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David Eby, MLA
Vancouver – Point Grey
NDP Spokesperson on Gaming Policy
2909 West Broadway
Vancouver BC V6K 2G6

Dear Mr. Eby:

I am writing in response to your earlier letter to the Honourable Suzanne Anton, Attorney General and Minister of Justice, regarding money laundering in British Columbia casinos.

The British Columbia government and the BC Lottery Corporation (BCLC) take the issue of money laundering very seriously, and the anti-money laundering policies and procedures in place at British Columbia gaming facilities are among the most progressive of any jurisdiction in Canada. The Ministry of Finance, through its Gaming Policy and Enforcement Branch (GPEB), works closely with BCLC on several different fronts to prevent criminals from using British Columbia's gaming industry to legitimize the proceeds of crime.

Players who use large sums of cash to play at British Columbia casinos do not play anonymously. BCLC is required by law to report all cash transactions over \$10,000, all foreign exchange transactions over \$3,000, and all other suspicious transactions, to the Financial Transactions and Reporting Analysis Centre of Canada (FINTRAC), a federal body that works with police to help identify patterns of criminal activity. FINTRAC regulations require BCLC to collect photo identification and details of name, address, occupation and source of wealth whenever a player completes a transaction (or series of transactions in a single day) of \$10,000 or more.

GPEB's compliance division is informed of all suspicious currency transactions by BCLC, consistent with the requirements of Section 86 of the *Gaming Control Act*. GPEB's compliance division monitors the prevalence of these reports, ensures the information is reported accurately, and assists law enforcement when necessary.

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FINTRAC shares this information with law enforcement agencies, which often request data on persons or companies for use in their investigations. Both GPEB and BCLC maintain ongoing dialogue with provincial and federal law enforcement agencies that conduct these investigations.

In addition to investigating suspected criminal activity, BCLC has an information-sharing agreement with law enforcement that allows BCLC and gaming service providers to proactively ban individuals who have engaged in criminal offences which generate the proceeds of crime, are a reasonable threat to the public or belong to an organized crime group. To date, 71 people have been banned from gambling facilities as a result of this initiative.

All BCLC staff involved in identifying potential money laundering are trained by the Justice Institute of British Columbia and certified by the Association of Certified Anti-Money Laundering (AML) Specialists – an internationally recognized standard.

Since 2011, government has implemented its anti-money laundering strategy that focuses on minimizing the opportunity for money laundering at gaming facilities by reducing the use of cash. Improvements under this strategy include:

- Over-the-counter debit withdrawals at gaming facilities;
- Access to ATMs inside and in close proximity to gaming facilities;
- Restricting the use of casino chips to a single property;
- Forbidding chip passing on the casino floor;
- Patron gaming fund accounts allowing casino customers to 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;
- The ability to electronically transfer money into patron gaming fund accounts through Canadian and U.S. chartered banks;
- Customer convenience cheques clearly marked as a verified win or as a “return of funds that are not gaming winnings.” Cheques are more secure than cash and allow players to leave a casino with a cheque up to a maximum of \$10,000;
- A “cheque hold” system for high-volume players where players can secure play against a personal cheque from an approved bank that will not be processed by a casino until an agreed-upon period of time and any winnings or remaining funds are paid back to the player by casino cheque.

Since the introduction of the strategy there has been steady progress in the use of traceable cash alternatives at gaming facilities in British Columbia.

In its 2014-15 mandate letter to BCLC, the Ministry outlined specific accountabilities around AML, including the continued development and promotion of cash alternatives for gaming facility patrons, leading an AML working group, and delivering enhanced due diligence as required by FINTRAC. These expectations are reaffirmed in the Ministry’s 2015-16 mandate letter to BCLC.

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In February 2014, FINTRAC expanded its “Know Your Customer” monitoring requirements. As a result, transactions thought to be related to proceeds of crime or money laundering require additional collection of data, increased monitoring, client risk analysis and further examination of patron’s business relationships.

As noted in the Crown review of BCLC released on December 17, 2014, BCLC is implementing a new AML information technology system in 2015 to streamline the new FINTRAC requirements. Expected results include increased capacity, improved accuracy, better reporting and identification of high-risk persons, and the ability to highlight patterns of activity using data analytics.

Enhanced levels of due diligence may result in increased notifications to FINTRAC regarding suspicious currency transactions but may be more of a reflection of improved surveillance and reporting measures than an indication of increased money laundering.

Regarding your concerns about the dissolution of the Integrated Illegal Gaming Enforcement Team (IIGET), it should be recognized that IIGET was formed to provide an enhanced level of enforcement for illegal gaming *outside* of casinos. IIGET was never intended to track or investigate money laundering *inside* casinos. This work is the responsibility of local law enforcement supported by trained investigators employed by GPEB, who investigate incidents of suspected wrongdoing in legal gaming, including potential money laundering and fraud inside casinos.

The work previously conducted by IIGET continues to be performed by local law enforcement agencies as it falls under their jurisdiction. As money laundering is an offence under the Criminal Code of Canada, the RCMP and other police agencies are responsible for recommending charges when the evidence gathered points to a reasonable chance of conviction.

Sincerely,

Michael de Jong, Q.C.
Minister

cc: Honourable Suzanne Anton
Attorney General and Minister of Justice

John Mazure
Assistant Deputy Minister
Gaming Policy and Enforcement Branch
Ministry of Finance