

ADVICE TO MINISTER  
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<b>ISSUES NOTE</b>	<b>Gaming Review: AML Measures at BC Facilities</b>
<b>British Columbia Lottery Corporation</b> <b>Date:</b> February 23, 2012 <b>Minister Responsible:</b> Rich Coleman	

**SUGGESTED RESPONSE:**

- **We accept the report's recommendations to further strengthen current anti-money laundering policies, measures and training.**
- **We are acting on all of the recommendations, including exploring the use of an electronic funds transfer system.**
- **It's worth noting the review found BCLC, in terms of policy and procedure, has a robust anti-money laundering regime in place.**
- **BCLC is committed to complying with federal and provincial money laundering laws, and to continuously improving security and compliance at our gambling facilities.**
- **We work closely with the Gaming Policy and Enforcement Branch, RCMP and FINTRAC to report suspicious and large cash transactions to help combat money laundering.**
- **BCLC reviews all large cash transactions on a daily basis and all gaming staff in the province receives compliance training.**

**BACKGROUND:****Anti-Money Laundering Review**

In January 2011 Minister Rich Coleman ordered a review ("Anti-Money Laundering Measures at BC Gaming Facilities") intended to determine what anti-money laundering policies, practices and strategies are in place at B.C.'s gaming facilities. Additionally the review was to identify any opportunities to strengthen the existing anti-money laundering regime.

The review, released in August 2011, found that BCLC and its operators, with oversight and guidance from GPEB, employ standard and appropriate anti-money laundering strategies. Notwithstanding these measures, opportunities to further strengthen anti-money laundering efforts were identified.

BCLC has completed, or is in the process of implementing, all four recommendations specific to the corporation.

**Status of Recommendations**

**ADVICE TO MINISTER  
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- 1. BCLC, in consultation with GPEB, should revise its buy-in/cash-out policy to allow for cash-outs to be paid by cheque, where cash-out cheques clearly and unequivocally indicate that the funds are not from gaming winnings.**

BCLC has developed policy and procedures to allow for cash-outs to be paid by cheque. Procedures include the necessary controls to ensure money laundering is discouraged, attempts at money laundering are captured and reported to regulators and police, and that a clear audit trail is created for any subsequent investigation. These controls include prominently marking cheques "Return of Funds - Not Gaming Winnings" (which will preclude launderers from falsely claiming the funds as casino winnings), tracking the issuance of all cheques, and limiting players to one cheque per week. Working with GPEB cheques can be issued up to \$5000 as convenience to the customer once per customer once per week only

- 2. BCLC should enhance training and corporate policy to help ensure gaming staff do not draw conclusions about the ultimate origin of funds based solely on the identification of a patron and his or her pattern of play. Training and business practices should result in gaming staff having a clear understanding that the duty to diligently scrutinize all buy-ins for suspicious transactions applies whether or not a patron is considered to be known to BCLC or the facility operator.**

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

- 3. BCLC holds the view that gaming losses on the part of a patron provide evidence that the patron is not involved in money laundering or other related criminal activity. This interpretation of money laundering is not consistent with that of law enforcement or regulatory authorities. BCLC should better align its corporate view and staff training on what constitutes money laundering with that of enforcement agencies and the provisions of the relevant statutes.**

Complete. BCLC has established regular Police working group meetings with Vancouver RCMP Integrated Proceeds of Crime Unit as well as local law enforcement agencies. We provide information to these groups and work with them to ensure that there is a consistent view of the interpretation of money laundering and what information is needed by law enforcement.

- 4. Gaming is almost entirely a cash business in B.C. This presents opportunities for organized crime. Transition from cash transactions to electronic funds transfer would strengthen the anti-money laundering regime. BCLC, in consultation with GPEB, should take the steps necessary to develop electronic funds transfer systems that maximize service delivery, create marketing opportunities, and are compliant with anti-money laundering requirements.**

At the time of the AML report, gaming in BC was almost exclusively a cash-based business. The reliance on cash was driven largely by historical factors and regulated business practices. With approval to move away from cash, BCLC has now developed a number of options that remove the reliance on cash transactions but at the same time enhance BCLC's adherence to best practices for transactions governed by provincial and federal requirements for the casino sector.

**ADVICE TO MINISTER  
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The following three non-cash policies are being implemented. Policy completion is set for March 2012, with an implementation target date of April 2, 2012.

a) Cheque Hold/Markers

- Casino patrons will be permitted to purchase casino gaming services by providing a casino service provider (CSP) with a personal cheque.
- Cheques may only be written on an account individually held by the customer (no joint accounts) at a Canadian Schedule I or Schedule II bank, credit union, or caisse populaire.
- At the time of issuance, the customer will negotiate a future date for the settlement of the cheque with the CSP.
- Once the cheque and terms of settlement have been accepted by the CSP, the customer will be permitted play up to the value of the cheque over the agreed to period of time.
- Cheques must be for an amount of \$10,000 or more.
- CSPs will be responsible for establishing cheque verification, acceptance and collection procedures that are satisfactory to BCLC.

b) Enhancements to Patron Gaming Fund (PGF) Accounts

- PGF account holders will be permitted to link their PGF accounts to up to two accounts they hold individually (no joint accounts) at Canadian regulated financial institutions (Approved Accounts).
- Transfers into a PGF account will be permitted from Canadian regulated financial institutions.
- Transfers into PGF accounts may be made by a PGF account holder via certified personal cheque, bank draft, debit card, or internet banking drawn on a PGF account holders Approved Account, or by casino cheque issued for verified wins by a Canadian casino.
- PGF account holders will be permitted to return any amount transferred into their PGF account, or transfer any verified win amount to their Approved Accounts.

c) Expanded Buy-in Options

- Casino patrons will be permitted to purchase casino gaming services with certified personal cheques, bank drafts, or debit cards where the source of the funds is a Canadian regulated financial institution.
- Debit card use is intended for transactions in amounts above ATM limits.
- Casino patrons will be permitted to purchase casino gaming services with casino cheques issued for verified wins by a Canadian casino.

**For more information, please contact:**

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