

**CONFIDENTIAL
INFORMATION NOTE**

Gaming Policy and Enforcement Branch
Date: August 24, 2015
Minister Responsible: Hon. Michael de Jong

Anti-Money Laundering

ADVICE AND RECOMMENDED RESPONSE:

- **BC has an active anti-money laundering program with significant investments in technology, training, and certification.**
- **Government launched an 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.**
- **Patrons are increasingly using non-cash instruments in BC gaming facilities. Uptake of Patron Gaming Fund accounts, debit and ATM transactions, and use of other cash alternative instruments continue to grow.**
- **Safety and security are our number one priority. Through an information sharing agreement with police BCLC has already barred 103 people who have known criminal ties or may be a threat to public safety.**

BACKGROUND:

Casinos are one of many sectors such as banks and life insurance companies that must report cash transactions over \$10,000 and suspicious transactions to the Financial Transactions and Reporting Analysis Centre of Canada (FINTRAC). FINTRAC uses that information to identify patterns and gather evidence of potential money laundering and shares this data with law enforcement.

The BC Lottery Corporation (BCLC) is required to report both large-cash transactions over \$10,000, foreign exchanges over \$3,000, and all “suspicious” transactions, to FINTRAC.

In 2014/15, BCLC filed 1,735 suspicious transaction reports to FINTRAC, compared to 1,254 in 2013/14. This number has increased for two reasons; increased play among players and due diligence exercised on high value players, as well as continued training within gaming facilities to report unusual activities.

Government launched an Anti-Money Laundering strategy in 2011 focused on reducing the use of cash in gaming facilities. Since the introduction of the strategy there has been significant progress in the use of traceable cash alternatives at gaming facilities in B.C. In 2014/15, traceable cash alternatives such as the Patron Gaming Fund account, debit transactions, and other non-cash instruments made up one quarter of play in BC gaming facilities. BCLC is actively engaged in the prevention of money laundering and has a program in place that meets or exceeds gaming industry standards.

A relatively few number of high value patrons account for significant BCLC revenue and a corresponding number of suspicious transaction reports. It is understood these clients have a preference for cash transactions for many reasons, one of which is cultural. BCLC conducts assessments of these individuals under the “Know Your Customer” program to determine source of wealth. “Know Your Customer” and “Customer Due Diligence” are major parts of BC Lottery Corporation’s anti-money laundering framework. Initiatives underway include current framework enhancements to focus on source of funds, a formation of a specialized anti-money laundering and operational analysis unit within BCLC’s security and compliance division, investment in new business intelligence software, and mandatory anti-money laundering training for all Lottery Corporation staff.

GPEB and BCLC hosted a workshop on June 4, 2015 titled “Exploring Common Ground” with anti-money laundering partners, including law enforcement agencies, gaming service providers, and financial institutions.

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