

ADVICE TO MINISTER  
CONFIDENTIAL

<b>ISSUES NOTE</b>	
<b>British Columbia Lottery Corporation</b> <b>Date: February 23, 2012</b> <b>Minister Responsible: Rich Coleman</b>	<b>Large Cash Transaction Reporting</b>

**SUGGESTED RESPONSE:**

- **Deterring suspected criminal activity and protecting our players are of paramount importance to BCLC and we work hard to further enhance our security systems.**
- **BCLC is continuously improving its operations, training and reporting protocols to enhance risk assessment and strengthen anti-money laundering requirements at all B.C. gambling facilities.**
- **In 2011, BCLC filed more than 63,000 large cash transaction (LCT) reports to FINTRAC. In 2010, we filed 55,000 reports.**
- **BCLC security receives real time notification whenever a large cash transaction report is created with vague occupations and correct these reports to ensure accurate reports are sent to FINTRAC.**
- **BCLC routinely updates its training and has specifically enhanced the training around documenting occupations in large cash transaction reports.**
- **Almost 5,200 gaming staff have received anti-money laundering training.**
- **Later this year, BCLC is making further enhancements to its reporting systems in order to reduce potential for human error. Among the enhancements will be the addition of a drop-down menu for occupations to ensure a detailed occupation is recorded.**
- **Under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, FINTRAC is the agency responsible for analyzing, assessing, and disclosing financial intelligence regarding the reports it receives.**

**BACKGROUND:**

BCLC is required to report large cash transactions and suspicious transactions to the Financial Transactions and Analysis Centre of Canada (FINTRAC). BCLC simultaneously sends suspicious transaction reports to B.C.'s Gaming Policy and Enforcement Branch, and the RCMP's Integrated Proceeds of Crime Unit.

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*Policies*

In compliance with FINTRAC, casino staff are required to request identification for any buy-in or disbursements of \$10,000 or more and to record information such as occupation on the LCT reporting form.

BCLC policy exceeds FINTRAC's threshold and now requires that patrons be asked for ID when they have reached the \$9,000 threshold. If a patron refuses to provide a valid occupation they are no longer permitted to buy-in or receive any disbursements.

**Patron Identification on Large Cash Transaction Reports (LCT)**

BCLC investigators review LCTs on a daily basis; BCLC Gaming Auditors review LCTs on a quarterly basis. A real time notification is also sent to BCLC whenever a new patron record was created with an unacceptable occupation.

BCLC has added a weekly notification in our system that alerts BCLC security on any LCT's created with vague occupations such as "businessman" or "self-employed". BCLC then follows up with the site for clarification and updating.

The system sends a daily report to BCLC casino security staff, which displays any errors that have been created in a LCT. Once identified, these errors are corrected by BCLC and re-submitted to FINTRAC. This ensures any deficiencies in the reports are corrected and the reports are submitted within the 15 day reporting window.

*Upcoming system updates*

In May 2012 BCLC will implement a number of updates to its iTrak database designed to enhance FINTRAC compliance including:

- The addition of a drop-down menu for occupations to ensure a valid, detailed occupation is recorded
- Postal codes will not be accepted unless in the correct format
- Only valid ID will be accepted
- Adding a flag so that patron ID, patron address, occupation etc. will need to be reviewed every 23 months, otherwise the system will not allow the form to be completed
- Patron's photo will be visible within FINTRAC entry record to help ensure correct patron is being recorded

**BCLC Training for Compliance**

BCLC has continually improved curriculum and the overall quality of the training. In April 2011, BCLC updated anti-money laundering training with a new section on occupations. This trains site staff on what types of occupations are not valid and what types of questions to ask patrons in order to obtain valid occupations.

BCLC has also enhanced online and classroom training packages for gaming staff by including training modules on: Indicators of Suspected Loan Sharking; What is Money Laundering; What are Suspicious Transactions; and the FINTRAC Guidelines. The enhancements include indicators and examples of suspicious activity.

BCLC's current policy is that anyone who works on the gaming floor (other than maintenance and food services) must have anti-money laundering training with a refresher every two years. New staff must receive the training as part of employee onboarding. Training is provided online and in the classroom.

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To date, almost 5,200 gaming staff who handle money, deal with patrons or have a security /surveillance function have been trained. This represents 99% of required gaming staff.

**For more information, please contact:**

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