

MEDIA EXCERPTS: MONEY LAUNDERING IN CASINOS**'Dirty money' suspected in B.C. casino deals**

CBC News online - Tuesday, January 04, 2011

(Summary: CBC reports that suspicious money transactions have been taking place at the River Rock and Starlight casinos, and the RCMP suspect the "mystery money" transactions may represent drug money laundering operations. The federal body overseeing suspicious transactions notes a marked increase in such transactions in BC, which is the only province showing any increase)

Millions of dollars flowed through two B.C. casinos in the spring and summer of 2010 in what the RCMP believes may have been a sophisticated scheme to launder money from the drug trade, CBC News has learned.

In documents obtained from a Freedom of Information request, the casinos reported to the B.C. Lottery Corporation in late 2010 a multimillion-dollar spike in suspicious transactions, but police were not immediately informed.

In one instance in May, a man entered the Starlight Casino in New Westminster carrying chips worth \$1.2 million and immediately had casino staff convert the chips to cash. And after stuffing the money into a suitcase, the man said he was about to catch a plane and was concerned about questions from airport security about such a large amount of currency.

He requested and was given a letter from the staff confirming the money was a casino payout, the documents said.

The casino characterized the large transaction as "unusual activity" in its report to the B.C. Lottery Corporation.

In another incident days later, a man entered the River Rock Casino in Richmond and bought gambling chips with \$460,000 in \$20 bills. The casino report on the incident noted that "none of [the man's] actions are suspicious."

\$8 million in 90 days

Over the next three months, staff at both casinos reported a combined total of \$8 million in 90 large cash transactions, an average of one a day.

Police became aware of the activities after the fact, said Insp. Barry Baxter, who is with the RCMP's Integrated Proceeds of Crime Section.

"We're suspicious that it's dirty money," Baxter told CBC News. "The common person would say this stinks, there's no doubt about it. The casino industry in general was targeted during that time period for what may well be some very sophisticated money-laundering activities by organized crime."

Authorities are concerned that criminals can try to confound investigators by hiding illegally gained cash in a complex set of financial transactions at establishments like casinos, which have a large cash flow.

The CEO of the Starlight Casino declined a request for an interview regarding the \$1.2-million cash-for-chips transaction.

Howard Blank, a spokesman for the River Rock Casino, said the summer was unusually busy at that gambling site. "We had a lot of influx of tourism from Southeast Asia, from Mainland China," Blank said.

He also said it's not unusual for gamblers to walk into a casino with bags of \$20 bills.

"A lot of that money is people who have businesses here, who are taking the money out of their business and they're coming in and they're gambling," he said.

That explanation does not account for the amounts involved in the string of unusually large transactions in 2010, according to former RCMP investigator Terry Betts.

"How many cash businesses can consistently ... generate six figures of cash?" said Betts. "I challenge anybody to give me an example."

Casino reports filed to the Financial Transactions and Reports Analysis Centre of Canada, a federal money-laundering watchdog, show that while the dollar value of suspicious transactions at casinos in other provinces has stayed the same or gone down in the past year, they have tripled in B.C.

Simpson: Casino money scam "stunning"

CBYG - Wednesday, January 05, 2011

NDP Gaming Critic Shane Simpson says the BC Lottery Corporation and the ministry are preoccupied with making money and haven't properly regulated the industry.

Shane Simpson: It's just unacceptable for anybody to suggest you can walk into a casino with a half-a-million dollars in \$20 bills and cash them in, in some way and there's nothing suspicious about it. Try doing that at your local bank and see what happens.

Falcon concerned by money-laundering allegations

CBYG - Wednesday, January 05, 2011

Liberal leadership candidate Kevin Falcon says the story's raised red flags for him.

Falcon: I have an absolute zero tolerance towards illegal activity of any form, and if we are going, as I say, to allow gambling to take place in the province of BC, we had better make sure that if the rules in place aren't dealing with the opportunity for people to abuse the system, then we got to change the rules and make sure we have rules in place that will.

Coleman defends BCLC

CKNW - Wednesday, January 05, 2011

News reader: BC's top cop says the BC Lottery Corp is going above and beyond the call of duty in

ensuring no casino is used for money-laundering... Coleman says you cannot always easily make a comparison with money-laundering.

Coleman: We do have, frankly, some customers that play with large amounts of money in cash. They're known to us. They've been customers that we've checked out their backgrounds over the period of years they've done business with us. They happen to be very big betters. So that happens in our casinos.

Reporter: Coleman says **BC has the toughest gaming rules in the country**, but is always looking at other jurisdictions to improve security.

Casinos fail to flag huge sums of cash, Mounties say
Vancouver Sun - Thursday, January 06, 2011

(Summary: RCMP Insp. Barry Baxter notes that casinos' failure to report large cash transactions makes detection of money laundering difficult, although it may be unintentional. With comments from Great Canadian Casino spokesman Howard Blank and PSSG on behalf of Minister Coleman.)

B.C. casinos are routinely failing to flag large cash transactions as suspicious, making the fight against money laundering more difficult, according to the head of the B.C. RCMP's Integrated Proceeds of Crime section.

Under Canadian law, any cash transaction larger than \$10,000 -- whether at a bank, currency exchange or casino -- must be reported to the Financial Transactions and Reports Analysis Centre of Canada (Fintrac) using a Large Cash Transaction Report.

But agencies are also required to send a Suspicious Transaction Report to Fintrac whenever they have reasonable grounds to believe a transaction is related to money laundering or terrorist financing.

Suspicious Transaction Reports include more detailed information -- such as a description of why the activity was suspicious -- and are generally given higher priority by both Fintrac and police.

Insp. Barry Baxter, head of the B.C. RCMP's proceeds-of-crime section, said his investigators began to notice a few months ago that dozens of casino transactions they believe should have been flagged as suspicious were in fact only reported as large.

"It's still reported," said Baxter. "[But] there's the letter of the law and the spirit of the law."

As an example, said Baxter, in one case someone bought \$250,000 in chips with \$20 bills and the casino only reported it as a large transaction.

"What is not suspicious about \$250,000 in twenties?" said Baxter. "The average person on the street would go: 'There's something stinky about that.' So why would that be a large transaction and not a suspicious transaction?"

Baxter said he doesn't believe the province's casinos are purposely withholding information.

He said some casino workers may simply deal with so much cash in a day they've become numb to transactions that should set off alarm bells.

Great Canadian Casino spokesman Howard Blank said someone bringing a large amount of cash into a casino isn't necessarily suspicious.

He said there are many high rollers -- especially from Asia -- who don't trust banks and deal in cash.

"The vast majority of these large cash transactions are absolutely benign," said Blank. "It's their money and legal. ... [They] just have a propensity to gamble at a higher level than you or I would be used to."

Gateway Casinos chief executive officer Lorenzo Creighton said he's confident his staff properly report all suspicious transactions in his facilities.

Baxter said his office is now working with the casinos to encourage them to flag more transactions as suspicious. (...)

Blank said Great Canadian's records show the man who bought the \$460,000 in chips went on to gamble for some time.

"The person played extensively," said Blank. "This wasn't a matter of money laundering or anything like that."

Creighton said he couldn't comment on the incident at Starlight because it's still under investigation by the provincial government's Gaming Policy and Enforcement Branch (GPEB).

Baxter said that from his review of the incident at Starlight, its staff were wrong to give the man the confirmation letter because they didn't know if he had won the chips at the casino or not. Casinos will often cash chips from other facilities in B.C., said Baxter.

NDP gambling critic Shane Simpson said the government needs to do more to crack down on money laundering at casinos and should put the gambling regulator, GPEB, under the jurisdiction of a different minister than B.C. Lotteries. At the moment, both report to Solicitor-General Rich Coleman.

"Presumably enforcement should be with the Solicitor-General and the lottery corporation and the promotion of gambling should be with tourism, or somewhere else," said Simpson.

Delta South independent MLA Vicki Huntington called Wednesday for an independent investigation of BCLC to examine all aspects of its financial reporting procedures.

Coleman was unavailable for interviews Wednesday.

However, in a written statement he said he has requested additional information about the large cash transactions reported by the CBC.

Coleman said it's not clear all the reported cases involved money laundering and people should "avoid jumping to conclusions before all the factual details are known."

Dolinski: Casinos filing 45% more suspicious activity reports

CKNW - Wednesday, January 05, 2011

News reader: The BC Lottery Corporation is playing down new reports of suspicious transactions involving large amounts of cash at some BC casinos last year. Spokesperson Susan Dolinski says the uptick in suspicious activities follows increased monitoring by staff.

Susan Dolinski: We've got about 98 percent of staff on the floor of casinos trained to recognize when they should file suspicious transaction reports -- those who handle cash at the casinos. What we've seen is actually a 45 percent increase in the amount of reports that we're filing.

News reader: Dolinski also notes BC is attracting a lot more so-called "high value" players from Asia and the United States, who bring lots of cash with them. Nevertheless, Solicitor General Rich Coleman has asked for more information on the issue.

Coleman will examine casino allegations

CBYG - Wednesday, January 05, 2011

(Summary: With comments from Colin Campbell a criminologist at Douglas College about drug money used in laundering at casinos.)

News reader: **BC Solicitor General Rich Coleman is urging people not to jump conclusions surrounding the latest allegations of money laundering in BC casinos.**

In a brief statement released a short time ago, Coleman says he's asked for additional information about cases raised by the CBC. Documents show there were hundreds of suspicious transactions at lower mainland casinos last year.

Colin Campbell is a criminology professor at Douglas College. He says casino chips are a convenient currency for gangsters looking to wash dirty money.

Colin Campbell: They can be transacted anonymously and that (inaudible) required them that that can be exchanged in a casino for cash, it serves the mechanism of laundering the money, the dirty money that was acquired in a drug deal whereas people would be under strict reporting requirements if they were to walk in to a branch of the Bank of Nova Scotia.

Huntington: Casino reporting a free-for-all

CKNW - Wednesday, January 05, 2011

News reader: Independent MLA Vicki Huntington is calling for an investigation into fiscal reporting and controls at the BC Lottery Corporation... She notes there have been repeated concerns raised about money laundering at BC casinos, including new reports suspicious transactions tripled in BC last year.

Vicki Huntington: What we're seeing is a free-for-all out there. Nobody can come up to a wicket with \$1.2m in chips, ask for cash and a letter explaining the cash, and walk out with a suitcase without raising a lot of questions about why it wasn't reported immediately to the police.

...Coleman has asked for additional information on the cases in question to ensure proper procedures were followed. But he says it's his understanding these are not all alleged cases of money laundering, and people should avoid jumping to conclusions.

Clark: Casino money laundering bad

CBYG - Wednesday, January 05, 2011

News reader: Liberal leadership candidate Christy Clark is weighing in on new allegations of money-laundering at BC casinos... Clark says there's no room for illegal activity at casinos.

Christy Clark: We can't have illegal activity going on in British Columbia's casinos. I mean, part of the, part of the, the, the um, the, the reason that casinos work in British Columbia and that the public is willing to accept them as part of the revenue generation for government is because they believe, I hope quite rightly, that they're run with ethics and integrity.

News reader: Rich Coleman, the minister responsible for gaming has not returned repeated calls from the CBC.

Casinos hide behind law

The Province

Thursday, January 06, 2011

Page A04

By Sean Sullivan

(Note: Same story in all media. Story below includes comments from RCMP Insp. Baxter, Paul Burns, vice-president of the Canadian Gaming Association and York University Professor Beare.)

Casinos are hiding behind the law, which clears them of any responsibility for preventing illicit money from passing through their businesses, says an expert on money laundering.

Margaret Beare, a professor of law at York University in Ontario, was reacting to the release of documents by the CBC Wednesday pointing to a spike in high-value cash transactions at B.C. casinos in 2010.

"They have no reason to give a damn," said Beare. "Like everyone else, they're in the business to make money."

Beare and other experts say there's no shortage of ways for criminals to launder money in B.C., although casinos make an especially tempting target because it takes months for police to be notified of suspicious transactions.

Casinos, like banks, jewellers and even lawyers, must report cash transactions of \$10,000 or higher to the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), the federal agency that monitors suspicious movement of money.

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However, it often takes three months for the reports to be forwarded to police, said RCMP Insp. Bill Baxter, head of the Integrated Proceeds of Crime unit.

Baxter wouldn't confirm an investigation into the CBC report but said his officers have been aware of the situation since July...

Rich Coleman, minister of public safety responsible for gambling, declined an interview but issued a statement through email, urging people to avoid jumping to conclusions before all the facts are known.

Coleman: Casinos and cleaning cash

CHNL - Thursday, January 06, 2011

News reader: British Columbia's top cop (is) yet to be convinced that money laundering is, in fact, a big concern for BC casino operations.

Solicitor General Rich Coleman unveiling, unwilling, I should say, still to call up, to call a formal investigation as a result of recent concerns voiced by the Mounties.

Rich Coleman: If we do get a pattern of money laundering we'll, we'll, obviously, deal with that too. I mean, I've asked for recommendations to see if there's any improvements we need to make and any improvements we do need to make, we'll make.

News reader: While a recent investigation discovered that suspicious transactions in BC casinos tripled back in 2009, Minister Coleman will contend that this province, right now, has the toughest gaming rules in the nation. (He) also points out, that some people are just big bettors.

More police in casinos needed

CBYG - Thursday, January 06, 2011

News reader: A gambling expert says a stronger police presence in casinos is needed to cut down on organized crime...

Colin Campbell is a Douglas College professor specializing in gambling and crime. He says criminals use casino chips as currency.

Campbell: The fact that they're required in a casino and can be redeemed in a casino allows bad guys to money-launder.

Reporter: Money laundering conceals the criminal origins of cash from, for example, drug dealing, and then converts it to a legitimate form.

Campbell believes a strong police presence would be enough to crack down on crimes in casinos.

Campbell: Lacking a police presence in casinos in British Columbia, the opportunity for police to get upstream of these types of transactions is pretty much nonexistent.

Governments need to fight money laundering

The Province - Friday, January 07, 2011 - Editorial

...Reports out earlier this week suggest money laundering could be taking place in B.C. casinos, although no charges have been laid. It is believed that drug dealers buy chips in casinos, walk out with them and then have underlings cash them later in smaller batches. With the size of B.C.'s multi-billion-dollar marijuana industry, it should surprise no one that this is happening.

The RCMP and various experts complain that casinos aren't doing enough to fight the problem, but this isn't the case. Documents released this week show the casinos are following the law in reporting large cash transactions.

It's the labyrinthine bureaucracy -- including the B.C. Lotteries Corp., B.C.'s Gaming Policy and Enforcement Branch and the Financial Transactions and Reports Analysis Centre of Canada -- that those reports take months to struggle through before reaching police that is destroying the chance for prompt, effective enforcement. It's up to the police and government -- and not the casinos, who make easy scapegoats -- to fix the problem.

CBU, Friday, January 07, 2011 06:12 – CBC Early Edition

Chief Superintendent David Crane explains how Ontario police keep organized crime out of their provincial casinos. In BC suspicious activities are typically reported through a number of government regulation bodies before notifying police. **In Ontario, a police officer is present at every table game.**

Province to review casino transaction rules: Coleman

Times Colonist (Victoria) - Saturday, January 08, 2011

(Summary: Minister announced several initiatives to address money laundering in casinos; for example, BC has been working with the RCMP on a legislation to prevent money laundering and will release a report on areas for improvement publicly in Feb. Staff training on reporting suspicious activities to police is also on the agenda. NDP critic Simpson questions whether the Minister can conduct an impartial review of casino security because of possible conflict of interest.)

Solicitor-General Rich Coleman announced Friday the government will review how large cash transactions are regulated amid RCMP claims that B.C. casinos are being used for money laundering. Coleman, the minister in charge of gaming, will consult with agencies including the B.C. Lottery Corporation, the gaming policy and enforcement branch, police and other stakeholders, according to a statement issued late Friday afternoon.

"In saying this, it is important to note that through [the branch], the province has been actively engaged with the RCMP's proceeds of crime section since last summer to identify areas of existing legislation that can be used to prevent organized crime organizations from laundering money in B.C. casinos," Coleman said.

"RCMP have indicated to me our casinos are fully compliant with all regulatory reporting requirements, however the issue of whether or not a cash transaction should be reported as large or suspicious does deserve greater attention and we are prepared to do just that." Coleman said the ministry is also prepared to enhance training of casino staff so they are better equipped to properly identify and report suspicious transactions. This will include preventing patrons from redeeming casino chips from any facility other than where they were initially purchased.

The ministry will report its findings publicly by the end of February...