

**ADVICE TO MINISTER
CONFIDENTIAL**

ISSUES NOTE	BCLC's Anti-Money Laundering Measures
British Columbia Lottery Corporation Date: February 23, 2012 Minister Responsible: Rich Coleman	

SUGGESTED RESPONSE:

- **We certainly recognize that organizations that manage large volumes of money, including casinos and banks, can be targeted by criminals.**
- **We remain vigilant and work in co-operation with the RCMP, local police and the Province to help deter these activities.**
- **The policies and procedures in place at all B.C. casinos are among the most stringent of any jurisdiction in Canada. Internal and independent compliance audits are conducted on a regular basis and are a regular part of our business.**
- **Staff training is a key component of BCLC's anti-money laundering program. Gaming staff receive regular anti-money laundering training and must take a refresher course every two years.**

BACKGROUND:

Money laundering is a form of financial crime in which the proceeds of criminal activity, most often cash, are made to look legitimate. The methods by which money may be laundered are varied and can range in sophistication from simple to complex.

BCLC's Role in Money Laundering Prevention and Reporting

Under Financial Transactions and Analysis Centre of Canada (FINTRAC) requirements, BCLC must report any transactions of \$10,000 or more to FINTRAC. BCLC casinos also report all suspicious transactions to FINTRAC, the Gaming Policy and Enforcement Branch and the RCMP Integrated Proceeds of Crime Unit simultaneously. BCLC must also report any suspicious transactions. FINTRAC is responsible for analyzing, assessing and disclosing financial intelligence regarding the reports it receives to the police.

When a player makes a transaction of \$10,000 or more (or multiple transactions that reach \$10,000) within a 24-hour period, they must provide current government photo identification for large cash transaction reporting purposes.

Casinos withhold payouts over \$10,000 until government identification is produced. A suspicious transaction report is filed if a player buys in with a large amount of small denomination bills; buys in for \$3,000 or more and then cashes out after minimal play; or if there is any indication of potential money laundering or other suspicious activity.

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In 2011, BCLC filed more than 60,000 large cash transaction (LCT) reports to FINTRAC (63,472). In 2010, BCLC filed more than 55,000 LCT reports. The number of these reports has increased in the last two years – reflecting BCLC’s investment in anti-money laundering training for gaming workers. BCLC files all suspicious transaction reports to FINTRAC, GPEB, and the RCMP’s Integrated Proceeds of Crime Unit simultaneously. The total number of suspicious transactions reported to FINTRAC in 2011 was 673.

Anti-Money Laundering Policies

B.C. gambling facilities only issue cheques for verified wins, eliminating the opportunity for players to convert cash - other than winnings - into cheques. Players are not allowed to exchange small denomination bills for large denomination bills and they cannot pass to anyone on the casino floor. In addition, casino chips cannot be redeemed at any facility other than where they were initially purchased.

BCLC reviews all large cash transactions on a daily basis and all gaming staff in the province receives compliance training.

BCLC has a Patron Gaming Fund Account program that allows players to transfer funds from a Canadian banking institution- a transparent way to bring in funds.

Staff Training

Staff training is a key component of BCLC’s anti-money laundering program. All gaming staff receives regular, mandatory anti-money laundering training and must take a refresher course every two years. BCLC has 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 also include indicators and examples of suspicious activity.

Chip Passing

BCLC has launched an industry-wide process to help casino security staff communicate with players found passing chips or cash. This allows security to issue a “warning card” to players found passing chips or cash, should the incident warrant such an action. The card is intended to help players better understand the implications if they repeat the activity.

Casino staff and security are trained to detect incidents of chip or cash passing which could be interpreted as a suspicious financial transaction. For example a husband passing a chip to his wife may not be suspicious; however, there are other instances that may lead casino staff to believe this activity may be linked to loan sharking or a suspicious financial transaction. These instances may lead to warnings or barrings.

An incident file is created for all suspicious transaction incidents, reviewed by a BCLC Corporate Security Investigator and GPEB.

Currently, casino signage and casino staff discourages players from passing chips or cash and if they are spotted doing so, they are warned. If the activity is repeated, it may result in a barring.

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Current Security Layers

BCLC uses an advanced system to track and report large cash and suspicious. Casinos in B.C. use a number of means to deter and detect money laundering:

- Cheques are not issued for any amount other than a verified win.
- Verified wins must be confirmed by casino staff.
- Policy prevents players from exchanging small denomination bills for large denomination bills, a money-laundering technique known as “refining.”
- Casino chips can only be redeemed at the facility where they were purchased.
- BCLC has a Patron Gaming Fund Account program, allowing players to transfer funds from a Canadian banking institution – a transparent way to bring funds to a casino.

For more information, please contact:

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