

BCLC Response Plan to GPEB MNP Report

On September 22, 2016, the Gaming Policy and Enforcement Branch released a 2016 MNP report on anti-money laundering. BCLC developed and completed an action plan in response to the report in 2016. The response plan follows.

Responsible organization	Section	Recommendation	Response Plan	Status
GPEB	4.2	Should consider implementing a policy requirement that Service Providers ██████████ ██████████ ██████████ ██████████ ██████████	Subsections 9.6(1) and (2) of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, as well as FinTRAC Guideline 4, section 6 and FinTRAC's Guidance on the Risk-Based Approach to Combating Money Laundering and Terrorist Financing, require BCLC to implement a risk-based compliance regime. A directive issued under the provincial Gaming Control Act to BCLC or service providers requiring a prescriptive compliance approach in the form recommended here may give rise to a direct conflict of laws as between federal and provincial requirements. A directive of this nature could result in confusion for service provider staff as between provincial and federal requirements. ██████████ ██████████ ██████████	
	5.6	Define its accepted level of risk for unsourced cash and then develop clear roles and responsibilities for: GPEB – Regulator, Enforcement BCLC – Manage gaming and reporting entity Service Provider – Risk identification	As per 4.2 above GPEB to develop response.	
	5.35	At the direction of the Minister responsible for gaming, consider ██████████ ██████████ ██████████ ██████████	As per 4.2 above	
	5.52	Source of funds can only be verified by obtaining documentation for the withdrawal of cash from a financial institution or entity covered under the PCMLTFA.	As per 4.2 above. GPEB to develop response.	
	5.74	A directive from GPEB may also support BCLC in creating a policy which would mandate the Service Provider to decline a transaction when mandatory occupation data is no provided by the patron.	BCLC policy already exists directing Service Providers to stop and refuse transactions where a customer does not provided required identification.	
	4.3 5.68	The review of proposed cash alternative solutions, including credit, and the impact of these solutions should remain a priority for both GPEB and BCLC. Cash alternatives allow Service Providers to receive funds, strengthening the overall compliance regime with minimal impact on revenue generation	BCLC has completed work on permitting international electronic funds transfers and delimiting return of funds cheques. These changes have been implemented. ██████████ ██████████	
BCLC	5.56	Depending on GPEB / Minister's risk tolerance for large unsourced cash transactions, revise policies regarding tolerance of high risk play and consequences of unacceptable high risk activity	BCLC will await GPEB's analysis of this recommendation.	On Hold
	4.8	Consider whether its risk assessment process adequately reflects current thinking around money laundering and terrorist financing risk. The risks associated to specific facilities should be evaluated, rather than simply drawing geographic boundaries for risk.	BCLC has reviewed its risk assessment. BCLC's risk assessment takes into account geographic risk elements. The risk assessment looks at both risk by region within the province and site specific risks within each region, including risks such as local crime rates in and around gaming sites. In June 2016 BCLC's risk assessment was the subject of an indepth FinTRAC Compliance Review and was found to be fully in compliance with the PC(ML)TFA. Moreover, during the exit interview phase of the Compliance Review, FinTRAC indicated that BCLC's risk assessment was one of the most robust in the industry.	Complete
	5.48 5.49	Rather than base a facilities risk assessment by region, risk assessments should include factors specific to the facility. Consider if the risk register reflects the current environment as it is not as granular as other jurisdictions reviewed by MNP.	BCLC has reviewed its risk assessment. BCLC's risk assessment takes into account geographic risk elements. The risk assessment looks at both risk by region within the province and site specific risks within each region, including risks such as local crime rates in and around gaming sites. In June 2016 BCLC's risk assessment was the subject of an indepth FinTRAC Compliance Review and was found to be fully in compliance with the PC(ML)TFA. Moreover, during the exit interview phase of the Compliance Review, FinTRAC indicated that BCLC's risk assessment was one of the most robust in the industry.	Complete
	5.7	Consider developing new cash alternative programs and products that include:	BCLC has been developing and introducing new cash alternative payment options since 2012. At the time of the MNP review two cash alternatives sat with GPEB for approval. GPEB have since stated their approval is not required as these are operational gaming matters falling outside of their mandate. The two new cash alternative payment options have now been implemented.	Complete
		The ability of non-Canadian players to fund PGF accounts and repay credit if subject to cash restrictions in their home country (i.e. China), and	International EFT and wire transfers were in the process of development prior to the time of this review. That work is complete and international EFTs have been implemented. ██████████ ██████████	Complete
	allocating how defaults on repayment will be determined (i.e. between BCLC and service provider.	Credit has been evaluated and is presently not approved by GPEB and thus is not currently proposed by BCLC in the short term	Complete	

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BCLC	4.5	If GPEB implements a policy regarding the refusal of large or frequent un sourced cash deposits, BCLC's procedures to address the policy should include refresher training to Service Providers pertaining to BCLC's reporting requirements of attempted transactions to ensure reports are appropriately identified.	BCLC will await direction from GPEB/Minister. BCLC notes, subsections 9.6(1) and (2) of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, as well as FinTRAC Guideline 4, section 6 and FinTRAC's Guidance on the Risk-Based Approach to Combating Money Laundering and Terrorist Financing, require BCLC to implement a risk-based compliance regime. A directive issued under the provincial Gaming Control Act to BCLC or service providers requiring a prescriptive compliance approach in the form recommended here may give rise to a direct conflict of laws as between federal and provincial requirements. BCLC would need clarification from the federal regulator and provincial regulator as to which requirement was to be given paramouncy. ncial requirements are not aligned with or conflict with federal law.	On Hold
	4.11 5.47	Facility staff should be regularly trained on the completion of the forms used for reporting, including UFT reporting.	Servie Provider staff receive intial AML training prior to commencing duties and also recieve periodic refresher training. In June 2016 FINTRAC completed a comprehensive review of BCLC UFT and STR reporting processes including that of RRRCR and found BCLC to be fully compliant with PCMLTFA. UFT is an internal industry reporting process for SP's to report transactions to BCLC for review.	Complete
	4.12	Anti-money laundering training programs should be evaluated for up-to-date content and effectiveness.	BCLC reviews and updates its AML training on a periodic basis and whenever requirements under the PC(ML)TFA are amended. In June 2016 FINTRAC completed a comprehensive review of BCLC's AML regime. BCLC has undertaken a full review, taking into account guidance from FINTRAC. Enhancements to BCLC's AML training program will be in place in 2017.	Complete
	4.12	Training should be provided in the primary language of the candidate, particularly for its high risk exposed employees (those working in high-limit rooms).	BCLC has reviewed this recommendation. Federal Anti-money laundering laws and FinTRAC Guidance and directives are provided only in Canada's official languages: French and English. Compliance reviews and audits conducted by FinTRAC in B.C. are conducted in English only. Nationally recognized accounting firms, which reporting entities under the PC(ML)TFA reply upon to conduct statutorily mandated biennial independent compliance reviews, offer services only in English or French. Prescribed reporting to FinTRAC under the PC(ML)TFA and under the Criminal Code may only be conducted in English or French. For security related reasons casino operations and all transactions and communications between service providers and customers are required to be conducted in English only in BC casinos. BCLC's service providers employee more than 5000 staff reflecting a broad range of nationalities and languages other then English or French. Conducting AML training in myriad languages that are not used in either casino operations or AML compliance audits and reviews would introduce a substantial risk of confusing and misunderstood communications potentially leading to compliance gaps and errors. Given the risk of reporting errors and other compliance gaps implementing this recommendation could introduce, BCLC will not pursue the recommendation further.	Complete
	5.55			
	4.14	The KYP framework at RRRCR is a task-driven compliance activity rather than a risk management activity. Provide further guidance as the manager and responsible entity for AML regulatory obligations to enhance and enforce appropriate KYP measures.	BCLC has reviewed its customer due diligence process in light of this recommendation, the requirements under the PC(ML)TFA and FinTRAC Guidance on KYC requirements. In addition, BCLC has consulted with other casinos and reporting entites on appropriate KYC measures. BCLC's CDD and KYC measures meet all requirements. In addition, in June 2016 FinTRAC conducted a comprehensive review of BCLC's entire AML program. The FinTRAC review involved site visits to RRRCR and a number of RRRCR staff interviews to test its CDD and KYC processes. FinTRAC found BCLC's program to be fully compliant.	Complete
5.54	Additional training for employees in the VIP area focused specifically on suspicious indicators and required actions to improve independent thinking.	BCLC reviews and updates its AML training on a periodic basis and whenever requirements under the PC(ML)TFA are amended. In June 2016 FINTRAC completed a comprehensive review of BCLC's AML regime. BCLC has undertaken a full review, taking into account guidance from FINTRAC. Enhancements to BCLC's AML training program will be in place in 2017.	Complete	
BCLC	4.7	Enhance the CDD processes from both a risk management and revenue generation perspective with modifications and additional resources to meet EDD expectations for high risk patrons.	BCLC has reviewed its customer due diligence process in light of this recommendation, the requirements under the PC(ML)TFA and FinTRAC Guidance on KYC requirements. In addition, BCLC has consulted with other casinos and reporting entites on appropriate KYC measures. BCLC's CDD and KYC measures meet all requirements. In addition, in June 2016 FinTRAC conducted a comprehensive review of BCLC's entire AML program. The FinTRAC review involved site visits to RRRCR and a number of RRRCR staff interviews to test its CDD and KYC processes. FinTRAC found BCLC's program to be fully compliant.	Complete
	4.9	Review its EDD process to ensure the data collected and information gleaned provides a clear picture of the risks and profile of the patron for risk assessment and mitigation.	BCLC has reviewed its customer due diligence process in light of this recommendation, the requirements under the PC(ML)TFA and FinTRAC Guidance on KYC requirements. In addition, BCLC has consulted with other casinos and reporting entites on appropriate KYC measures. BCLC's CDD and KYC measures meet all requirements. In addition, in June 2016 FinTRAC conducted a comprehensive review of BCLC's entire AML program. The FinTRAC review involved site visits to RRRCR and a number of RRRCR staff interviews to test its CDD and KYC processes. FinTRAC found BCLC's program to be fully compliant.	Complete
	5.83			
	5.15	EDD measures could be more qualitative, and a formal response to specified risk ratings could be created.	BCLC has reviewed its customer due diligence process in light of this recommendation, the requirements under the PC(ML)TFA and FinTRAC Guidance on KYC requirements. In addition, BCLC has consulted with other casinos and reporting entites on appropriate KYC measures. BCLC's CDD and KYC measures meet all requirements. In addition, in June 2016 FinTRAC conducted a comprehensive review of BCLC's entire AML program. The FinTRAC review involved site visits to RRRCR and a number of RRRCR staff interviews to test its CDD and KYC processes. FinTRAC found BCLC's program to be fully compliant.	Complete
	5.16	Outsourcing the EDD process for higher risk patrons should be considered to clear the current backlog.	Any backlog observed by this review was a temporary circumstance arising from an underreporting issue discovered by BCLC at the River Rock facility October 2015. Additional BCLC staff were reassigned to assist the AML unit with the under reporting issue so that normal transaction monitoring could continue to be carried out while the underreporting issue was addressed contemporaneously. The reviewer was made aware of these circumstances at the time of its work. Any backlog that may have been observed was transitory in nature. Moreover, the outsourcing of core AML processes would unnecessarily introduce a higher level of risk into the AML program and increase the chance of error resulting in non-compliance.	Complete
	4.1 5.24 5.28 5.29	Prioritize and appropriately resource the ongoing implementation project (schedule for roll out in fall of 2016) to improve the quality of the data used for ongoing risk assessment and compliance monitoring and reporting.	BCLC continues with the process to automate aspects of its AML program to provide greater efficiency and enhanced transaction monitoring capabilities. BCLC pursues a "continuous improvement" philosophy with respect to its AML program and continually seeks to improve and enhance its efforts and performance.	Complete

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BCLC	4.11	Ensure that reporting forms used by the facilities are up to date and include valuable information fields for mandatory completion for unsourced or high volume cash transactions such as source of funds, source of wealth and purpose and intended nature of relationship information.	BCLC reviewed its forms in light of this recommendation. In June FinTRAC conducted a comprehensive review of BCLC's entire AML program and found no issues with transaction reporting or record keeping requirements.	Complete
	4.13	MNP identified instances where non-cash transactions processed to RRRC's PGFs were over-reported to FINTRAC, and instances where mandatory fields in LCTRs were left blank. Both issues are contrary to the PCMLTFA and require remediation and disclosure to FINTRAC.	It is BCLC's understanding that it is not possible to successfully submit an LCT into the BCLC - FinTRAC linked systems with a designated mandatory field left blank. Such a report would be rejected by the FinTRAC system and flagged for immediate follow-up and remediation. BCLC suspects that this anomalous finding may be related to the reviewer's unique methodology where it worked in a select data extraction from BCLC's database rather than the actual production database. This a process that has never been attempted before and deviates from standard audit practice where auditors work directly in the production database which removes the risk of these types of errors. BCLC has reviewed the data extraction as a result of this finding and compared it to the production data. It appears that during the extraction process some data fields did not populate into the extraction sample in some limited instances. In other words BCLC, when working directly in the production data as opposed to a select extraction of the data, cannot find the LCT errors referred to here, BCLC suggested the reviewer re-run their analysis in the production database or provide the suspect reports to FinTRAC directly for verification that mandatory fields were completed as required when the form was submitted. The reviewer declined the opportunity to take either of these steps and correct what appear to erroneous findings. Upon reviewing the actual production data BCLC is confident the exceptions reported here did not in fact occur.	Complete
	5.27	Due diligence on large volumes of slot Cash Disbursement Reports (CDR) should be monitored for suspicious activity.	BCLC implemented processes in 2016 to review slot play based on CDR levels and it is currently built into the AML program. This is on top of current due diligence practices which FinTRAC found to be compliant in June 2016.	Complete
	5.36 5.32	Review all of the FINTRAC reporting (LCTR/CDR) for non-cash for all facilities which offer PGF accounts should be done immediately to stop unnecessary and incorrect reports.	As per 4.13 BCLC identified the PGF issue in Nov 2016 and engaged FinTRAC for guidance as this reporting practice had been in place since 2012. On written confirmation from FinTRAC BCLC ceased this practice in July 2016. BCLC have requested guidance from FinTRAC on all new Cash alternatives and reporting obligations.	Complete
	5.44	Create a template for Unusual Financial Transaction (UFT) reports for service providers to use to ensure that all required information is included and to create consistency in the quality of submissions between facilities.	BCLC has reviewed its UFT process in the context of this recommendation. BCLC requires immediate email notification from service providers of a UFT for timeliness. Any specific detail pertaining to the transaction are reported through the [REDACTED] for consistency, completeness, security and protection of privacy requirements. Implementing a stand alone form outside of the existing database will introduce risk of reports or data being missed and a privacy breach risk that do not currently exist.	Complete
Service Providers	5.4	VIP Hosts have the most significant interaction and knowledge of the VIPs and ability to flag instances of receipt and use of unsourced cash for suspicious transaction reporting. Consideration should be given to cross functional reporting lines to the Director, Table Games for a consistent approach to compliance across all table game points of access susceptible to the acceptance of unsourced cash.	BCLC has reviewed this recommendation. VIP hosts and all Table Game staff must complete anti-money laundering training which includes training related to large cash transaction handling and the duty to report in regard to these transactions. Additionally, Surveillance live monitors all large cash transactions irrespective of the staff involved in the transaction be they VIP hosts, Table Games staff, Cage staff or any other employee. FINTRAC reviewed BCLC's AML program in June 2016 including that of RRRC and found BCLC to be compliant with PCMLTFA with no evidence of non reporting transactions [REDACTED].	Complete
	5.46	Floor staff should have more active involvement in the UFT reporting process. UFT reporting is currently carried out by surveillance staff who only have limited info based on video surveillance.	BCLC has reviewed its UFT reporting process in the context of this recommendation. There appears to be some misapprehension expressed in the review in regard to BCLC's UFT reporting process. All floor staff receive mandatory AML training and have a positive duty to bring forward and report any unusual financial transactions, irrespective of their specific role. Further, Surveillance is not restricted to information based solely on video surveillance. Surveillance operators are at all times in direct communication with floor staff via two way radio. FINTRAC conducted a comprehensive review of BCLC's AML program in June 2016 including that of RRRC and found BCLC to be fully compliant with all aspects of the PCMLTFA related to transaction reporting and record keeping.	Complete
GPEB	5.19	Establish a dedicated, cooperative inter-agency AML investigations unit comprised of GPEB and BCLC investigators to delineate the roles between operational and AML investigations and regulatory compliance investigations.	GPEB on lead for response.	
BCLC	5.1	Operating levels for BCLC Investigators may need to be reviewed as the current staffing levels assigned to RRRC do not appear to be sufficient	Any backlog or workload issues observed during this review were a temporary circumstance arising from [REDACTED] by BCLC at the River Rock facility October 2015. Additional BCLC staff were reassigned to assist the AML unit with [REDACTED] so that normal transaction monitoring could continue to be carried out [REDACTED] was addressed contemporaneously. The reviewer was made aware of these circumstances at the time of its work. BCLC closely monitors work demands on AML investigators on a weekly basis. Workloads remain manageable and no similar backlogs have developed since the one in November - December 2016.	Complete
All	4.4	Jointly evaluate the resourcing and functioning of existing investigative units. Effective multi-agency units would promote the sharing of information and resources.	BCLC and GEB executive have worked through roles and responsibilities. The GCA allows sharing of information in appropriate circumstances between GPEB and BCLC. Since the MNP review JIGIT was created as the primary agency to investigate ML and POC related activity, BCLC has MOU with JIGIT allowing for effective and efficient information flows and coordination. GPEB has investigators assigned to JIGIT.	Complete