

Provincial Anti- Money Laundering (AML) Strategy

John Mazure

ADM and General Manager, Gaming
Policy and Enforcement Branch

&

Len Meilleur

Executive Director, Compliance Division

August 2017

Provincial AML Strategy -

designed for continuous evolution and tactics to meet changing and emerging risks

Development of cash alternatives:

- Convenience cheques
- Patron Gaming Fund (PGF) Accounts
- Electronic Funds Transfer (EFTs)
- Debit withdrawals

Promotion and expansion of cash alternatives:

- De-limiting convenience cheques
- International EFTs

Regulatory guidance

- Minister's letters
- General Manager (GM) letters

Due diligence enhancements

- GPEB Compliance / Enforcement shift to risk-based
- GPEB Intelligence Unit formed
- JIGIT formed

Ongoing sustained effort

- Joint Illegal Gaming Investigation Team (JIGIT)
- Strategies to address emerging and shifting risks.
- Intelligence gathering.

2011

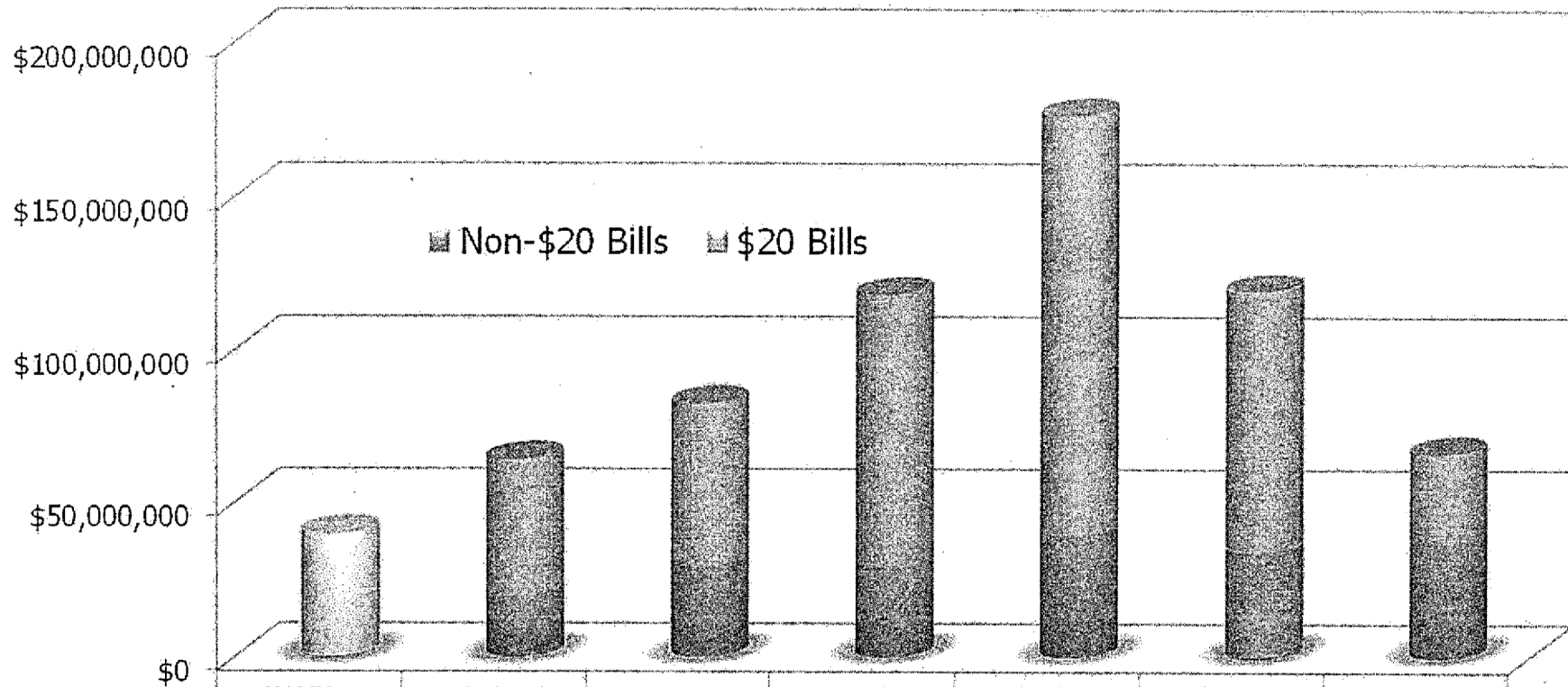
2015

2016

2017 and on

Ongoing Active Monitoring by GPEB

Suspicious Currency Transactions by Denomination 2010/2011 to 2016/2017



	2010/2011 (Approx.)	2011/2012 (Approx.)	2012/2013 (Approx.)	2013/2014 (Approx.)	2014/2015 (Approx.)	2015/2016 (Approx.)	2016/2017 (Approx.)
Total SCT \$	\$39.6 M	\$64.0 M	\$82.4 M	\$118.0 M	\$176.4 M	\$119.1 M	\$66.3 M
\$20 Bills	\$0.0 M	\$44.2 M	\$53.1 M	\$89.1 M	\$137.0 M	\$84.7 M	\$28.9 M
Non-\$20 Bills	\$0.0 M	\$19.8 M	\$29.3 M	\$28.9 M	\$39.4 M	\$34.4 M	\$37.3 M
% of Total \$ in \$20 Bills	0%	69%	64%	76%	78%	71%	44%
# of SCT's	430	870	1,053	1,377	1,889	1,789	1,679

In 2010/2011, GPEB was not tracking SCT's by denomination.

PREPARED BY: GPEB Compliance Division
CONFIDENTIAL - Updated: April 13, 2017

MNP Report

- GPEB engaged MNP to analyze BCLC's Customer Due Diligence (CCD) in industry best practice.
- MNP made 30 recommendations to BCLC and GPEB:
 1. **Risk** – Refuse unsourced cash and province define acceptable level of risk
 2. **Training** – indicators of suspicious cash
 3. **Enhanced Due Diligence** – know your customer
 4. **Technology and Monitoring** – implement business intelligence tool

FINTRAC

- The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) is Canada's financial intelligence unit
- **Mandate** - to facilitate the detection, prevention and deterrence of money laundering and terrorist financing activities
- BCLC is the reporting entity for BC casinos

Provincial Direction to BCLC

- Oct 2015
- 2016/17 Mandate Letter
- 2017/18 Mandate Letter

“...evaluating the source of wealth and source of funds prior to cash acceptance...”

Minister of Finance to BCLC
Board Chair

- Aug 2015
- Jan 2016
- July 2016
- May 2017

...establish source of funds prior to cash acceptance.

GPEB GM to BCLC CEO

Joint Illegal Gaming Investigation Team

MANDATE - To address organized crime involvement in illegal gambling and prevent criminals from using B.C. gambling facilities to legalize the proceeds of crime.

AREAS OF FOCUS:

- Organized crime involvement in illegal gambling and money laundering in casinos
- Public education

STATUS:

- Arrests announced June 13, 2017
- Investigations into illegal gaming and money laundering in BC casinos ongoing

JIGIT Funding

- The total budget for JIGIT is \$4.3 million per year:
 - \$3.0 million annually provincial share (70%)
 - \$1.3 million annually federal share (30%)
- Five year mandate, provincial funding committed for three years.
- Funding for the final two years of JIGIT's mandate (2019/20 and 2020/21) requires a Treasury Board decision.
- BCLC provided this funding under the direction of its 2016/17 mandate letter. This funding is restricted to use for JIGIT purposes.

GPEB Intelligence Unit

MANDATE - To provide stakeholders, management, executive and government with situational awareness of threats to the integrity of gambling.

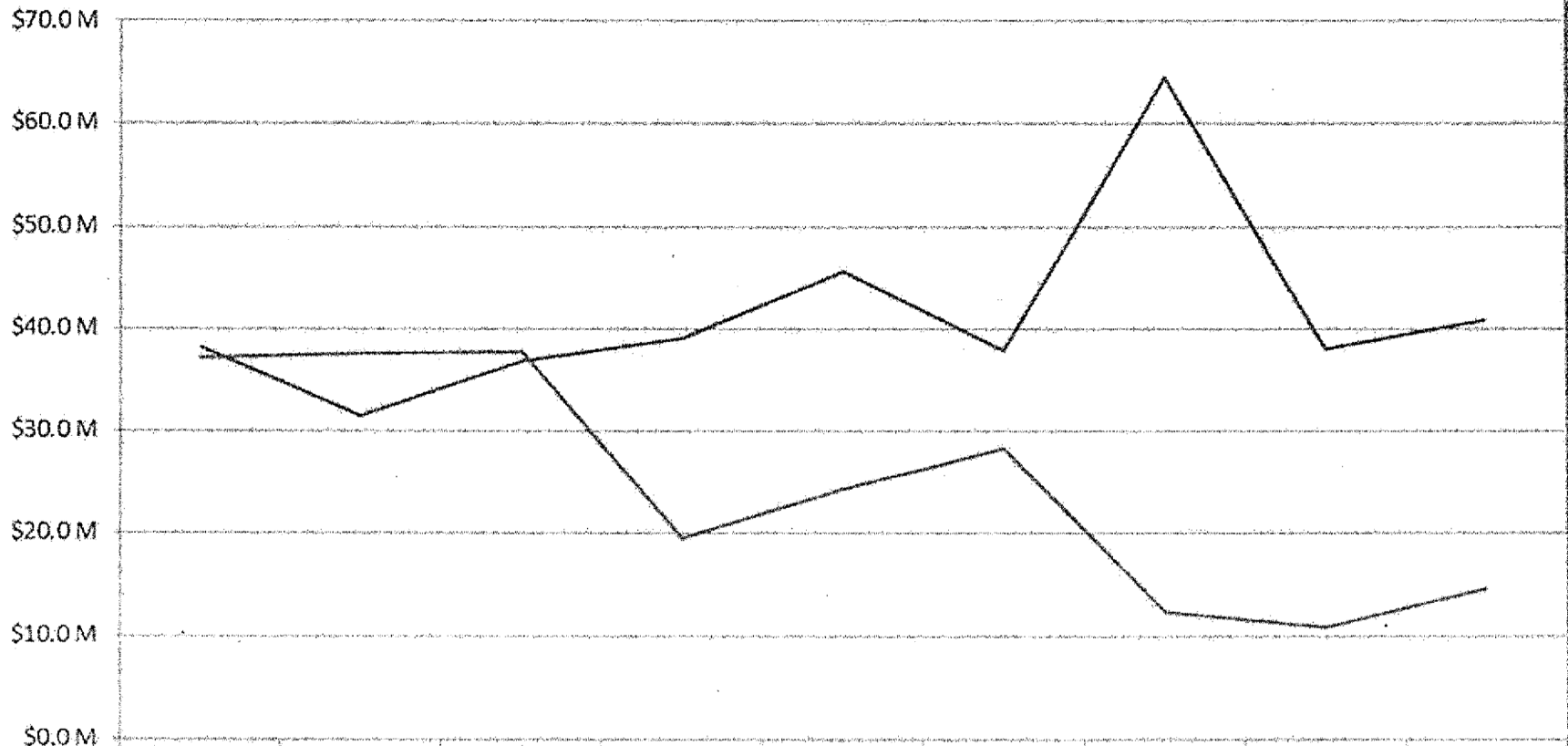
Shares intelligence with:

- RCMP
- Vancouver PD
- International law enforcement agencies

Compliance and Enforcement Secretariat – leads to better communication on mutual challenges

Patron Gaming Fund Accounts

Suspicious Currency Transaction (SCT) Comparison to PGF New Money Deposits
For the Period January 1, 2015 - March 31, 2017



	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	Q4: Jan - Mar 2017
SCTs	\$37.2 M	\$37.6 M	\$37.8 M	\$19.5 M	\$24.3 M	\$28.4 M	\$12.3 M	\$10.9 M	\$14.6 M
PGF New Money	\$38.1 M	\$31.5 M	\$36.8 M	\$39.0 M	\$45.6 M	\$37.9 M	\$64.5 M	\$38.1 M	\$40.9 M

— SCTs — PGF New Money

BCLC Response

*BCLC is generally meeting FINTRAC reporting requirements **but GPEB requires more***

BCLC also advised of changes made in 2016:

1. Increased AML staffing
2. Enhanced customer monitoring
3. Updated and enhanced Information Sharing Agreements with RCMP
4. Increased source of wealth / funds inquiries

Next Steps for AML Strategy

- Ongoing work of JIGIT
- Monitoring of cash alternatives
- Increased training and money laundering analysis capacity of Intelligence Unit
- Transaction Assessment Team – early intervention field team
- Trust and verify
 - Implement robust source of funds controls