and Enforcement Branch

2017/2018

BCLC

Promotion of Cash Alternatives Audit

COMM File #: 9127

Final Issue Date: August 13, 2018

Distribution List

Gurmit Aujla, Director, Audit Services, BCLC

Robert Kroeker, Vice President, Legal, Compliance & Security, BCLC

EXECUTIVE SUMMARY

The gaming industry is predominantly cash driven with most activities transacted in cash. Government and BCLC launched a multi-phased Anti-Money Laundering Strategy in 2011 focused on reducing the use of cash to minimize the opportunity for money laundering to take place through gaming facilities. The first two phases of the strategy focused on the development of cash alternatives and the promotion of their use by patrons to minimize the opportunity for the need to access cash outside of gaming facilities and to enhance safety for patrons who frequent gaming facilities with large sums of cash.

GPEB Compliance undertook an audit to determine the efforts and activities by BCLC and service providers in their promotion of cash alternatives and to gauge service provider staff's awareness of the cash alternatives. We reviewed BCLC's AML strategies and existing cash alternative initiatives and spoke to BCLC representatives about the promotion of these initiatives. We also visited four gaming facilities (River Rock, Grand Villa, Starlight, and Elements) to assess the service provider's programs and activities employed to promote these initiatives and their staff's awareness of these initiatives. At each site we made observations and spoke to a select sample of patron-facing gaming employees, targeting those in high-limit rooms.

Through this process we learned that the promotion of cash alternatives is not initiated or directed by BCLC, but left to the discretion of service providers. At the four sites we found the promotion of cash alternatives to be informal and the level of promotional activities varied among the four sites. The promotion was generally reactive, usually done at a personal (patron) level, and communicated by guest relations staff, such as a VIP hostess and gaming floor management, when patrons inquire about cash alternatives or when patrons frequent with large cash buy ins.

Availability of information material regarding cash alternatives varied among service providers. Some had English and Chinese brochures/pamphlets available in the high limit rooms while others did not. None of the sites sampled had outward/visible promotion of cash alternatives such as posters or static video in the high limit rooms, gaming areas, or casino's websites.

River Rock was the only site of the four that held any type of promotion for cash alternatives. A promotion was held in January/February 2017 to increase Player Gaming Fund (PGF) account openings and transactions, which resulted in a spike of new PGF accounts during the promotional period¹. A similar promotion was held in February 2016.

We also found staff awareness of cash alternatives to be varied. All applicable staff interviewed were familiar with PGF accounts and debit withdrawal at the cage, but most were not familiar

¹ BCLC Report—Reducing Reliance on Cash New Payment Initiatives Fiscal year 2016/17

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with international EFT's and delimited convenience cheques, which were the two newest cash alternative initiatives introduced by BCLC in November 2016.

At the end of the report we have outlined our findings and provided several recommendations that involve BCLC taking a greater role in promoting cash alternatives, development of more consistent cash alternative material and further training of high limit room staff.

NOTE: *The scope of the audit, field work and the draft report were completed and issued to BCLC prior to the release of Peter German's report on anti-money laundering. Recommendations in this GPEB report are reflective of the processes in place at the time of the audit, and may no longer be applicable if Peter German's recommendations related to cash alternatives and PGF accounts are adopted.*

INTRODUCTION

The gaming industry is predominantly cash driven with most activities transacted in cash. Government and BCLC launched a multi-phased Anti-Money Laundering Strategy in 2011 focused on reducing the use of cash to minimize the opportunity for money laundering to take place through gaming facilities. The first two phases of the strategy focused on the development of cash alternatives and the promotion of their use by patrons to minimize the opportunity for the need to access cash outside of gaming facilities and to enhance safety for patrons who frequent gaming facilities with large sums of cash. This strategy includes:

- Patron Gaming Fund (PGF) accounts where casino patrons may transfer money from regulated banks and credit unions, or add funds to their account via certified cheques, bank drafts, internet transfers, or verified win cheques;
- Electronic transfers of funds (EFT) to PGF accounts through Canadian and U.S. banks;
- Customer convenience cheques clearly marked as a "return of funds that are not gaming winnings" to a maximum of \$10,000 ;
- A "cheque hold" system for players playing at high buy-in values;
- Debit withdrawals at the cash cage and ATM withdrawals inside gaming facilities ;
- Proactively banning individuals whose presence in a gaming facility would be contrary to the safe and secure enjoyment of the facility by the public.

To further reduce the use of unsourced cash at gaming facilities, BCLC implemented two new cash alternative initiatives in November 2016 removing the \$10,000 limit on convenience cheques and accepting international EFTs for PGF account holders.

Cash withdrawals from ATM's and Global Cash together accounted for 64% of "total cash removed" in fiscal 2016/17². Debit withdrawal at the cash cage and PGF Accounts accounted for 5% and 30% respectively of "total cash removed" in fiscal 2016/17.

² BCLC Report-Reducing Reliance on Cash New Payment Initiatives Fiscal year 2016/17

OBJECTIVE

The objectives of the analysis were to:

1. Further our understanding of BCLC's efforts and activities in promoting use of cash alternatives.
2. Determine efforts and activities by BCLC and service providers to promote the use of cash alternatives.
3. Assess service provider staff awareness of cash alternatives.

SCOPE & APPROACH

The scope of our audit included interviews and analysis from a sample of gaming facilities selected through a risk assessment process. The period of the review covered activities promoting cash alternatives at gaming facilities for the period of January – September, 2017. The scope of our work included an examination of:

- BCLC's initiatives on reducing reliance on cash.
- Activities at gaming facilities to promote cash alternatives.
- Gaming facilities staff's knowledge and awareness of cash alternatives.

The approach for this analysis included the following steps:

1. Reviewed and gained an understanding of BCLC's programs and cash alternative initiatives.
2. Interviewed and discussed promotion of cash alternatives with applicable BCLC representatives and gaming facilities employees.
3. At the selected gaming facilities observed how cash alternatives are promoted via media/brochures etc. and during large cash buy in's.
4. Reviewed gaming facilities websites for cash alternatives information.
5. For a sample of four lower mainland gaming facilities, selected a sample of patron-facing employees in various gaming areas, targeting high-limit rooms. Through discussion with each employee determined:
 - Employee's knowledge and familiarity of BCLC's cash alternatives.

- Whether there are programs, practices and procedures in place to promote cash alternatives.
6. Collated and analyzed information obtained from interviews and observations at gaming facilities.

RESULTS AND RECOMMENDATIONS

We selected four of the larger gaming facilities (River Rock, Starlight, Grand Villa, and Elements) in the lower mainland and visited these sites on October 4th and 5th, 2017. The Edgewater Casino was initially selected for analysis, but due to its transition to the Parq Casino on September 29, 2017 it was replaced with the Starlight Casino for testing.

At each of the four sites we spoke to various employees about the promotion of cash alternatives. We selected those employees that would have direct interactions with patrons that would require cash alternatives, such as high limit room and cash cage staff.

River Rock

At this site we spoke to a high limit room guest relations supervisor and host, high limit room cage staff, a main cage manager and a table gaming manager.

The high limit room staff were familiar with PGF accounts, but were unfamiliar with delimited convenience cheques and international EFT's, which BCLC introduced in November 2016. The staff indicated that convenience cheques at the River Rock had a \$10K limit. The main cage manager, however, was aware of international EFT's, but recalled only one transaction since it was introduced and stated they are rarely used. Information regarding new cash alternatives and promotion of such are communicated to staff via email from management. However, based on our discussions it does not appear the information reaches all staff.

We noted brochures in both English and Chinese promoting PGF accounts in front of the Salon Prive cash cage, however, only two brochures were available during our visit. There was no other visual promotion of PGF accounts and cash alternatives (i.e., onsite posters, video) and there was no cash alternative information on their website. The guest relations team indicated that PGF accounts are usually suggested when patrons ask about cash alternatives.

A high limit room cage supervisor advised that there was a promotion held in January to February 2017 to increase PGF account openings and transactions. Based on the documentation provided, the promotion was specific to River Rock and ran from January 15 – February 9, 2017 and offered gift cards with escalating amounts for new PGF account openings with buy-ins using bank drafts. As part of the promotion weekly draws for free slot play and table match play and three grand prize draws were held in the high limit rooms for PGF accounts holders. The promotion was held to coincide with Chinese New Year celebrations and

resulted in a large spike in PGF account openings compared to the months prior. A similar promotion was held in February 2016 to increase PGF account openings.

Starlight

We spoke to the floor manager, VIP room host, and the cage manager at this site.

The floor manager and VIP room host were familiar with PGF accounts, but were unfamiliar with delimited convenience cheques and international EFT's. The main cage manager, however, was aware of both alternatives based on email communication from BCLC. However, no international EFT's or delimited convenience cheques have been used at Starlight since inception.

We noted a pamphlet written in both English and Chinese outlining the various fund access options available to patrons in the VIP room. The one-sided pamphlet contains Gateway, Starlight and Grand Villa Casino logos and appears to be specific to Gateway Casinos. There was no other visual media promoting PGF accounts/cash alternatives and there was no cash alternative information on their website. Typically, the VIP hostess or floor managers will suggest PGF accounts if a patron has a large cash buy in.

There has been no contest or promotion held this year to promote new PGF account openings or usage. However, we were advised that there was an increase in the use of bank drafts for PGF accounts.

Grand Villa

We spoke to the cage manager/AML compliance and the VIP host supervisor at this site.

Both individuals were familiar with PGF accounts. The cage manager was familiar with delimited convenience cheques and international EFT's and expressed concerns with delimited convenience cheques as they could be used to launder money. However, no delimited convenience cheques have been issued by this site since inception. The VIP hostess supervisor was unaware of international EFT's and convenience cheques.

This site did not have the same pamphlet outlining the various fund access options to patrons that was found at the Starlight Casino high limit room. We did not see other brochures or visual media promoting PGF accounts and cash alternatives and there was no cash alternative information on their website. The VIP hostess supervisor indicated that patrons become aware of PGF accounts through word of mouth from other patrons or friends. They would also suggest PGF accounts if the patron has a large cash buy in.

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There has been no contests or promotions held this year to promote new PGF account openings or usage.

Elements

We spoke to the floor manager and guest services supervisor at this site.

Both individuals were familiar with PGF accounts, but indicated that Elements had only a few PGF accounts with minimal activity. Both individuals were unfamiliar with delimited convenience cheques and international EFT's and did not expect these options to be utilized based on their clientele and PGF account utilization.

This site had a small high limit section (two tables) in the back of the table gaming area and we did not see brochures or pamphlets or visual media promoting PGF accounts or cash alternatives. There was no cash alternative information found on their website. The floor manager indicated they would suggest PGF accounts if the patron has a large cash buy in, but these are seldom.

There has been no contests or promotions held to promote new PGF account openings or usage.

Summary of Cash Alternative Awareness and Promotion Activity

Cash alternative awareness/promotion activity	River Rock	Starlight	Grand Villa	Elements
Staff awareness of PGF Accounts and Debit Cards	Yes	Yes	Yes	Yes
VIP staff or gaming management's awareness of delimited convenience cheques and international EFT's	No	No	No	No
Cage staff awareness of delimited convenience cheques and international EFT's	Yes ³	Yes	Yes	No
Brochures or pamphlets	Yes	Yes	No	No
Contests and Promotions	Yes	No	No	No
Website	No	No	No	No
Other media – posters, video, etc. in VIP rooms/gaming areas	No	No	No	No

³ Cage manager familiar with only international EFT's.

Discussion with BCLC

In January 2018, we spoke with two managers in the AML program at BCLC regarding the promotion of cash alternatives.

We were advised that BCLC works with service providers in the identification and development of cash alternatives, however, promotion of cash alternatives is left to the discretion of the service providers. BCLC does not initiate or direct service providers on promotional activities and BCLC casino policies and procedures only address the processing of cash alternatives but not the promotion. BCLC will co-ordinate with service providers if the promotion involves PGF account openings such as those held at River Rock in 2016 and 2017.

There was no cash alternative information found on the BCLC website.

Summary of Observations and Recommendations

1. The promotion of cash alternatives is not initiated or directed by BCLC, but left to the discretion of service providers. At the four gaming facilities visited, we found the promotion of cash alternatives to be informal and the level of promotional activities varied among the four sites. The promotion was generally reactive, usually done at a personal (patron) level, communicated by guest relations staff, such as a VIP hostess and/or gaming floor management when patrons inquire about cash alternatives or when patrons frequent with large cash buy-ins.

Recommendation

Since cash alternatives is a key component of BCLC's AML strategy we suggests BCLC take a more active and directive role in its promotion to ensure a formal and consistent approach is adopted by the service providers.

2. Availability of material regarding cash alternatives varied among service providers. Some had English and Chinese brochures or pamphlets available in the high limit rooms while others did not.

Recommendation

BCLC and service providers develop information material for cash alternatives that is consistent, available in multiple languages, can possibly be shared among sites and made available to patrons in the high limit rooms as well as online.

3. Awareness of cash alternatives varied among service providers' front line staff. Although cage personnel were generally familiar with delimited convenience cheques and international EFT's most VIP floor staff were not.

Recommendation

BCLC and service providers should ensure that frontline staff, especially those working with high limit players, are fully educated on the various cash alternative programs.

CONCLUSION

We determined that the promotion of cash alternatives is not initiated or directed by BCLC, but left to the discretion of service providers. At the four gaming facilities visited, we found the promotion of cash alternatives to be informal and the level of promotional activities varied among the four sites. The promotion was generally reactive, usually done at a personal (patron) level, communicated by guest relations staff, such as a VIP hostess and/or gaming floor management when patrons inquire about cash alternatives or when patrons frequent with large cash buy-ins.

Availability of informational material regarding cash alternatives varied among service providers. Some had English and Chinese brochures or pamphlets available in the high limit rooms while others did not. None of the sites had outward or visible promotion of cash alternatives such as posters, signage or static video in the high limit rooms, gaming areas, or casino's websites.

The River Rock was the only site of the four that held any type of promotion contest for cash alternatives. A promotion was held in January and February 2017 to increase PGF account openings and transactions, which resulted in a spike of new PGF accounts during the promotional period. A similar promotion was held in February 2016.

We also found staff awareness of cash alternatives to be varied. All applicable staff interviewed were familiar with PGF accounts and debit withdrawal at the cage, but most were not familiar with international EFT's and delimited convenience cheques, which were the two newest cash alternative initiatives introduced by BCLC in November 2016.

In this report, we have outlined our findings and provided several recommendations that involve BCLC taking a greater role in promoting cash alternatives, development of more consistent cash alternative material and more training of high limit room staff.

BCLC has acknowledged the findings in this report and have provided their response to the recommendations below.

NOTE: The scope of the audit, field work and the draft report were completed and issued to BCLC prior to the release of Peter German's report on anti-money laundering. Recommendations in this GPEB report are reflective of the processes in place at the time of the audit, and may no longer be applicable if Peter German's recommendations related to cash alternatives and PGF accounts are adopted.

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BCLC MANAGEMENT RESPONSE - PROMOTION OF CASH ALTERNATIVES AUDIT

Audit Information

Audit Name: Promotion of Cash Alternatives Audit

COMM #: 9127

Date of Response: (2018-07-15)

1. The promotion of cash alternatives is not initiated or directed by BCLC, but left to the discretion of service providers. At the four gaming facilities visited, we found the promotion of cash alternatives to be informal and the level of promotional activities varied among the four sites. The promotion was generally reactive, usually done at a personal (patron) level, communicated by guest relations staff, such as a VIP hostess and/or gaming floor management when patrons inquire about cash alternatives or when patrons frequent with large cash buy-ins.

Recommendation

Since cash alternatives is a key component of BCLC's AML strategy we suggests BCLC take a more active and directive role in its promotion to ensure a formal and consistent approach is adopted by the service providers.

BCLC's response to this finding is:

Check **one** box to the right.

AGREE with action AGREE but risk DISAGREE that the
plan provided. is acceptable. risk exists.

BCLC Management Response:

In the space below, please provide details of an action plan or briefly outline the rationale on why an action plan will not be implemented:

Date of Action Plan Completion:

(YYYY-MM-DD)

AML recommendation is for BCLC Casino Marketing be accountable to be more active in promoting the cash alternatives.

Must also consider Peter German recommendations:

Recommendation 20: that cash alternatives become the responsibility of the service providers subject to their compliance with overarching standards.

Recommendation 22: that PGF accounts be eliminated once responsibility has transitioned to the Service providers


2. Availability of material regarding cash alternatives varied among service providers. Some had English and Chinese brochures or pamphlets available in the high limit rooms while others did not.

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<p>Recommendation</p> <p>BCLC and service providers develop information material for cash alternatives that is consistent, available in multiple languages, can possibly be shared among sites and made available to patrons in the high limit rooms as well as online.</p>	
<p>BCLC's response to this finding is: Check one box to the right.</p>	<p><input checked="" type="checkbox"/> AGREE with action plan provided. <input type="checkbox"/> AGREE but risk is acceptable. <input type="checkbox"/> DISAGREE that the risk exists.</p>
<p>BCLC Management Response: In the space below, please provide details of an action plan or briefly outline the rationale on why an action plan will not be implemented:</p>	<p>Date of Action Plan Completion: (YYYY-MM-DD)</p>
<p>All marketing material created should be handled by the Casino Marketing team and not the AML team as this would be outside the AML unit's scope of work.</p>	
<p>3. Awareness of cash alternatives varied among service providers' front line staff. Although cage personnel were generally familiar with delimited convenience cheques and international EFT's most VIP floor staff were not.</p>	
<p>Recommendation</p> <p>BCLC and service providers should ensure that frontline staff, especially those working with high limit players, are fully educated on the various cash alternative programs.</p>	
<p>BCLC's response to this finding is: Check one box to the right.</p>	<p><input checked="" type="checkbox"/> AGREE with action plan provided. <input type="checkbox"/> AGREE but risk is acceptable. <input type="checkbox"/> DISAGREE that the risk exists.</p>
<p>BCLC Management Response: In the space below, please provide details of an action plan or briefly outline the rationale on why an action plan will not be implemented:</p>	<p>Date of Action Plan Completion: (YYYY-MM-DD)</p>
<p>AML meets with the SPs on a quarterly basis but AML does not own the relationship with the front line staff. In fact, AML has been told that this relationship is with Casino Operations. Therefore, ensuring the knowledge of front line staff with respect to cash alternatives should rest with Casino Operations as they have monthly meetings with site management and the MBO and team are on site to ensure they can actively educate and promote.</p> <p>AML can provide support by ensuring the right information is available, but the majority of this accountability should sit with Casino operations and marketing.</p>	

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This is **EXHIBIT "50"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.



A Commissioner for taking
Affidavits in British Columbia



Gaming Policy and Enforcement Branch

2018/2019

Source of Funds Directive Audit

COMM File #: 9228

Final Issue Date: October 14, 2018

Distribution List

Sam MacLeod, Assistant Deputy Minister and General Manager, GPEB
Robert Kroeker, Vice President, Legal, Compliance & Security, BCLC
Gurmit Aujla, Director, Audit Services, BCLC

EXECUTIVE SUMMARY

In December 2017, the BC Government received two interim recommendations from Peter German as part of his independent review into money laundering in the BC gambling industry. The first of the two recommendations addressed the source of funds specifically:

“Gaming service providers (GSPs) must complete a Source of Funds Declaration for cash deposits or bearer bonds of \$10,000 or more. At a minimum, the declaration must outline a customer’s identification and provide the source of their funds, including the financial institution and account from which the cash or bond was sourced.”

In response to this recommendation, BCLC introduced the Source of Funds Directive on January 10, 2018. This directive was aimed at service providers and stated that all cash and bearer monetary instruments (bank drafts/certified cheques) of \$10,000 or more would require a patron to provide a bank receipt, indicating the source of funds, prior to acceptance for buy-in at all BC gaming facilities.

GPEB Compliance conducted an audit of the policies and procedures BCLC implemented as part of their Source of Funds Directive. The audit period was March 1, 2018 – June 30, 2018. The following five Lower Mainland casinos were audited: Grand Villa, Hard Rock, Parq Vancouver, River Rock and Starlight Casino.

The audit identified several areas where the effectiveness of the Source of Funds program could be strengthened to better meet the intent of the German recommendation.

Our audit found that there was inconsistent interpretation around the collection of required bank information, challenges in obtaining information necessary for confirming bank account ownership, opportunities for further analysis on the data being collected, and service provider non-compliance with the Source of Funds Directive.

As noted in the attached management response, BCLC agrees with one of the four findings and has provided an action plan to address the issue. BCLC partially agrees with a second finding, and disagrees with two others; the three responses provided do not fully address the audit issues.

INTRODUCTION

BACKGROUND

In response to Peter German’s first interim recommendation, BCLC introduced the Source of Funds Directive on January 10, 2018. This directive was aimed at service providers and stated that all cash and bearer monetary instruments (bank drafts/certified cheques) of \$10,000 or

more would require a patron to provide a bank receipt, indicating the source of funds, prior to acceptance for buy-in at all BC gaming facilities.

The service provider employee conducting the transaction at the cage will be required to certify that they received the source of funds receipt directly from the patron. This information must be documented on a Source of Funds Declaration form, which the patron will be required to sign. In addition, reasonable measures shall be undertaken to determine the ownership of funds with the patron being asked whether the funds belong to them or are on behalf of a third party. The response must be documented on a Reasonable Measures (RM) form. The original receipt, Declaration and RM form shall be electronically scanned and saved within the media tab of the reporting document in iTrak.

AUDIT OBJECTIVE

The objective of the audit was to review the policies and procedures BCLC implemented to address the source of funds recommendation and to assess service provider compliance to the Source of Funds Directive.

AUDIT SCOPE

The audit scope included a review of transactions of \$10,000 or more during the period March 1, 2018 – June 30, 2018, at the following five Lower Mainland casinos: Grand Villa, Hard Rock, Parq Vancouver, River Rock and Starlight Casino.

AUDIT APPROACH

The approach for this audit included the following steps:

1. Gain an understanding of the policies and procedures BCLC implemented to address the source of funds recommendation.
2. Interviewing service provider cage and table games management, to understand their interpretation of the Source of Funds Directive.
3. Analyzing a random sample of 405 Large Cash Transaction (LCT) reports for the period March 1, 2018 – June 30, 2018, to ensure that for transactions of \$10,000 or more, the source of funds procedures were met.
4. Analyzing iTrak incident reports for the period March 1, 2018 – June 30, 2018.

ISSUES

Peter German's interim recommendation regarding the source of funds was as follows:

"Gaming service providers (GSPs) must complete a Source of Funds Declaration for cash deposits or bearer bonds of \$10,000 or more. At a minimum, the declaration must outline a customer's identification and provide the source of their funds, including the financial institution and account from which the cash or bond was sourced."

The intent of the German recommendation is to ensure that the funds presented for buy-ins belong to the patron. In order to accomplish this, service providers need to verify that funds presented for buy-ins are sourced from the patron's own bank account.

During the course of the audit we identified concerns related to the implementation of this recommendation. We have identified several areas where the effectiveness of the program could be strengthened.

1. Inconsistent Interpretation of Bank Draft Receipting Requirements

During our interviews with service provider management it was found that there was inconsistent interpretation of the requirement to obtain bank account information when a patron presented a bank draft.

Through our testing we confirmed instances of:

- Service providers recording the bank draft serial number on the Source of Funds Declaration form instead of the patron's bank account number (38 out of 133 reviewed).
- Bank account receipts not being obtained when a patron presented a bank draft. (50 out of 133 reviewed).

In a May 15, 2018, presentation shared with service providers, BCLC indicated that all patrons using bank drafts are required to provide the "account number (or draft number). If the draft does not have a separate receipt, the draft must be scanned and must include the payor name, bank name, and account or draft number."

The draft number or serial number is not unique to a patron and therefore does not provide indication as to the account that the funds came from. Receipts without a bank account number provide very limited value in confirming the source of funds.

As the source of funds procedures were not codified in the BCLC Casino Standards, Policy and Procedures Manual until September 2018, service providers have not had a formal set

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of guidelines to refer to since the Source of Funds Directive was implemented in January. This delay may have contributed to the inconsistent interpretation.

Recommendations:

- BCLC should ensure that all future communication with service providers related to the Source of Funds Directive clearly indicate that receipts showing the bank account number are required for all buy-ins, including bank drafts.
- Major policy changes, such as the implementation of the Source of Funds Directive should be codified in the BCLC Casino Standards, Policy and Procedures Manual as quickly as possible to ensure consistent messaging to service providers.

2. Bank Receipts Do Not Consistently Include the Name of the Account Owner

Our analysis identified that the name of the individual to whom the bank account belongs to is only printed on receipts from two banks, TD and CIBC. The other major Canadian banks do not provide a customer name on the bank receipt. Without a name it is difficult to verify that the account the funds were withdrawn from belongs to the patron conducting the buy-in.

Recommendation:

As BCLC cannot mandate the banks to provide the patron's name on all receipts, an alternate means of verifying account ownership should be explored. For example, BCLC could implement a process similar to their EFT procedures where patrons can designate authorized bank accounts to be used for EFT or Wire Transfers. This same process could also be used to help verify account ownership. Service providers would only accept buy-ins where the account number on the bank receipt was the same as one of the designated accounts.

3. Opportunities for Further Analysis on Source of Funds Data Collected

Through discussion with the BCLC AML team it was noted there may be a gap in the analysis being conducted on information captured during the source of funds process. There is an opportunity for further analysis to be conducted by looking at the bank account information collected from all transactions at an aggregate level. For example, the account numbers from all patrons could be cross referenced to help identify circumstances where patrons are bringing in receipts from numerous different banks and/or bank accounts or situations where receipts from one bank account are being presented by different patrons. These may be indications that patrons are bringing in funds from accounts that do not belong to them.

Recommendation:

BCLC should expand its existing analysis to look at bank account data at an aggregated transaction level. This may assist in identifying instances where patrons are obtaining funds from accounts other than their own.

4. Service Provider Non-Compliance with the Source of Funds Directive

A random sample of 405 LCT reports (out of a total population of 4,763) from the five Lower Mainland casinos was reviewed to assess service provider compliance to the Source of Funds Declaration and Reasonable Measures (RM) requirements. The number of LCTs reviewed per site was as follows: Parq Vancouver (125), River Rock (110), Grand Villa (65), Hard Rock (55) and Starlight (50).

Our review found the following:

- An instance where the name of the patron signing the SOF Declaration form was different than the patron conducting the buy-in.
- An instance where the name on the bank receipt for a bank draft was different than the patron conducting the buy-in.
- 74 instances (18%) where the SOF Declaration form was not scanned into iTrak for transactions of \$10,000 or more.
- 29 instances (7%) where the SOF Declaration form was not completed in full or completed inaccurately. Often times the forms reviewed were missing either the employee name or GPEB number of the individual certifying the information, and/or signature of the patron.
- 16 instances (4%) where the Reasonable Measures section was not completed in full. Specifically, the patron declaration and the employee name or GPEB number were not documented.
- Seven instances (2%) where the SOF receipt was not scanned into iTrak and one instance where a buy-in after the patron had reached the \$10,000 mark was not sourced.

BCLC has indicated that further source of funds training had been given to service providers after the period reviewed in this audit. GPEB is intending to conduct a follow up audit to re-assess service provider compliance.

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CONCLUSION

The audit identified several areas where the effectiveness of the Source of Funds program could be strengthened to better meet the intent of the German recommendation.

Our audit found that there was inconsistent interpretation around Source of Funds policies and the collection of required bank information, challenges in obtaining information necessary for confirming bank account ownership, opportunities for further analysis on the data being collected, and service provider non-compliance with the Source of Funds Directive.

As noted in the attached management response, BCLC agrees with one of the four findings and has provided an action plan to address the issue. BCLC partially agrees with a second finding, and disagrees with two others; the three responses provided do not fully address the audit issues.

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APPENDIX A

SUMMARY OF EXCEPTIONS BY CASINO

	Parq Vancouver	River Rock	Grand Villa	Hard Rock	Starlight	Total
Audit Sample Size	125	110	65	55	50	405
<u>Exceptions</u>						
SOF Declaration form was not scanned into iTrak.	36	5	12	10	11	74
SOF Declaration form was not completed in full or completed inaccurately.	0	10	0	12	7	29
Name of the patron signing the SOF Declaration form was different than the patron conducting the buy-in.	1	0	0	0	0	1
Name on the bank receipt was different than the patron conducting the buy-in.	1	0	0	0	0	1
RM section was not completed in full.	6	5	0	5	0	16
SOF receipt was not scanned into iTrak	2	0	0	3	2	7
Buy-in after the patron had reached the \$10,000 mark was not sourced.	1	0	0	0	0	1
Total Number of Exceptions Identified	47	20	12	30	20	129

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SUMMARY OF SOF EXCEPTIONS BY BUY-IN TYPE

	Bank Drafts	Cash	Other (Credit/Debit @ Cage, Sourced Payout)	Total
Parq Vancouver	15	2	24	41
River Rock	0	0	15	15
Grand Villa	12	0	0	12
Hard Rock	9	0	16	25
Starlight	0	0	20	20
Total Number of Exceptions Identified	36	2	75	113

SUMMARY OF SOF EXCEPTIONS BY EXCEPTION TYPE

	Bank Drafts	Cash	Other (Credit/Debit @ Cage, Sourced Payout)	Total
SOF Declaration form was not scanned into iTrak	24	2	48	74
SOF Declaration form was not completed in full or completed inaccurately.	6	0	23	29
Name of the patron signing the SOF Declaration form was different than the patron conducting the buy-in.	1	0	0	1
Name on the bank receipt was different than the patron conducting the buy-in.	1	0	0	1
SOF receipt was not scanned into iTrak	4	0	3	7
Buy-in after the patron had reached the \$10,000 mark was not sourced.	0	0	1	1
Total Number of Exceptions Identified	36	2	75	113

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BCLC Management Response Source of Funds Declaration Audit

Gaming Policy and Enforcement Branch – Compliance Division

1. Inconsistent Interpretation of Bank Draft Receiving Requirements

Recommendations:

- BCLC should ensure that all future communication with service providers related to the Source of Funds Directive clearly indicate that receipts showing the bank account number are required for all buy-ins, including bank drafts.
- Major policy changes, such as the implementation of the Source of Funds Directive should be codified in the BCLC Casino Standards, Policy and Procedures Manual as quickly as possible to ensure consistent messaging to service providers.

BCLC Process Owner (Name and Title): John Karlovcec – Interim Director AML & Investigations

BCLC's response to this finding is:

Check one box to the right.

AGREE with action plan provided.

AGREE but risk is acceptable.

DISAGREE that the risk exists.

BCLC Management Response:

In the space below, please provide details of an action plan or briefly outline the rationale on why an action plan will not be implemented:

Date of Action Plan Completion:

(2018-12-15)

A directive outlining the source of funds was issued on January 04, 2018. This was followed up shortly thereafter with in-person discussions with service providers. The Casino Service Providers were subsequently provided with "face to face" training in the area of SOF requirements by BCLC AML Unit in May 2018.

Policies and Procedures were completed and ready to be added to BCLC CSPPs several months ago, however BCLC was instructed by government not to proceed with adding any new AML Policy and Procedures until they could be reviewed and approved by the various Governance Committees i.e.: Deputy Minister Committee (DMC), Associate Deputy Minister Committee (ADMC), Secretariat (AMLS). BCLC has since updated policies and procedures as of September 2018.

Although GPEB is asking for the bank account information, BCLC initially advised Service Providers that the bank draft number would also be acceptable because BCLC originally thought that it was the bank account number being referenced on the bank draft. BCLC has since learned that this is not the case. Neither BCLC nor Service Providers have the legal authority to require banks to confirm bank account information. BCLC has accepted the bank draft information number as that number creates an audit trail which Law Enforcement, through a production order, is able to trace the bank draft to a bank account and ultimately an individual. To require a confirmed bank account number in every instance, in addition to the existing law enforcement traceable information would require bringing all relevant stakeholders to the table including the banks to see if there is a willingness to share this type of information with BCLC. An alternate solution would be for GPEB to use its policing powers to obtain bank account numbers through a production order for those transactions where concerns exist.

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2. Bank Receipts Do Not Consistently Include the Name of the Account Owner

Recommendation:

- As BCLC cannot mandate the banks to provide the patron's name on all receipts, an alternate means of verifying account ownership should be explored. For example, BCLC could implement a process similar to their EFT procedures where patrons can designate authorized bank accounts to be used for EFT or Wire Transfers. This same process could also be used to help verify account ownership. Service providers would only accept buy-ins where the account number on the bank receipt was the same as one of the designated accounts.

BCLC Process Owner (Name and Title): John Karlovcec – Interim Director AML & Investigations

BCLC's response to this finding is:

Check one box to the right.

AGREE with action plan provided.

AGREE but risk is acceptable.

DISAGREE that the risk exists within BCLC's control.

BCLC Management Response:

In the space below, please provide details of an action plan or briefly outline the rationale on why an action plan will not be implemented:

Date of Action Plan Completion:

(YYYY-MM-DD)

BCLC would welcome an opportunity to explore alternative means with GPEB, police and banks to allow for the sharing of player bank account information.

BCLC does not have the legal authority to require banks to confirm a patron's bank account number. This information can only be obtained by law enforcement (GPEB or police) through a production order/search warrant. Not all ATM slips list the account number. They provide a truncated card number.

Banks would have to agree to provide all player account information for this to be actioned or GPEB would have to acquire this information through its law enforcement powers and then share it with BCLC. It is BCLC's understanding that privacy legislation precludes the banks from sharing this information without legal authority i.e. production order/search warrant being served on them by law enforcement.

3. Opportunities for Further Analysis on Source of Funds Data Collected

Recommendation:

- BCLC should expand its existing analysis to look at bank account data at an aggregated transaction level. This may assist in identifying instances where patrons are obtaining funds from accounts other than their own.

BCLC Process Owner (Name and Title): John Karlovcec – Interim Director AML & Investigations.

BCLC's response to this finding is:

Check one box to the right.

AGREE with action plan provided.

AGREE but risk is acceptable.

DISAGREE that the risk exists within BCLC's control.

BCLC Management Response:

In the space below, please provide details of an action plan or briefly outline the rationale on why an action plan will not be implemented:

Date of Action Plan Completion:

(YYYY-MM-DD)

BCLC presently conducts analysis of bank draft data at an aggregated transaction level which includes financial institution and branch location. This information, including trends analysis, is shared with CFSEU and JIGIT on a monthly basis. As with the previous GPEB recommendation BCLC does not have any insight into patron bank account information nor is there a likelihood that BCLC would be able to obtain this information from banks due to privacy laws.

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4. Service Provider Non-Compliance with the Source of Funds Directive

BCLC Process Owner (Name and Title): John Karlovcec – Interim Director AML & Investigations.

BCLC's response to this finding is:
Check one box to the right.

AGREE with action plan provided. AGREE but risk is acceptable. DISAGREE that the risk exists.

BCLC Management Response:

In the space below, please provide details of an action plan or briefly outline the rationale on why an action plan will not be implemented:

Date of Action Plan Completion:

(2018-10-09)

BCLC, upon reviewing and finding lower than acceptable levels of service provider compliance with SOF requirements, initiated and provided source of funds (SOF) training to service providers in May 2018. This training occurred after the period reviewed in this audit. BCLC has also conducted weekly reviews of the various service providers SOF compliance. BCLC, in response to the level of compliance it was finding, has engaged an external audit firm (Deloitte) to conduct an audit/review of Casino Service Provider's compliance with SOF requirements on a daily basis. The engagement of Deloitte commenced October 9, 2018.



408 BCLC Management Response Source of Funds Declaration Audit

Gaming Policy and Enforcement Branch – Compliance Division

BCLC MANAGEMENT RESPONSE

- This response sheet is being provided to BCLC to document their responses to GPEB's audit findings.
- BCLC's management responses and acceptance of risk may be evaluated in future audits.

Please send response to:

Tim Storms, CIA
Manager of Audit
Compliance Division
Gaming Policy and Enforcement Branch

AUDIT INFORMATION

Audit Name: Source of Funds Declaration Audit

Auditor Name(s): Parm Basi/Raymond Chan

Response Deadline: (2018-10-04)

COMM #: 9228

Date of Response: (2018-10-10)

1. Inconsistent Interpretation of Bank Draft Receipting Requirements

Recommendations:

- BCLC should ensure that all future communication with service providers related to the Source of Funds Directive clearly indicate that receipts showing the bank account number are required for all buy-ins, including bank drafts.
- Major policy changes, such as the implementation of the Source of Funds Directive should be codified in the BCLC Casino Standards, Policy and Procedures Manual as quickly as possible to ensure consistent messaging to service providers.

BCLC Process Owner (Name and Title): John Karlovcec – Interim Director AML & Investigations

BCLC's response to this finding is:

Check **one** box to the right.

AGREE with action plan provided.

AGREE but risk is acceptable.

DISAGREE that the risk exists.

BCLC Management Response:

In the space below, please provide details of an action plan or briefly outline the rationale on why an action plan will not be implemented:

Date of Action Plan Completion:

(2018-12-15)

In order to implement Dr. German's interim recommendation _ BCLC issued a written directive outlining the source of funds procedures _ to all casino service providers on January 04, 2018. This was followed up shortly thereafter with in-person discussions with service providers. The Casino Service Providers were subsequently provided with "face to face" training at their sites in the area of SOF requirements by BCLC AML Unit in May 2018. Directives have the same force and effect as Policies and Procedures and are issued in between BCLC published updates to its Policies and Procedures.

BCLC Policies and Procedures were completed and ready to be added to BCLC CSPPs several months ago, however BCLC was instructed by government not to proceed with adding or implementing any new AML Policy and Procedures until they could be reviewed and approved by the various Governance Committees ie: Deputy Minister Committee (DMC), Associate Deputy Minister Committee (ADMC), Secretariat (AMLS). BCLC has since updated its policies and procedures as of September 2018. BCLC policies and procedures are released to casino service providers through a Notice to Implement (NTI) on a regularly and scheduled quarterly basis. BCLC makes it a priority to incorporate direction given to service providers through directives into the next available NTI.



409 BCLC Management Response Source of Funds Declaration Audit

Gaming Policy and Enforcement Branch – Compliance Division

Although GPEB is asking for the bank account information, BCLC initially advised Service Providers that the bank draft number would also be acceptable because BCLC originally thought that it was the bank account number being referenced on the bank draft. BCLC has since learned that this is not the case. BCLC has instructed and communicated to Casino service providers that they must ask patrons for their bank account information during the SOF process however neither BCLC nor Service Providers have the ability to independently confirm the bank information being provided to them and have no legal authority to require banks to confirm bank account information. BCLC has accepted the bank draft information number as that number creates an audit trail which Law Enforcement, through a production order, is able to trace the bank draft to a bank account and ultimately an individual. To require a confirmed bank account number in every instance, in addition to the existing law enforcement traceable information would require bringing all relevant stakeholders to the table including the banks to see if there is a willingness to share this type of information with BCLC. BCLC would support and participate in any collaborative approach to exploring additional due diligence steps with the banking industry, police and regulators. An alternate solution would be for GPEB to use its policing powers to obtain bank account numbers through a production order for those transactions where concerns exist.

2. Bank Receipts Do Not Consistently Include the Name of the Account Owner

Recommendation:

- As BCLC cannot mandate the banks to provide the patron's name on all receipts, an alternate means of verifying account ownership should be explored. For example, BCLC could implement a process similar to their EFT procedures where patrons can designate authorized bank accounts to be used for EFT or Wire Transfers. This same process could also be used to help verify account ownership. Service providers would only accept buy-ins where the account number on the bank receipt was the same as one of the designated accounts.

BCLC Process Owner (Name and Title): John Karlovcec – Interim Director AML & Investigations

BCLC's response to this finding is:
Check **one** box to the right.

- AGREE with action plan provided.
 AGREE but risk is acceptable.
 DISAGREE that the risk exists within BCLC's control.

BCLC Management Response:

In the space below, please provide details of an action plan or briefly outline the rationale on why an action plan will not be implemented:

Date of Action Plan Completion:
(YYYY-MM-DD)

BCLC would welcome an opportunity to explore and discuss alternative means with GPEB, police and banks to allow for the sharing of player bank account information.

As discussed BCLC does not have the legal authority to require banks to confirm a patron's bank account number and at present banks have indicated they are not in a position to share this information for privacy and other reasons. This information can only be obtained by law enforcement (GPEB or police) through a production order/search warrant. Not all ATM slips list the account number. They provide a truncated card number.

Banks would have research the privacy and other legal ramifications of sharing confidential personal banking information with casinos and law enforcement, with or without customer consent, before being able to discuss providing player account information for this to be actioned. Alternatively, GPEB could acquire this information through its law enforcement powers and then share it with BCLC.

3. Opportunities for Further Analysis on Source of Funds Data Collected

Recommendation:

- BCLC should expand its existing analysis to look at bank account data at an aggregated transaction level. This may assist in identifying instances where patrons are obtaining funds from accounts other than their own.



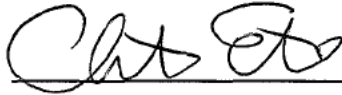
410 BCLC Management Response Source of Funds Declaration Audit

Gaming Policy and Enforcement Branch – Compliance Division

BCLC Process Owner (Name and Title): John Karlovcec – Interim Director AML & Investigations.			
BCLC's response to this finding is: Check one box to the right.	<input type="checkbox"/> AGREE with action plan provided.	<input checked="" type="checkbox"/> AGREE but risk is acceptable.	<input checked="" type="checkbox"/> DISAGREE that the risk exists within BCLC's control.
BCLC Management Response: In the space below, please provide details of an action plan or briefly outline the rationale on why an action plan will not be implemented:		Date of Action Plan Completion: (YYYY-MM-DD)	
BCLC presently conducts analysis of bank draft data at an aggregated transaction level which includes financial institution and branch location. This information, including trends analysis, is shared with CFSEU and JIGIT on a monthly basis. As with the previous GPEB recommendation BCLC does not have any insight into patron bank account information nor is there a likelihood that BCLC would be able to obtain this information from banks due to privacy laws. BCLC will assess the feasibility of conducting further analysis on bank account number trends.			
4. Service Provider Non-Compliance with the Source of Funds Directive			
BCLC Process Owner (Name and Title): John Karlovcec – Interim Director AML & Investigations.			
BCLC's response to this finding is: Check one box to the right.	<input checked="" type="checkbox"/> AGREE with action plan provided.	<input type="checkbox"/> AGREE but risk is acceptable.	<input type="checkbox"/> DISAGREE that the risk exists.
BCLC Management Response: In the space below, please provide details of an action plan or briefly outline the rationale on why an action plan will not be implemented:		Date of Action Plan Completion: (2018-10-09)	
BCLC, upon reviewing and finding lower than acceptable levels of service provider compliance with SOF requirements, initiated and provided source of funds (SOF) training to service providers in May 2018. This training occurred after the period reviewed in this audit. BCLC has also conducted weekly reviews of the various service providers SOF compliance. BCLC, in response to the level of compliance it was finding, has engaged an external audit firm (Deloitte) to conduct an audit/review of Casino Service Provider's compliance with SOF requirements on a daily basis. The engagement of Deloitte commenced October 9, 2018 .			
Once the independent audit firm has analyzed the compliance rates for a seven week period, BCLC will request a meeting with GPEB to assess the results.			

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This is **EXHIBIT "51"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.



A Commissioner for taking
Affidavits in British Columbia



Gaming Policy and Enforcement Branch

2018/2019

Source of Funds Directive Follow-Up Audit

COMM File #: 9340 – Parq Vancouver

Final Issue Date: November 27, 2018

Distribution List

Chad Boynak, Chief Financial Officer, Parq Vancouver

Angela Swan, Vice President, Regulatory Affairs and Compliance, Parq Vancouver

Robert Kroeker, Vice President, Legal, Compliance & Security, BCLC

Gurmit Aujla, Director, Audit Services, BCLC

EXECUTIVE SUMMARY

An audit of Parq Vancouver was conducted to verify source of funds compliance with all applicable standards, policies and directives.

The scope of the audit included a review of a random sample of 118 Large Cash Transaction (LCT) reports for the month of August 2018, to ensure that the source of funds declaration procedures were met for all transactions of \$10,000 or more.

Exceptions were identified in relation to the Source of Funds Declaration (SOFD) form not always being completed in full, bank account numbers not being consistently obtained, and instances of receipts not accompanying bank drafts. Two instances were identified whereby the source of funds presented for buy-in appears to originate from a business account, instead of the patron's own personal bank account. Five instances were also identified where the Reasonable Measures form was not completed for large cash buy-ins of \$10,000 or more.

Parq Vancouver has acknowledged the exceptions in this report and either risk will be accepted, or changes will be made to service provider operations as noted.

AUDIT OBJECTIVES

The objectives of the audit were to verify source of funds compliance with:

- BCLC Source of Funds Directive;
- BCLC Standards;
- Best practices in the absence of policy.

AUDIT SCOPE

The scope of the audit included a review of transactions of \$10,000 or more for the month of August 2018, at Parq Vancouver.

AUDIT PROCEDURES

Audit procedures included analyzing a random sample of 118 Large Cash Transaction (LCT) reports in iTrak for the month of August 2018, to ensure the source of funds declaration procedures were met for all transactions of \$10,000 or more.

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EXCEPTIONS

Details of the issues resulting from the audit procedures are discussed below:

1. A review of 118 LCT reports identified the following issues in relation to the completion of the Source of Funds Declaration (SOFD) form:
 - For six out of the 32 (19%) bank drafts reviewed, the bank account number was not stated on the SOFD form. In addition, there were two instances where the bank draft serial number was documented on the form instead of the patron's bank account number.
 - One instance where the signature of the patron certifying the source of funds information was not obtained.

Standards Reference: All cash and bearer monetary instruments totaling \$10,000 or more require a source of funds declaration by the patron prior to acceptance for buy-in. This declaration shall be documented on the Reasonable Measures/Source of Funds template and shall be scanned into the media tab for LCT reports. The template has required fields to be completed including bank account information (financial institution, branch and account number), name and signature of the patron certifying the information. (BCLC Standards Article: 1-1.4 Large Cash Transactions, Foreign Exchange and Disbursement Reporting, 3.2.1.c)

Parq Vancouver Response: Parq Vancouver accepts this finding and has taken the following steps to address the identified exception. Parq Vancouver staff have received additional training on the completion of the Source of Funds and Reasonable Measures forms. BCLC has provided additional clarification to support staff training and address areas where requirements had been misinterpreted or misunderstood by staff. BCLC has also supported Parq by providing weekly reviews of the Source of Funds and Reasonable Measures forms. As a result of the training, clarification and weekly reviews from September 9, 2018 to October 20, 2018, compliance has significantly increased and less than 5% of the forms reviewed during the week of October 14 – 20, 2018 contained errors.

2. Bank drafts were accepted without a bank receipt for six out of the 32 (19%) bank drafts reviewed.

Standards Reference: Patrons presenting cash or cash equivalents such as certified cheques, or bank drafts for buy-ins totaling \$10,000 or more must produce a source of funds receipt from the remitting financial institution. The receipt showing the patron's name, the name of the financial institution that issued the cash, certified cheque, or bank draft, and the patron's bank account number must be produced and scanned into the media tab. The patron may record all of the above in writing on the receipt if the information is not already present. (BCLC Standards Article: 6-1.21 Cage – Certified Cheques and Bank Drafts, 1.3)

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Parq Vancouver Response: Parq Vancouver accepts this finding and has taken the following steps to address the identified exception. This exception was the result of a miscommunication and misunderstanding related to requiring receipts for PGF account holders. As the requirements have developed and been strengthened over time, Parq has been working to ensure that staff are trained and operating based on the current guidance. In the past several weeks, as exceptions have been identified during BCLC's monitoring, Parq has done additional training with individual staff to ensure that they are aware of the requirements.

3. A review of 34 ATM and debit card transactions conducted at the cage identified that in 31 (91%) instances the patron's bank account number was not documented on the receipt presented and/or on the SOFD form.

Standards Reference: Receipts received from ATMs or the debit card machine at the cage must show the patron's name, the name of the financial institution, and the patron's bank account number. The patron may record all of the above in writing on the receipt if the information is not already present. (*BCLC Standards Article: 6-1.23 Cage – Bank Debit Card Transactions, 1.6.1*)

Parq Vancouver Response: Parq Vancouver accepts this finding and has taken the following steps to address the identified exception. Parq Vancouver staff have received additional training on the completion of the Source of Funds and Reasonable Measures forms. BCLC has provided additional clarification to support staff training and address areas where requirements had been misinterpreted or misunderstood by staff. BCLC has also supported Parq by providing weekly reviews of the Source of Funds and Reasonable Measures forms. For valid reasons relating to both privacy and security, bank account numbers are not visible on ATM or debit receipts and as such, were not readily available to staff when completing the forms. Instruction has been provided to staff to ensure that they collect the account number when completing the form.

4. Two instances were identified whereby the source of funds presented for buy-in appear to originate from a business account, instead of the patron's own personal bank account, as detailed below:

Subject ID	LCT Reference	Date	Amount	Source of Funds Details
182916	20180043485	August 26, 2018	\$60,000	TD bank receipt accompanying bank draft identify the funds withdrawn from '1471-52XXX63 NGEN CORP.'
103608	20180043952	August 28, 2018	\$100,000	CIBC bank receipt accompanying bank draft identify the funds withdrawn

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				from 'RCC Group Construction Inc.'
Total			\$160,000	

Standards Reference: When verifying the account information on the bank receipt, it is important for service providers to ensure that the funds are withdrawn from the patron's own bank account. It is possible, that the patron has ownership interest in the business or has authorization to withdraw funds for personal use. However, allowing buy-ins from a business account increases the risk of inappropriate and/or illegal activity. (*Best Practices*).

In addition, presently only individuals can open a PGF account. PGF accounts in joint names or for corporations, trusts, or non-profit entities are prohibited. In line with this policy, it would be reasonable to expect that bank drafts and cash buy-ins be sourced to the patron's own bank account. (*BCLC Standards Article: 6-1.22 Cage – Patron Gaming Funds Accounts, 3.3*)

Parq Vancouver Response: Parq Vancouver accepts this finding and has taken the following steps to address the identified exception. The Director, Cage has communicated and reiterated to the Cage team and managers that third party and company drafts are strictly prohibited and cannot be accepted. Parq will continue to monitor and communicate this to new and existing staff.

5. The Reasonable Measures form was not completed for large cash buy-ins of \$10,000 or more for five out of the 118 (4%) LCT reports reviewed.

Standards Reference: Reasonable measures shall be undertaken to determine and document ownership of funds for large cash buy-ins, disbursements and foreign exchanges before any transaction of \$10,000 or more within a static 24-hour period is completed. (*BCLC Standards Article: 1-1.4 Large Cash Transactions, Foreign Exchange and Disbursement Reporting, 3.2*)

Parq Vancouver Response: Parq Vancouver accepts this finding and has taken the following steps to address the identified exception. Parq Vancouver will remind all staff of the requirements related to Reasonable Measures forms and the need to ensure accuracy. These issues have largely occurred due to manual tracking processes that are prone to error. Parq Vancouver will make every effort to ensure that the forms are completed correctly and accurately and will continue to advocate for automated, digital processes with appropriate controls to minimize errors and ensure a high level of accuracy.

CONCLUSION

The Source of Funds Directive Follow-Up audit of Parq Vancouver is now complete. Parq Vancouver has acknowledged the exceptions in this report and either risk will be accepted, or changes will be made to service provider operations as noted.

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APPENDIX A

PARQ VANCOUVER SUMMARY OF EXCEPTIONS

	Total
LCT Reports	118
<i>Bank Drafts</i>	<i>32</i>
<i>ATM and Debit Card Transactions at Cage</i>	<i>34</i>
<i>Sourced Cash, Casino Payouts and Cash Advance</i>	<i>52</i>
Source of Funds Declaration (SOFD)	
Signature of patron certifying information was not documented on SOFD form.	1
SOFD form was signed by the patron; however, the bank receipt showed the funds withdrawn from a business account.	2
Bank draft serial and/or branch transit number incorrectly documented as bank account number on the SOFD form.	2/32
Bank account number was not documented on SOFD form when bank draft and/or bank draft receipt was accepted.	6/32
Bank account number was not documented on the SOFD form and/or on the receipts received from ATM or debit card transactions conducted at the cage.	31/34
Reasonable Measures (RM)	
RM section was not completed for cash buy-ins of \$10,000 or more.	5
Source of Funds Receipting Requirement	
Bank draft was accepted without bank receipt.	6/32
Total Number of Exceptions Identified	53



Gaming Policy and Enforcement Branch 2018/2019

Source of Funds Directive Follow-Up Audit

**Gateway Casinos and Entertainment Ltd.
Grand Villa Casino and Starlight Casino**

COMM File #: 9340

Final Issue Date: November 27, 2018

Distribution List

Jagtar Nijjar, Chief Administrative Officer, Gateway

Terry McInally, Chief Compliance Officer, Gateway

Glenn Atchison, Manager of Compliance, Gateway

Robert Kroeker, Vice President, Legal, Compliance & Security, BCLC

Gurmit Aujla, Director, Audit Services, BCLC

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EXECUTIVE SUMMARY

An audit of the Gateway Grand Villa Casino and Starlight Casino was conducted to verify source of funds compliance with all applicable standards, policies and directives.

The scope of the audit included a review of a random sample of 100 Large Cash Transaction (LCT) reports for the month of August 2018, to ensure that the source of funds declaration procedures were met for all transactions of \$10,000 or more.

Exceptions were identified in relation to the Source of Funds Declaration (SOFD) form not always being completed in full, bank account numbers not being consistently obtained, instances of receipts not accompanying bank drafts and one instance in which the bank draft was not scanned into iTrak. In addition, three instances were identified at Starlight Casino whereby the source of funds presented for buy-in appears to originate from a business account, instead of the patron's own personal bank account.

As noted in the response, Gateway acknowledges the issues; however, they disagree with two of the four findings as they indicate they were operating under the direction from BCLC.

AUDIT OBJECTIVES

The objectives of the audit were to verify source of funds compliance with:

- BCLC Source of Funds Directive;
- BCLC Standards;
- Best practices in the absence of policy.

AUDIT SCOPE

The scope of the audit included a review of transactions of \$10,000 or more for the month of August 2018, at the Grand Villa and Starlight Casino.

AUDIT PROCEDURES

Audit procedures included analyzing a random sample of 100 Large Cash Transaction (LCT) reports in iTrak for the month of August 2018, to ensure the source of funds declaration procedures were met for all transactions of \$10,000 or more.

EXCEPTIONS

Details of the issues resulting from the audit procedures are discussed below:

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1. A review of 100 LCT reports identified the following issues in relation to the completion of the Source of Funds Declaration (SOFD) form:
 - For 12 out of the 18 (67%) bank drafts reviewed, the bank account number was not stated on the SOFD form. In addition, there was one instance where the bank draft serial number was documented on the form instead of the patron's bank account number.
 - The SOFD form was not completed for six of the 100 LCT reports reviewed.
 - One instance where the signature of the patron certifying the source of funds information was not obtained.

Standards Reference: All cash and bearer monetary instruments totaling \$10,000 or more require a source of funds declaration by the patron prior to acceptance for buy-in. This declaration shall be documented on the Reasonable Measures/Source of Funds template and shall be scanned into the media tab for LCT reports. The template has required fields to be completed including bank account information (financial institution, branch and account number), name and signature of the patron certifying the information. (BCLC Standards Article: 1-1.4 Large Cash Transactions, Foreign Exchange and Disbursement Reporting, 3.2.1.c)

Gateway Response: Gateway Casinos & Entertainment Limited ("Gateway") acknowledges but does not accept this finding. Several clarifications are necessary to explain Gateway's recording of bank draft transactions.

There are two types of source of funds forms used by Service Providers, one is used strictly for Patron Gaming Fund Account ("PGF") deposits and re-deposits which we call Declaration of Sources of Funds form ("DOSF") and the other which is used to record table and slot buy-ins which we call Source of Funds form ("SoF").

Gateway Compliance became aware in June 2018 that when a patron was conducting a PGF 'withdrawal-buy in' after a bank draft deposit, employees were incorrectly completing the SoF. Employees were referencing bank draft information on the SoF instead of just recording "PGF Withdrawal" on the SoF. Gateway has corrected that error and bank drafts are no longer to be referenced on the SoF. Staff occasionally record additional information that they are aware of, even though it is not required.

Gateway Compliance received confirmation from BCLC's AML Unit on May 15 and 16, 2018, during two BCLC AML training sessions of the following:

- a) When completing a bank draft deposit, a bank receipt is preferred but not mandatory. If provided, the patron's full name and bank account number must be written on it.
- b) A patron's bank account number is not required if the patron's name is recorded on the bank draft since the Serial No. of the bank draft can be traced directly to a bank

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account. A Serial No. directly linked to a bank account and the patron's signature on the DOSF attesting that the bank draft came from their personal bank account is sufficient.

c) There is no requirement to record bank account information on the DOSF since the bank draft, DOSF and any provided receipts are scanned into the Media of the LCT report.

In addition, on September 19, 2018 Gateway Compliance issued a bulletin to site management reinforcing that transactions cannot be completed until the SoF is completed in full, and that forms and reports are to be reviewed regularly for completeness and accuracy.

2. Bank drafts were accepted without a bank receipt for seven out of the 18 (39%) bank drafts reviewed. There was one instance where the bank draft was not scanned into iTrak.

Standards Reference: Patrons presenting cash or cash equivalents such as certified cheques, or bank drafts for buy-ins totaling \$10,000 or more must produce a source of funds receipt from the remitting financial institution. The receipt showing the patron's name, the name of the financial institution that issued the cash, certified cheque, or bank draft, and the patron's bank account number must be produced and scanned into the media tab. The patron may record all the above in writing on the receipt if the information is not already present. (*BCLC Standards Article: 6-1.21 Cage – Certified Cheques and Bank Drafts, 1.3*)

Gateway Response: Gateway acknowledges but does not accept GPEB's finding that a bank receipt is required when a bank draft is deposited into a PGF.

Gateway was advised by BCLC's AML Unit on May 15, 2018 that a bank receipt for a bank draft is preferred but not mandatory. If provided, the patron's full name and bank account number must be written on it and the receipt and bank draft must be scanned into the Media of the LCT report.

Gateway and BCLC have introduced additional review measures to decrease the likelihood that a bank draft is not scanned into the Media of a LCT.

3. A review of 36 ATM and debit card transactions conducted at the cage identified the following issues:
 - Two instances whereby the debit card number was incorrectly documented as the bank account number on the SOFD form.
 - One instance where the patron's bank account number was not documented on the receipt presented and/or on the SOFD form.

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Standards Reference: Receipts received from ATMs or the debit card machine at the cage must show the patron's name, the name of the financial institution, and the patron's bank account number. The patron may record all the above in writing on the receipt if the information is not already present. (*BCLC Standards Article: 6-1.23 Cage – Bank Debit Card Transactions, 1.6.1*)

Gateway Response: Gateway acknowledges and accepts GPEB's finding.

On September 19, 2018 Gateway Compliance issued a bulletin to site management reinforcing that transactions cannot be completed until the SoF is completed in full, and that forms and reports are to be reviewed regularly for completeness and accuracy. Since that time, Gateway has seen a significant improvement in staff recording ATM and debit card information as required on SoFs. Gateway Compliance continues to monitor accuracy and completeness of all forms and records and will address issues and incidents as they arise.

4. Three instances were identified at the Starlight Casino where the funds presented for buy-in appear to originate from a business account, instead of the patron's own personal bank account, as detailed below:

Subject ID	LCT Reference	Date	Amount	Source of Funds Details
150578	20180041679	August 15, 2018	\$6,900	TD bank receipts for all three transactions identify the funds withdrawn from '1070074 BC.'
	20180043579	August 25, 2018	\$10,000	
	20180043899	August 27, 2018	\$8,000	
Total			\$24,900	

Standards Reference: When verifying the account information on the bank receipt, it is important for service providers to ensure that the funds are withdrawn from the patron's own bank account. It is possible, that the patron has ownership interest in the business or has authorization to withdraw funds for personal use. However, allowing buy-ins from a business account increases the risk of inappropriate and/or illegal activity. (*Best Practices*).

In addition, presently only individuals can open a PGF account. PGF accounts in joint names or for corporations, trusts, or non-profit entities are prohibited. In line with this policy, it would be reasonable to expect that bank drafts and cash buy-ins be sourced to the patron's own bank account. (*BCLC Standards Article: 6-1.22 Cage – Patron Gaming Funds Accounts, 3.3*)

Gateway Response: Gateway acknowledges and accepts GPEB's finding.

Gateway has re-emphasized to staff that they must use due diligence when reviewing receipts to ensure that the receipt does not relate to a third party or a company, even if the patron has an ownership interest in the company.

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CONCLUSION

The Source of Funds Directive Follow-Up audit of the Grand Villa Casino and Starlight Casino is now complete. As noted in the response, Gateway acknowledges the issues; however, they disagree with two of the four findings as they indicate they were operating under the direction from BCLC.

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APPENDIX A**SUMMARY OF EXCEPTIONS BY CASINO**

	Grand Villa	Starlight	Total
LCT Reports	50	50	100
<i>Bank Drafts</i>	<i>13</i>	<i>5</i>	<i>18</i>
<i>ATM and Debit Card Transactions at Cage</i>	<i>13</i>	<i>23</i>	<i>36</i>
<i>Sourced Cash, Casino Payouts and Cash Advance</i>	<i>24</i>	<i>22</i>	<i>46</i>
Source of Funds Declaration (SOFD)			
SOFD form was not completed.	2	4	6
Signature of patron certifying information was not documented on SOFD form.	0	1	1
SOFD form was signed by the patron; however, the bank receipt showed the funds withdrawn from a business account.	0	3	3
Bank draft serial and/or branch transit number incorrectly documented as bank account number on the SOFD form.	0/13	1/5	1/18
Bank account number was not documented on SOFD form when bank draft and/or bank draft receipt was accepted.	9/13	3/5	12/18
Bank account number was not documented on the SOFD form and/or on the receipts received from ATM or debit card transactions conducted at the cage.	0/13	1/23	1/36
Debit card number for ATM and debit card transactions at cage was incorrectly documented as the bank account number on the SOFD form.	0/13	2/23	2/36
Source of Funds Receipting Requirement			
Bank draft was accepted without bank receipt.	3/13	4/5	7/18
Bank draft was not scanned into iTrak.	1/13	0/5	1/18
Total Number of Exceptions Identified	15	19	34



Gaming Policy and Enforcement Branch 2018/2019

Source of Funds Directive Follow-Up Audit

Great Canadian Gaming Corporation
Hard Rock Casino and River Rock Casino

COMM File #: 9340

Final Issue Date: November 27, 2018

Distribution List

Pat Ennis, Vice President, Corporate Security and Compliance, GCGC

Shauna Gillespie, Director, Compliance, GCGC

Robert Kroeker, Vice President, Legal, Compliance & Security, BCLC

Gurmit Aujla, Director, Audit Services, BCLC

EXECUTIVE SUMMARY

An audit of the Great Canadian Gaming Corporation (GCGC) Hard Rock Casino and River Rock Casino was conducted to verify source of funds compliance with all applicable standards, policies and directives.

The scope of the audit included a review of a random sample of 150 Large Cash Transaction (LCT) reports for the month of August 2018, to ensure that the source of funds declaration procedures were met for all transactions of \$10,000 or more.

Exceptions were identified in relation to bank drafts. For majority of the bank drafts reviewed, the bank account information on the Source of Funds Declaration (SOFD) form was either incorrectly documented or not documented at all; and bank drafts were often accepted without a bank receipt. One instance was also identified where the bank draft was not scanned into iTrak.

As noted in the response, GCGC has indicated they feel they were operating in accordance with BCLC policy and will await further direction from BCLC to implement any changes.

AUDIT OBJECTIVES

The objectives of the audit were to verify source of funds compliance with:

- BCLC Source of Funds Directive;
- BCLC Standards;
- Best practices in the absence of policy.

AUDIT SCOPE

The scope of the audit included a review of transactions of \$10,000 or more for the month of August 2018, at the Hard Rock and River Rock Casino.

AUDIT PROCEDURES

Audit procedures included analyzing a random sample of 150 Large Cash Transaction (LCT) reports in iTrak for the month of August 2018, to ensure the source of funds declaration procedures were met for all transactions of \$10,000 or more.

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EXCEPTIONS

Details of the issues resulting from the audit procedures are discussed below:

1. A review of 63 bank drafts identified that for 70% of the drafts the bank account information on the Source of Funds Declaration (SOFD) form was either incorrectly documented or not documented at all, as detailed below:

- For 41 out of the 63 (65%) bank drafts reviewed, the bank draft serial number and/branch transit number was documented on the SOFD form instead of the patron's bank account number.
- Three instances where the bank account number was not stated on the SOFD form.

Standards Reference: All cash and bearer monetary instruments totaling \$10,000 or more require a source of funds declaration by the patron prior to acceptance for buy-in. This declaration shall be documented on the Reasonable Measures/Source of Funds template and shall be scanned into the media tab for LCT reports. The template has required fields to be completed including bank account information (financial institution, branch and account number), name and signature of the patron certifying the information. (BCLC Standards Article: 1-1.4 Large Cash Transactions, Foreign Exchange and Disbursement Reporting, 3.2.1.c)

GCGC Response: In accordance with BCLC SOF/RM training, the draft number is deemed to be sufficient. Refer to: Appendix B - slide # 14, bullet point # 2

2. Bank drafts were accepted without a bank receipt for 26 out of the 63 (41%) bank drafts reviewed. There was one instance where the bank draft was not scanned into iTrak.

Standards Reference: Patrons presenting cash or cash equivalents such as certified cheques, or bank drafts for buy-ins totaling \$10,000 or more must produce a source of funds receipt from the remitting financial institution. The receipt showing the patron's name, the name of the financial institution that issued the cash, certified cheque, or bank draft, and the patron's bank account number must be produced and scanned into the media tab. The patron may record all of the above in writing on the receipt if the information is not already present. (BCLC Standards Article: 6-1.21 Cage – Certified Cheques and Bank Drafts, 1.3)

GCGC Response: In accordance with BCLC SOF/RM training and the BCLC bank draft clarification email, the draft acts as the receipt and is deemed to be sufficient. Refer to: Appendix B - slide # 14, bullet point # 3 and Appendix C. In regards to bank draft not being scanned into iTrak, please provide the LCT number and the issue will be addressed immediately.

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CONCLUSION

The Source of Funds Directive Follow-Up audit of the Hard Rock Casino and River Rock Casino is now complete. GCGC has indicated that they feel they were operating in accordance with BCLC policy and will await further direction from BCLC to implement any changes.

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APPENDIX A

SUMMARY OF EXCEPTIONS BY CASINO

	River Rock	Hard Rock	Total
LCT Reports	100	50	150
<i>Bank Drafts</i>	<i>56</i>	<i>7</i>	<i>63</i>
<i>ATM and Debit Card Transactions at Cage</i>	<i>21</i>	<i>19</i>	<i>40</i>
<i>Sourced Cash, Casino Payouts and Cash Advance</i>	<i>23</i>	<i>24</i>	<i>47</i>
Source of Funds Declaration (SOFD)			
Bank draft serial and/or branch transit number incorrectly documented as bank account number on the SOFD form.	39/56	2/7	41/63
Bank account number was not documented on SOFD form when bank draft and/or bank draft receipt was accepted.	0/56	3/7	3/63
Source of Funds Receipting Requirement			
Bank draft was accepted without bank receipt.	24/56	2/7	26/63
Bank draft was not scanned into iTrak.	0/56	1/7	1/63
Total Number of Exceptions Identified	63	8	71

APPENDIX B – provided by GCGC



2018 05 17 RM_SOF
Powerpoint.pdf

APPENDIX C – provided by GCGC



bank draft
clarification.docx

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This is **EXHIBIT "52"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.



A Commissioner for taking Affidavits in British Columbia



Gaming Policy and Enforcement Branch 2018/2019

Source of Funds Declaration Audit 3

COMM File #: 9403

Final Issue Date: June 4, 2019

Distribution List

Robert Kroeker, BCLC, Vice President, Legal, Compliance & Security, BCLC
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Chris Masters, Director, Compliance & AML, Gateway Casinos
Angela Swan, VP, Regulatory Affairs and Compliance, Parq Vancouver

Executive Summary

In response to Peter German's December 2017 interim recommendation, that gaming service providers complete a Source of Funds Declaration for cash or cash equivalents of \$10,000 or more, BCLC introduced the Source of Funds Declaration directive on January 10, 2018. This requires service providers to gather detailed information on the source of the patron's funds for all transactions of \$10,000 or more. This directive was formally incorporated as policy in the BCLC Standards in September 2018.

GPEB conducted two previous Source of Funds (SOF) audits in 2018. On November 27, 2018, the Assistant Deputy Minister and General Manager of GPEB sent letters to the three largest casino service providers and BCLC outlining GPEB's expectations related to the SOF policy.

This third audit was to verify service provider compliance since the letters were issued as well as identify any issues that may continue to impact the effectiveness of the SOF policy. The scope of this audit included a review of a random sample of 250 Large Cash Transaction (LCT) reports requiring a Source of Funds Declaration during the period January 15 – February 18, 2019 at the same five Lower Mainland casinos as our previous two audits: River Rock, Parq Vancouver, Grand Villa, Starlight and the Hard Rock Casino.

Issues identified in the audit related to:

- Minor instances of non-compliance to the SOF policy, specifically at Parq Vancouver, Grand Villa and Starlight Casino. No audit exceptions were identified at the River Rock and Hard Rock Casino.
- Opportunities for improvement in BCLC's communicating of the SOF policy and procedures out to service providers.
- Opportunities for additional analysis to be conducted by BCLC on data collected through the Source of Funds Declaration process.

Overall, service providers have improved their compliance with the SOF policy since GPEB's first two audits. Generally, supporting documentation is being obtained and the Source of Funds Declaration and Reasonable Measures (RM) forms are being completed as required. BCLC's SOF policy aligns with the intent of the Peter German recommendation.

The service providers and BCLC have acknowledged their respective issues as indicated by their responses at the end of this report and provided action plans where applicable.

Introduction

Background

In response to Peter German's December 2017 interim recommendation, BCLC implemented the Source of Funds Declaration directive on January 10, 2018. The directive was formally incorporated as policy in the BCLC Standards in September 2018, and requires that:

Patrons presenting unsourced cash or cash equivalents such as certified cheques, or bank drafts for buy-ins totaling \$10,000 or more must produce a source of funds receipt from the remitting financial institution. The receipt must show the patron's name, the name of the financial institution that issued the cash, certified cheque, or bank draft, and the patron's bank account number. The patron may record all the above in writing on the receipt if the information is not already present.

The Source of Funds (SOF) policy is an integral control in anti-money laundering efforts, and compliance with this policy is critical for upholding the integrity of gaming in BC.

GPEB conducted two SOF audits in 2018, the first reviewing transactions from May to June 2018 and the second reviewing transactions from August 2018, to review service provider compliance and BCLC's roll out of the policy. Our audits found non-compliance on the part of the service providers around incomplete or missing documentation required to substantiate the source of the patron's funds as well as issues with BCLC's implementation of the policy.

On November 27, 2018, the Assistant Deputy Minister and General Manager of GPEB sent letters to the three largest casino service providers and BCLC outlining GPEB's expectations of their compliance with the SOF policy. This third audit was to verify service provider compliance since the letters were issued as well as identify any issues that may continue to impact the effectiveness of the SOF policy.

Objective

The objectives of the audit were to verify:

- Service provider compliance with the BCLC Standards.
- BCLC's SOF policy and procedures align with the intent of the Peter German recommendation.
- BCLC's communication of the SOF policy and related procedures is consistent, clear and effective.
- BCLC has an adequate process in place to review and analyze information captured by service providers through the Source of Funds Declaration process.

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Scope

The scope of the audit included:

1. A review of a random sample of 250 Large Cash Transaction (LCT) reports requiring a Source of Funds Declaration during the period January 15 – February 18, 2019 at the same five Lower Mainland casinos as our previous two audits: River Rock, Parq Vancouver, Grand Villa, Starlight and the Hard Rock Casino.
2. A review of BCLC's conduct and management of the Source of Fund process.

Approach

The approach for this audit included the following steps:

1. Engage in discussions with service provider management responsible for overseeing casino compliance and anti-money laundering.
2. Conduct a walkthrough of the SOF process with the cage and table games departments at each of the five casinos audited.
3. Meet with the BCLC AML Unit (AML Programs and AML Intelligence) to gain an understanding of how the prescribed details of the SOF policy have been communicated to the service providers; and to confirm if there have been any subsequent changes or additional direction given to service providers related to the policy since it was formally incorporated into the BCLC Standards in September 2018.
4. Review a random sample of 250 LCT reports to verify compliance with the SOF policy. The number of LCTs reviewed per site were as follows: River Rock (95), Parq Vancouver (85), Grand Villa (35), Starlight (20) and Hard Rock (15). The sample sizes for each site were based on 20% of the site's LCT population between January 15 – February 18, 2019 which required a Source of Funds Declaration.

Issues and Recommendations

Issue #1 – Service Provider Non-Compliance to SOF Policy

A random sample of 250 LCT reports requiring a Source of Funds declaration during the audit period January 15 – February 18, 2019 from the five Lower Mainland casinos were reviewed to assess service provider compliance to the SOF policy.

No audit exceptions were identified at the River Rock and Hard Rock Casinos. Details of the issues resulting from the audit procedures are discussed below:

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Issue	Casino	% Non-Compliant
Bank draft and bank draft receipt were not scanned into iTrak.	Parq Vancouver	3%: (1/29 bank drafts)
SOF receipt was not scanned for additional buy-ins over \$10,000.	Parq Vancouver	2%: (2/85 LCTs)
Source of Funds Declaration form was not signed by the patron.	Parq Vancouver	1%: (1/85 LCTs)
Source of Funds Declaration form was not signed by the employee.	Grand Villa	6%: (2/35 LCTs)
Patron signature was not obtained for additional buy-ins over \$10,000.	Starlight	5%: (1/20 LCTs)
Additional buy-ins over \$10,000 were not documented on Source of Funds Declaration form.	Parq Vancouver	8%: (7/85 LCTs)
Corrections on Reasonable Measures form were not initialized by the employee.	Parq Vancouver	2%: (2/85 LCTs)
	Parq Vancouver	1%: (1/85 LCTs)

Issue # 2: Opportunities for improvement were identified in BCLC's communication of the Source of Funds Policy.

Procedures in the BCLC Standards are not sufficiently detailed which has led to inconsistent application of SOF Policy.

Since the implementation of the Source of Funds directive more than a year ago, BCLC has relied on informal methods to communicate the SOF requirements to the service providers. In addition, the direction provided by BCLC to service providers has at times been inconsistent or unclear.

In September 2018 BCLC incorporated the source of funds policy into the BCLC Standards however this is not at an adequately detailed enough level to give the service providers the direction needed. Rather than have detailed procedures in the Standards, BCLC has relied on informal methods, such as Question and Answer (Q&As) documents, emails, phone calls, training sessions and presentations, which has resulted in some inconsistent or unclear direction.

As a result of the lack of detailed procedures, service providers have frequently had to ask BCLC for clarification on source of funds policy. The answers provided by BCLC have not always been consistent or clear. For example, the three Q&A documents (January, May and October 2018) contain replies to 87 questions from the service providers. Some of these were repeat questions as the initial direction from BCLC was unclear or inconsistent.

On February 6, 2019 BCLC implemented a formal communication portal, including using a standardized Q&A form for service providers to ask SOF questions. Responses from BCLC were

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then sent to all service providers in order to ensure consistent communication. Initial feedback is that this formal portal has improved communications between BCLC and service providers, however challenges still exist.

Recommendation

BCLC should update its Standards to ensure they are detailed and comprehensive enough to meet service provider needs. The guidance communicated out in the various channels should be consolidated into detailed instructions in either the BCLC Standards or an instruction guide or a manual. Future communication with service providers in relation to the SOF policy should be consistent with the wording in the BCLC Standards.

Issue #3 – Limited Analysis Conducted on Source of Funds Data

BCLC presently conducts limited analysis on the patron's banking information collected during the Source of Funds process. During interviews with the BCLC AML team it was noted there may be a gap in the analysis being conducted on information captured during the source of funds process. There is an opportunity for further analysis to be conducted by looking at the bank account information collected from all patron transactions. For example, the account numbers from all patrons could be cross referenced to help identify circumstances where patrons are bringing in receipts from numerous different banks and/or bank accounts or situations where receipts from one bank account are being presented by different patrons. These may be indications that patrons are bringing in funds from accounts that do not belong to them or other suspicious behaviour.

Recommendation

BCLC should explore solutions which would enable the data collected through the Source of Funds Declaration process to be analyzed in a more fulsome manner. Such analysis would be a proactive step towards early identification of patrons that may be obtaining funds from accounts other than their own. This recommendation was also provided to BCLC in the first source of funds audit.

Conclusion

The audit determined that overall, the service providers are compliant with the SOF policy. Supporting documentation is being obtained and scanned and the Source of Funds Declaration and Reasonable Measures (RM) forms are being completed as required.

We also found that BCLC's SOF policies align with the intent of the Peter German Recommendation, which were designed to require patrons to provide evidence of the source of their funds.

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It was identified that there were opportunities for improvement with the way the SOF policies and procedures are communicated by BCLC to the service providers. Communication of policy should be done in a more structured process and should be consistent between all service providers.

As noted above, BCLC has implemented steps to improve the communication flow between themselves and service providers. Feedback from both BCLC and service providers indicates these steps have streamlined the communication flow however this same feedback has also indicated there continues to be room for improvement.

Valuable intelligence could be gleaned from more analysis of the patron's Source of Funds banking information.

The service providers and BCLC have acknowledged their respective issues as indicated by their responses at the end of this report.

Where applicable, the service providers have provided details on action taken to address their specific issues of non-compliance. BCLC has provided an action plan to address the concerns surrounding the communication of SOF policies and procedures as well as providing details on action already underway to enhance their AML analytic capabilities.

Service Provider and BCLC Management Responses

Service Provider Response to Issue #1

1. Service Provider Non-Compliance to SOF Policy

A review of a random sample of 250 LCT reports requiring a Source of Funds declaration during the audit period January 15 – February 18, 2019, identified minor instances of non-compliance, specifically at Parq Vancouver, Grand Villa and Starlight Casino. No audit exceptions were identified at the River Rock and Hard Rock Casino.

Parq Vancouver Response

Parq is in the midst of implementing organizational and procedural changes that will ensure a high level of compliance with the Source of Funds, Reasonable Measures and receipting processes. The following activities are currently underway:

- Effective May 27, 2019, a Compliance Manager has been hired to oversee all anti-money laundering and gaming compliance processes.
- Recruitment has commenced for a Gaming Compliance Analyst who will perform spot checks on the forms and processes to ensure that the requirements are being met. Depending on the volume of work required, an additional resource may be added at a later date.
- The Compliance team will report in under Regulatory Affairs and Compliance and will be responsible for ensuring that staff are appropriately trained on the processes and forms and are held accountable for completing them accurately and in compliance with the requirements.
- The Cage will perform operational reviews of the forms to ensure that front-line staff are adhering to the guidance and are collecting and recording the appropriate information and where necessary, having the customer attest to the sources of the funds provided.
- Any changes to procedures with respect to these forms or the associated procedures will require the review and approval of the Regulatory Affairs and Compliance team moving forward.
- As the new Compliance Manager and Gaming Compliance Analyst are brought up to speed on the processes and the reviews, Parq will request a working session with the BCLC AML team to review our forms and processes and to identify any opportunities for improvement.

Gateway Casinos and Entertainment Limited Response

Gateway Casinos & Entertainment Limited ("Gateway") acknowledges and accepts GPEB's finding.

Since the time period covered by this review, Gateway has implemented additional compliance monitoring activities to identify all incidents of non-compliance. Gateway Compliance continues to monitor the accuracy and completeness of all forms and records to ensure compliance with all BCLC Standards relating to AML and Source of Funds requirements.

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Great Canadian Gaming Corporation Response

Thank you for sharing the audit results with Great Canadian, and we are very pleased to see there were no exceptions found with our River Rock and Hard Rock properties. We recognize there were some challenges amongst the stakeholder groups ensuring compliance was achieved in earlier audits, but Great Canadian has worked rigorously and diligently in order to achieve compliance with this policy, and we remain committed to ongoing compliance with all regulations and standards as adopted by GPEB and BCLC as the regulatory environment continues to evolve.

BCLC Management Response to Issue #2 and 3

2. Opportunities for improvement in BCLC's communicating of the SOF policy and procedures out to service providers

Recommendation:

BCLC should update its Standards to ensure they are detailed and comprehensive enough to meet service provider needs. The guidance communicated out in the various channels should be consolidated into detailed instructions in either the BCLC Standards or an instruction guide or a manual. Future communication with service providers in relation to the SOF policy should be consistent with the wording in the BCLC Standards.

BCLC Process Owner (Name and Title): Kevin deBruyckere, Director of AML & Investigation

BCLC's response to this finding is: AGREE with action AGREE but risk is DISAGREE that the risk
Check one box to the right. plan provided. acceptable. exists.

BCLC Management Response:

In the space below, please provide details of an action plan or briefly outline the rationale on why an action plan will not be implemented:

Date of Action Plan Completion:

(2019-08-15)

The following actions will be undertaken to address this recommendation:

1. Develop detailed training material for delivery to the SP's.
2. Incorporate reference to instructions in the BCLC Standards.

3. Opportunities for additional analysis to be conducted by BCLC on data collected through the Source of Funds Declaration process

Recommendation:

BCLC should explore solutions which would enable the data collected through the Source of Funds Declaration process to be analyzed in a more fulsome manner. Such analysis would be a proactive step towards early identification of patrons that may be obtaining funds from accounts other than their own.

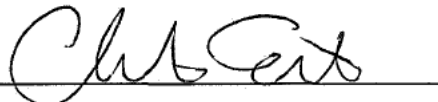
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BCLC Process Owner (Name and Title): Kevin deBruyckere, Director of AML & Investigations	
BCLC's response to this finding is: Check one box to the right.	<input type="checkbox"/> AGREE with action plan provided. <input checked="" type="checkbox"/> AGREE but risk is acceptable. <input type="checkbox"/> DISAGREE that the risk exists.
BCLC Management Response: In the space below, please provide details of an action plan or briefly outline the rationale on why an action plan will not be implemented:	Date of Action Plan Completion: (YYYY-MM-DD)
BCLC has published an RFP seeking an "AML Solution" which will include analytical capability. This recommendation will also be discussed with GPEB Enforcement to assist in determining additional intelligence products that could be made available.	

This is **EXHIBIT "53"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.

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A Commissioner for taking
Affidavits in British Columbia



Gaming Policy and Enforcement Branch

2019/2020

Source of Funds Declaration Audit 4

COMM File #: 9657

Final Issue Date: June 30, 2020

Distribution List

Marie-Noëlle Savoie, Vice President, Legal, Compliance & Security, BCLC
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Chris Masters, Director, Compliance & AML, Gateway Casinos
Angela Swan, VP, Regulatory Affairs and Stakeholder Relations, Parq Vancouver

Executive Summary

In response to Peter German's December 2017 interim recommendation, that gaming service providers complete a Source of Funds Declaration (SOFD) for cash or cash equivalents of \$10,000 or more, BCLC introduced the Source of Funds Declaration directive on January 10, 2018. This requires service providers to obtain supporting documentation and gather information on the source of the patron's funds for all transactions of \$10,000 or more. This directive was formally incorporated as policy in the BCLC Standards in September 2018.

GPEB has conducted three SOF audits since the implementation of the SOFD directive, this fourth audit was to verify service provider's continuing compliance with the SOF policy and requirements. The scope of this audit included a review of a random sample of 328 Large Cash Transaction (LCT) reports requiring a Source of Funds Declaration during the period January 1-31, 2020 at the same five Lower Mainland casinos as our previous three audits: River Rock, Parq Vancouver, Grand Villa, Starlight and the Hard Rock Casino.

The audit determined that the service providers are generally compliant with the SOF policy and requirements. A few minor exceptions were identified, but overall, supporting documentation is being obtained and scanned and the Source of Funds Declaration and Reasonable Measures (RM) forms are being completed as required.

Introduction

Background

In response to Peter German's December 2017 interim recommendation, BCLC implemented the Source of Funds Declaration (SOFD) directive on January 10, 2018. The directive was formally incorporated as policy in the BCLC Standards in September 2018, and requires that:

Patrons presenting un sourced cash or cash equivalents such as certified cheques, or bank drafts for buy-ins totaling \$10,000 or more must produce a source of funds receipt from the remitting financial institution. The receipt must show the patron's name, the name of the financial institution that issued the cash, certified cheque, or bank draft, and the patron's bank account number. The patron may record, in writing, all the above on the receipt if the information is not already present.

The Source of Funds (SOF) policy is an integral control in anti-money laundering efforts, and compliance with this policy is critical for upholding the integrity of gaming in BC.

GPEB has conducted three SOF audits since the implementation of the SOFD directive, two audits in 2018 and one in 2019. The audits completed in 2018 identified issues of non-compliance by service providers in obtaining the required supporting information from patrons and the completion of Source of Funds Declaration and/or Reasonable Measures forms, which are required to establish the source of the patron's funds. The audit completed in 2019 found marked improvement from the 2018 audits and overall general compliance by service providers.

This fourth audit was to verify service provider's continuing compliance with the SOF policy.

Objective

The objectives of the audit were to verify:

- Service provider compliance with BCLC's SOF policies and requirements.

Scope

The scope of the audit included a review of a random sample of 328 Large Cash Transaction (LCT) reports for transactions requiring a Source of Funds Declaration during the period January 1–31, 2020. The same five Lower Mainland casinos were included as GPEB's three previous audits. The number of LCTs reviewed per site were as follows: River Rock (143), Parq Vancouver (100), Grand Villa (43), Starlight (23) and Hard Rock (19).

The sample size for each site was based on the site's proportionate LCT reports to the total LCT population between January 1-31, 2020 where buy-ins and PGF account deposits were \$10,000 or more.

Approach

The approach for this audit included the following steps:

1. Reviewed the current SOF policy, requirements and supporting reference material to confirm any subsequent changes or additional direction given to service providers related to the policy since the completion of the last SOF audit in June 2019.
2. Reviewed a random sample of 328 LCT reports to verify compliance with the SOF policies, procedures and requirements.

Observations and Recommendations

Observations #1 – Service Provider Non-Compliance to SOF Policy

Overall, the service providers were in general compliance with SOF policy and requirements. Details of the issues resulting from the audit procedures are outlined below:

Exceptions	Casino(s)	% Non-Compliant across all 4 Casinos
<u>Supporting Documentation/Information Gathering</u>		
Bank draft and bank draft receipt were not scanned into iTrak.	River Rock	1.6%: (1/62 bank drafts)
ATM/Debit/Bank receipt not scanned into iTrak	River Rock	0.8%: (1/127 receipts)
Patron's name not written on ATM/Debit/Bank Receipt	Hard Rock	0.8%: (1/127 receipts)
Patron's bank account number not written on ATM/Debit/Bank receipt but noted on SOFD form	River Rock	2.4%: (3/127 receipts)
<u>SOFD and Reasonable Measures (RM) Form Completion</u>		
SOFD and RM form not completed.	Starlight	0.3%: (1/328 LCTs)
Additional buy-ins over \$10K not documented on SOFD form and signed by patron.	Grand Villa	1.9%: (1/53 applicable LCTs)
Patron signature was not obtained for additional buy-ins over \$10,000.	Grand Villa	1.9%: (1/53 applicable LCTs)
Debit card # documented on SOFD form instead of bank account number noted on receipt.	Parq Vancouver	.9%: (1/114 applicable LCTs)

Conclusion

The audit determined that overall, the service providers are generally compliant with the SOF policy and requirements. With the exception of the minor instances of non-compliance noted above, supporting documentation is being obtained and scanned and the Source of Funds Declaration and Reasonable Measures (RM) forms are being completed as required.

From: Fitzgerald, Anna GPEB:EX
Sent: Tuesday, November 21, 2017 7:20 PM
To: Mayer, Douglas GPEB:EX; Storms, Timothy GPEB:EX
Cc: Stewart, Robert A GPEB:EX
Subject: sFW: COMM - 8669 - Provincially Banned Cash Facilitators

Hello Doug and Tim,

I forward as promised. On fully reading I think that most of the statements below are reaching but we will need to develop a response and check our maths etc. What jumps out at me is that BCLC acknowledges that there was an issue and then remedied it reducing frequency but frames it in an odd way as if it contradicts what we found.

Anna

Anna Fitzgerald CPA, CA, CIA
Senior Regional Director, Lower Mainland
Compliance Division
Gaming Policy and Enforcement Branch
[REDACTED]

Know your limit, play within it.

If you believe that you have received this email in error, please notify the sender and delete the email from your mailbox.

This is **EXHIBIT "54"** referred to in the affidavit of ANNA FITZGERALD affirmed before me in Burnaby, British Columbia this 3, day of March, 2021.



A Commissioner for taking Affidavits in British Columbia

From: Fitzgerald, Anna FIN:EX
Sent: Tuesday, November 21, 2017 5:03 PM
To: 'Rob Kroeker'
Subject: RE: COMM - 8669 - Provincially Banned Cash Facilitators

Hello Rob,

We will look at the memos to make sure there are no material errors and that the scope and approach in the memo accurately depicts the work performed then meet with you to debrief as discussed.

Regards,

Anna

Anna Fitzgerald CPA, CA, CIA
Senior Regional Director, Lower Mainland
Compliance Division
Gaming Policy and Enforcement Branch
[REDACTED]

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From: Rob Kroeker [mailto:[REDACTED]]
Sent: Tuesday, November 21, 2017 2:12 PM
To: Fitzgerald, Anna FIN:EX
Subject: RE: COMM - 8669 - Provincially Banned Cash Facilitators

Hi Anna

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If GPEB determines that repeating the prior reviews is necessary, we will provide whatever support is needed. It may be useful as a first step however, to confirm the accuracy of the initial reports. If there are errors, that will prevent any comparison or conclusions being drawn about changes between the first set and the second set of findings. In addition, if there are errors in the first reports, those should be corrected given the very serious nature of the conclusions that were drawn. Perhaps once you have had a chance to review the two reports we should meeting to run through the two as a next step.

Regards,

Rob

From: Fitzgerald, Anna FIN:EX [mailto: [REDACTED]]
Sent: November-21-17 1:10 PM
To: Rob Kroeker < [REDACTED]>
Subject: RE: COMM - 8669 - Provincially Banned Cash Facilitators

Hello Rob,

Apologies again for not getting back to you sooner. As discussed my team and I will review your comments. As I mentioned in my previous email I think it could be a useful exercise to perform these reviews again in the present as the results would be very different, your comment below illustrates how there was a change in trend even within the time frame of the analysis.

Regards,

Anna

Anna Fitzgerald CPA, CA, CIA
Senior Regional Director, Lower Mainland
Compliance Division
Gaming Policy and Enforcement Branch
[REDACTED]

Know your limit, play within it.

If you believe that you have received this email in error, please notify the sender and delete the email from your mailbox.

From: Rob Kroeker [mailto: [REDACTED]]
Sent: Saturday, November 18, 2017 11:50 AM
To: Fitzgerald, Anna FIN:EX
Subject: FW: COMM - 8669 - Provincially Banned Cash Facilitators

Regrets – just noticed a typo in the observations. Corrected below.

From: Rob Kroeker
Sent: November-18-17 11:44 AM
To: Anna Fitzgerald [REDACTED]
Cc: Rob Kroeker [REDACTED]
Subject: COMM - 8669 - Provincially Banned Cash Facilitators

Hi Anna

Thanks again for the meeting yesterday. Following up, below you find the initial observations of our review of COMM 8669. I would welcome an opportunity to discuss this report further – especially if you or your team think we have made

errors in our review and analysis. We will eventually create a report on our review and I want to ensure absolute accuracy so any input from you would be most welcome.

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We are also completing a review of COMM 8621 (cash refining) and have noted some similar observations with the conclusions drawn in that report.

Regards,

Rob

In COMM 8669 the auditor concludes:

Despite site surveillance monitoring the activities of banned individuals and documenting in iTrak that a patron obtained cash from them, the cage still accepted the funds as buy-ins. This indicates that the sites knowingly accepted cash that they acknowledged was obtained from a banned individual and appeared of questionable source.

and,

Eight provincially banned individuals in 46 incidents facilitated a total of \$6.7 million to patrons that led to a buy-in at the cage.

In our review of COMM 8669 we note the following:

- There are 45 incidents covered and appended to the report not 46 as stated in the report, which means the percentages used throughout the document appear to be incorrect.
- In 12% (5) of the incidents reviewed, there was confirmed identification of a banned individual being involved. In the remaining 88% of cases identity of the cash facilitator was not confirmed but appears to have been assumed based upon circumstances.
- In 62% (28) of cases identification of a vehicle being associated to a cash facilitator appears to have been assumed based upon the vehicle appearing similar to a vehicle associated to a cash facilitator and was not supported by confirmation of vehicle license plate number.
- In 71% (32) of the incidents all buy-in funds were lost through play resulting in no disbursement to the player at the end of the play session.
- The auditor assumes this temporal flow in terms of surveillance action and observations: T1 - surveillance live monitors the player as he/she arrives in the parkade; T2 – surveillance live monitors/witnesses in real-time the cash hand off by a known facilitator; T3 – surveillance live monitors the buy-in at the cage, and does nothing to inquire into or stop the transaction; T4 – UFT started and completed. It is this temporal flow that the auditor has relied upon to draw the conclusion that the service provider knowingly took proceeds from banned individuals. The time records show that, and under the procedure that was in place at the time, the temporal alignment is in fact in the opposite direction: T1 – player is first observed arriving at cage and commences buy-in; T2 - cage notifies surveillance and surveillance then commences live monitoring of the buy-in; T3 - buy-in complete and player commences play; T4 - surveillance begins to document UFT; T5 – (which occurs anywhere from 1 to 8 hours after buy-in) surveillance does video review and discovers cash delivery; T6 - UFT updated/completed/submitted. Based on these facts the conclusion that the service provider knowingly received funds from banned persons is in error and is not supported by the documentary evidence.

It should be noted that BCLC had identified this issue in mid-2015. As a result of what BCLC was seeing, BCLC changed the procedure to require surveillance to complete the video review prior to play commencing. This eliminated these cases entirely by the end of 2015. This is why 40 of the cases in the COMM occurred prior to the procedure change in September 2015 and 5 occurred after.

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