

# FACT SHEET

## UNDERSTANDING HOW ANTI-MONEY LAUNDERING WORKS IN BC CASINOS

To gain a clearer picture of the anti-money laundering (AML) landscape within BC Casinos, it is important to understand the clearly delineated role of BC Casinos with regards to AML protocol set out and mandated in federal legislation.

### **What is Money Laundering?**

Money laundering is the process or techniques through which profits from criminal activity are converted into funds that appear to have been acquired through legal means. This is typically achieved by moving the illegal funds through a rapid series of financial transactions. Successful money laundering will hide the criminal acts which generated the money and the identity of the individuals responsible.

### **What is Anti-Money Laundering?**

Anti-money laundering (AML) refers to measures implemented by businesses, mandated by the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA), which are put in place to deter and prevent money laundering from occurring.

### **The AML Framework in Canada**

In Canada, AML legislation is set out within the PCMLTFA. This legislation authorized the creation of Canada's financial intelligence unit, Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), whose responsibilities include analyzing information contained in financial reports provided to it by certain institutions, including gaming operators like Great Canadian and the British Columbia Lottery Corporation (BCLC). Other institutions required under the PCMLTFA to implement and maintain AML programs include financial institutions, securities dealers, real estate brokers, money services businesses, etc.

FINTRAC has a mandate to facilitate the detection, prevention, and deterrence of money laundering and the financing of terrorist activities under the PCMLTFA.

In accordance with the PCMLTFA within the province of British Columbia, BCLC has been defined as the reporting entity to FINTRAC and is responsible for maintaining a compliance program that ensures for compliance with the PCMLTFA and the regulations thereunder. While BCLC is permitted to delegate certain responsibilities to casino service providers, BCLC is ultimately responsible for ensuring compliance with the PCMLTFA.

### **Great Canadian's role in the AML Framework**

Great Canadian is an active participant in AML efforts in British Columbia and all other jurisdictions in which we operate. Our obligation is to meet every standard, rule and requirement as mandated by the respective provincial gaming authorities and the PCMLTFA.

As a gaming service provider, Great Canadian must abide by BCLC's Casino and Community Gaming Centre Standards, Policies and Procedures (CSPP). Under this policy Great Canadian's obligations and responsibilities are to identify and report to BCLC any individual who attempts suspicious transactions at our facilities.

In accordance with the PCMLTFA, a Suspicious Transaction Report (STR) must be submitted to FINTRAC whenever there are reasonable grounds to suspect that a transaction is conducted in relation to a money laundering or a terrorist financing offence. This reporting requirement applies whether the transaction in question was attempted or performed. In circumstances where a Great Canadian employee believes that a transaction is unusual or is displaying suspicious identifiers our role is to:

- Submit an Unusual Financial Transaction (UFT) report
  - Examples of suspicious identifiers include, but are not limited to, when individuals attempt to perform transactions with large sums of small denomination bills, or large transactions being performed by individuals whose identified occupation appears incongruous with their gaming habits.
- Report unusual transactions under BCLC's AML program; however, our employees are not permitted to inform individuals in question that reports have been or will be filed on them as to not disrupt a potential investigation by regulatory and/or law enforcement.

BCLC may elect to perform interviews with individuals who are subject to a UFT report based upon their assessment of the risks associated with that individual's transactions. While not all transactions of this nature are necessarily suspicious, all such transactions are reported. Great Canadian's obligation and responsibility is to report unusual financial transactions, but not to investigate them, as it does not have the access to information, resources, or authority to make determinations as to source of funds or the validity of a suspicious transaction report. Great Canadian cooperates in any review or investigation which may arise from a UFT report.

In addition to UFTs, Great Canadian is required to identify and report the following gaming transactions:

- Large Cash Transactions of \$10,000 or more in a single transaction or a series of transactions totaling \$10,000 or more over a 24-hour period. The Large Cash Transaction Report (LCTR) includes personal information confirmed from valid government identification.
- Large Casino Disbursements of \$10,000 or more in a single transaction or a series of transactions totaling \$10,000 or more over a 24-hour period. Large Casino Disbursement Reports (LCDR) includes personal information confirmed from valid government identification.
- Electronic funds transfers of \$10,000 or more in a single transaction or a series of transactions totaling \$10,000 or more over a 24-hour period. Electronic Fund Transfer Reports (EFTR) includes personal information confirmed from valid government identification.

Great Canadian documents and submits FINTRAC reportable transactions within the BCLC reporting software. On the basis of these reports, BCLC has the responsibility to independently review and determine whether to initiate and submit a Suspicious Transaction Report (STR) to FINTRAC.

As of January 10, 2018, BCLC enacted new rules regarding buy-ins of \$10,000 or more at all BC casinos and for all players. All cash, bank drafts and certified cheques of \$10,000 or more, in one or more transactions over a 24-hour period, require a bank receipt. The original receipt must be from the same day of the transaction and display the financial institution, branch number, and account number. This information is required prior to a customer's buy-in and is subject to daily BCLC review.

The evidence of Great Canadian's compliance with AML requirements is evaluated on an ongoing basis and is evident by the extensive list of audits below:

## **BCLC**

- Annually, River Rock Casino Resort, as an example, is subject to up to 25 compliance reviews by BCLC Gaming Compliance Officers who are based out of the River Rock location full time.

## **Gaming Policy Enforcement Branch (GPEB)**

- Annually, GPEB performs multiple comprehensive AML audits and other general compliance reviews at locations like River Rock.

## **External Audits**

- BCLC commissions an independent audit of River Rock's compliance with the BCLC AML program every two years.

## **FINTRAC**

- Conducts an AML audit approximately every two years.

## **Cheque issuance at BC Casinos**

There are two circumstances in which a cheque is issued to a player:

1. Verified Win Cheque – for the amounts that a player has legitimately won through play. The cheque amount does not include the initial cash buy-in total which may only be returned to the player in cash.
2. Non-Win Cheque (Return of Funds) – also known as “convenience cheques,” these cheques are only issued when a win cannot be verified or under other certain conditions to enable identification by banks and regulators that the source of funds is not a gaming win.

It is important to note that anyone attempting to receive a cheque with no or minimal play is refused, their cash is returned, and a UFT is submitted to BCLC for review.

## **Great Canadian's commitment to AML best practices**

In addition to adhering to BCLC policies and legislated AML requirements, Great Canadian is committed to reviewing and improving its practices to ensure all of our operations meet the highest standards and industry best practices. Examples of this commitment at River Rock include:

- Investing between \$300,000 and \$400,000 each year to continuously upgrade our surveillance systems, including \$3 million as part of a comprehensive system upgrade in 2014;
- The installation of nearly 1500 surveillance cameras, well beyond what is required by BCLC regulations and more than any other gaming facility in BC;
- Regular internal audits of all of our compliance activities, in addition to audits by regulators and crown agencies; and
- Employing 50 full-time surveillance personnel, more than any other casino in BC, in addition to more than 75 security employees on the premises. Further to our investments at River Rock, Great Canadian invests more than \$6.5 million per year in surveillance activity in British Columbia.

The BC gaming industry is one of the strongest and most rigorously regulated in North America through the collaborative efforts of gaming operators, the BCLC and GPEB. We look forward to continuing to provide premier entertainment and gaming experiences to our players and customers, and continuing to play our important role alongside regulatory authorities and crown partners in preventing inappropriate and illegal activities from occurring in our facilities.