

# AUDIT REPORT

Anti-Money Laundering Biennial  
Effectiveness Review



Audit Services  
FY2025

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**Date:** February 04, 2025

**From:** Rao Wandawasi, Director, Audit Services

**To:** Marie-Noëlle Savoie, Chief Compliance Officer and Vice President, Safer Play & Enterprise Integrity

**Re:** Anti-Money Laundering (AML) Biennial Effectiveness Review

## I. Introduction

In accordance with the Audit Plan presented to the Audit Committee, Audit Services conducted an AML review at BCLC. Pertinent BCLC Management and Audit Services determined the scope of this engagement jointly in a collaborative manner.

This report is presented for information and discussion. For the issues identified in the report, an “agreed upon action plan” has been developed in collaboration with management. These action plans are tracked by the Audit Services team for timely implementation. Any delays or non-execution of the action plan is compiled and presented to the Audit Committee.

## II. Objective and Scope

This review covers the biennial period from July 1, 2022, to June 30, 2024.

The objective of this review was to review adherence to AML policies and procedures by BCLC internally, by Casino Service Providers at sites and by the PlayNow.com iGaming platform. In this regard, areas subject to Audit Services review included, but were not limited to, the following:

1. Policy and Procedures: review the BCLC AML Compliance Program’s associated policies and procedures and assess through testing how they are being followed by BCLC internal teams and selected Service Provider (SP) sites and iGaming platform.
2. Enhanced Measures: assess and evaluate the effectiveness of enhanced measures for AML processes.
3. Training Program: review and evaluate the adequacy of AML training programs.
4. Requirement Changes: review changes to the AML regulations in the covered review period and perform compliance testing.
5. Prior Review Follow-up: test and validate extent of implementation of previous review findings from Deloitte’s AML biennial effectiveness report, dated December 13, 2022.
6. Structure and Relationship Management: preliminary assessment of BCLC’s new AML Quality Assurance unit’s strengths, and opportunities for improvement, in addition to the AML departments’ relationship with selected SP sites.

All the testing details are documented in a comprehensive test workbook built based on the current regulatory requirements. A summary of the testing areas is included in the Appendix IV of this report.

### III. Executive Summary

The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) is Canada's national financial intelligence unit. The centre assists in the prevention and detection of money laundering, terrorist financing and sanctions evasion activities. It is authorized to monitor, audit and regulate businesses that have reporting obligations imposed under the Proceeds of Crime (Money Laundering) Terrorist Financial Act (PCMLTFA). BCLC casino and online gaming businesses have reporting obligations under the PCMLTFA, making BCLC the designated reporting entity subject to FINTRAC oversight.

FINTRAC's compliance program requirements under the PCMLTFA and associated regulations requires the reporting entity, BCLC, to implement a program of policies and procedures. This will ensure individuals and entities remain in compliance with the legislation. The entity will also need to perform a biennial effectiveness review to assure that BCLC and its SPs have effective internal controls to meet all regulatory requirements.

The previous biennial effectiveness review for BCLC was completed by Deloitte in 2022. For the period covering July 1, 2022, to June 30, 2024, Audit Services conducted this review. The audit program was built based on FINTRAC updated requirements and guidance, and the Deloitte findings from the prior review. Additionally, this report also incorporates emerging trends and best practices to provide information and to further strengthen BCLC's AML practice.

Below is a summary of the key findings; details are included in the "Compliance Testing – Key Findings" section of this report:

1. **Policies and Procedures:** Following was noted specific to Policies and Procedures:

- The AML Compliance Manual (the AML Manual) to SPs contains technical jargon and is outdated (one manual).
- Absence of a centralized AML document. There is the AML Manual, Company Standards, Casino & Community Gaming standards and procedures. Additionally, SPs have their own version of manuals.
- Further clarity required for chip passing & monitoring compliance with Ministerial Directives.

All these make the documentation overly complicated and challenging for employees to understand and adhere to ensure compliance.

2. **iTrak Data Management:** iTrak, BCLC's Casino Reporting System, contains sensitive player information but since its inception no data has been purged/disposed. This practice leads to:

- System containing outdated player information,
- A possibility for duplicate and incorrect profiles, and
- Reduction of information accuracy and staff efficiency.

Additionally, this does not align with BCLC's data retention policy.

3. **AML Training Program:** Two employees, one from BCLC and one from a SP, did not complete the AML training program on time; details for the two exceptions are included below. Not completing the training could lead to lack of awareness and understanding of AML policies and procedures, and potential violation of Gaming Policy and Enforcement Branch (GPEB) requirements.

4. **High-Risk Patron (HRP) Monitoring:** Three patrons, who met the criteria for HRP, were not designated in iTrak as HRPs. Not identifying HRPs in iTrak in a timely manner could lead to suspicious activities overlooked and non-compliance to the regulatory requirements. This can impact the organization's reputation.

Based on the review performed, Audit Services has evaluated the current maturity at a **3.5 in a 5.0 scale – between Embedded and Proactive**. At this level, there is an opportunity for growth, by focusing on refining policies and procedures and enhancing data quality of the systems that support AML processes and controls.



The recent implementation of Everi AML Compliance Solution, with the integration of the AML Quality Assurance team and Safer Play & Enterprise Integrity (SP&EI) Agile team, the BCLC AML unit is enabled to further mature the process via more thorough, detailed and real-time data analysis of patron activities.

# IV. International Events and Financial Considerations

BCLC’s AML program is robust and ample with appropriate steps taken to ensure compliance with FINTRAC regulations. The organization is comparable to other similar entities or even better at times. However, for the following reasons, BCLC must continue to look for opportunities to improve:

- Threats from bad actors and newer ways to deceive the AML program is constantly evolving,
- As a leader, BCLC needs to stay ahead of emerging trends, and
- New global technologies specific to AML, currently applied in banking systems, could eventually change/impact the gaming industry.

## A. Fines

When jurisdictions/organizations do not comply to AML requirements, fines are incurred. One of the largest fines in recent history was by The Australian Transaction Reporting and Analysis Centre (AUSTRAC) against the Crown Melbourne and Crown Perth casinos in Australia - amounting to \$450 million Australian Dollars. The offence was repeated infractions against AML requirements, namely passive dealings with their high-risk customers, and very loose monitoring of suspicious transactions.

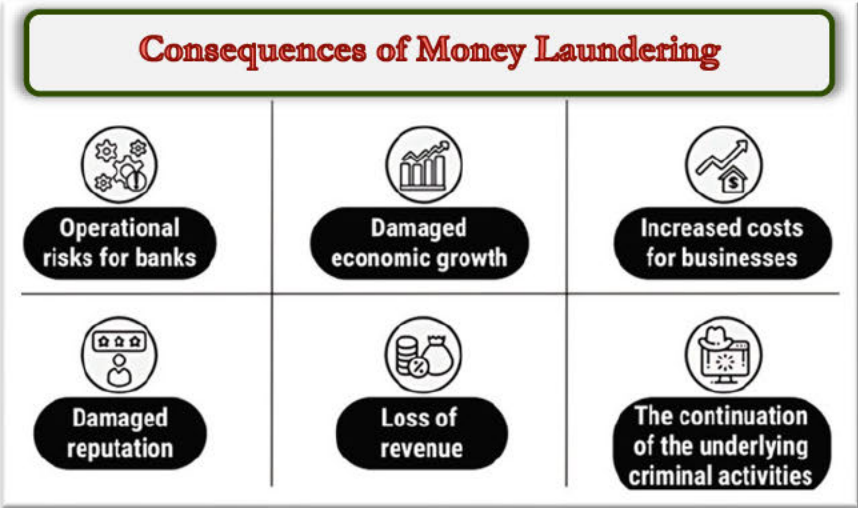
In the first six months of 2024, global gambling fines for AML had increased by 12.1% to US\$85.3 million.

**If you think compliance is expensive – try non-compliance.**  
*- Former US Deputy Attorney General Paul McNulty*

## B. Reputational Risk

An organization becomes unfavourable to customers and in turn loses profit and trust if reputation is damaged due to non-compliance. The actions that lead to a damaged reputation also shows bad actors that internal systems may be vulnerable, therefore potentially attractive. At BCLC, players are the top priority and BCLC wants to assure players that it is trustworthy and has their personal and financial security at the forefront of all decisions. Non-compliance not only attracts penalties, but also can include suspension or cancellation of GPEB registrations for SP staff, operational disruptions like temporary closures or

investigations, and in extreme cases, criminal charges.



The Australian casino operator, Star Entertainment Group, faced severe reputational damage due to regulatory violations, including AML failures. The company was suspended from trading on the Australian Securities Exchange and deemed unfit to hold a casino license in Sydney (September 2024).

**Resorts World Las Vegas** has been involved in several gambling scandals, including violations of federal AML laws. The Nevada Gaming Control Board filed a disciplinary complaint against the casino, highlighting its failure to adhere to AML provisions (August 2024).

C. Artificial Intelligence (AI) Impacts

As of 2023, non-compliance fines for AML regulations aggregated to US\$6.6 billion worldwide, among which the banking industry received over US\$835 million in penalties and the gambling sector received US\$475 million. Institutions and companies are under intense pressure to filter out increasing sophisticated money laundering techniques.

**Machine learning and AI have advanced from the discovery stage to the execution and implementation phase.**

- Kai-Fu-Lee, CEO of Sinovation Venture's Artificial Intelligence Institute

**70% of compliance and risk management leaders believe AI will have a transformative impact on their functions within the next one to five years.**

- Moody's 2024 Navigating the AI landscape

BCLC is still in the process of defining policies on AI and machine learning. Once the policies are established, the SP&EI Agile team will work closely with the BCLC AML team to realize the AI capabilities within the guardrails of the organization's acceptable use standards.

Benefits of Using AI Solutions in AML			
↓ 70%	↓ 80%	↑ 5%	\$14 B
Reduction in false positive alerts	Reduction in investigation time of suspicious transactions	Increase in number of detected suspicious transactions, currently missed by existing monitoring system	Potential global savings in AML alert optimization, making alerts more accurate and explainable

Source: The Global Treasurer

## V. Best Practices

The provincial Commission of Inquiry into Money Laundering in British Columbia (better known as the Cullen Commission) issued its final report in June 2022. Four of the total 101 recommendations pertain to BCLC's operating environment; some of which are already aligned with the direction BCLC has undertaken through benchmarking and AML best practices. For example, verification of patron identification at \$3,000, was completed prior to the release of the report. Another recommendation, 100% account-based, known play is currently in process under the BCLC "Verified Play" initiative.

According to FINTRAC requirements, an AML compliance program must establish the following five pillars:



Top priorities to consider when implementing AML compliance programs include:

- Understanding "Know Your Client" (KYC) processes,
- Introducing protocols and policies in casinos and online platform to determine, stop, and alert the appropriate authorities of money laundering,
- Have a structure in place to report any suspicious activity,
- Exercise enhanced due diligence when identifying players, and
- Adopt transaction monitoring structures that assist in identifying suspicious activity.

Risk-based approaches, compliance audits, and obtaining new technologies and data analytics can help identify AML activity. In addition, arguably one of the most important considerations is effective training which helps employees to understand their responsibilities and recognize red flags and suspicious activities.

**One of the most important considerations is effective employee training.**

- Association of Certified Gaming Compliance Specialist

**Audit Services reviewed relevant BCLC processes and completed design and operating effectiveness testing to ensure compliance. All required components (above five pillars) are embedded within the AML compliance program and adhere to FINTRAC requirements.**

## VI. Compliance Testing – Overview

The following provides a high-level summary of the current procedures and practices within BCLC's AML program. These measures have been established to ensure adherence to all relevant regulatory standards.

### 1. Designated Compliance Officer

*Regulatory requirement: A compliance officer must be appointed to oversee and implement the program.*

The designated Compliance Officer at BCLC is the Chief Compliance Officer and Vice President, Safer Play & Enterprise Integrity who has regulatory oversight and responsibility over the AML and Investigations department. This role connects directly and regularly with executives and the Board of Directors at BCLC. The Director of AML and Investigations manages and oversees all investigations related to Corporate AML, Casino, Lottery, and iGaming. The role also is accountable for using predictive analysis to spot any real or reputational threats and ensure that SPs comply with the legislative requirements of the following:

- PCMLTFA,
- FINTRAC guidance, and
- BCLC's Standards, Policies, and Procedures.



The AML and Investigations department is comprised of 41 personnel and includes the new AML Quality Assurance department as recommended by Deloitte in their 2022 report. This newly formed team monitors high-risk areas, identifies emerging risks and works with stakeholders to resolve issues. It also implements processes to ensure BCLC's compliance with relevant AML regulations and standards. The AML

Quality Assurance (QA) team performs continuous monitoring of regular regulatory reporting (STR<sup>1</sup>s, CDR<sup>2</sup>s, and LCTR<sup>3</sup>s), conducts advisory analysis (example, PlayNow prepaid deposits), and supports external reporting (to GPEB, KPMG and FINTRAC).

Furthermore, the AML and Investigations department has been restructured to integrate the investigation and intelligence functions under a single manager. This consolidation has led to greater efficiency and stronger communication within the department. Additionally, an Agile team has been introduced to the SP&EI division, focusing on leveraging advanced technology and data analytics. This team supports decision-making processes and provides deeper insights, facilitating more informed and timely decisions. These enhancements reflect BCLC's commitment to maintaining robust AML compliance and ensuring that investigative and intelligence capabilities are aligned with best practices and regulatory expectations.

<sup>1</sup> STR stands for Suspicious Transaction Report.

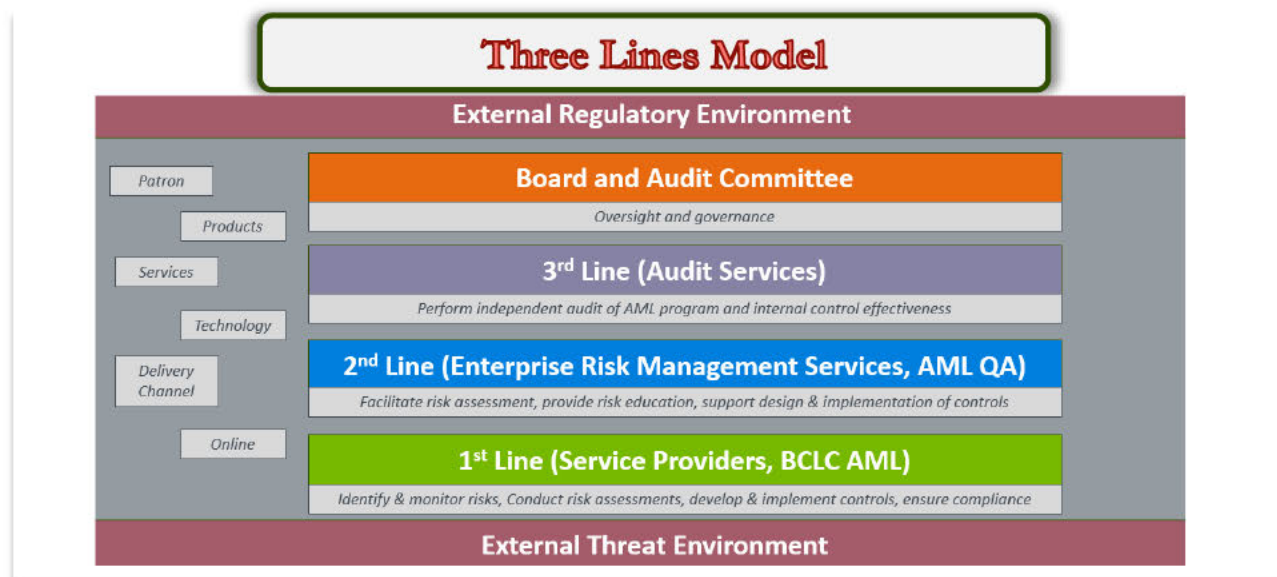
<sup>2</sup> CDR stands for Casino Disbursement Report.

<sup>3</sup> LCTR stands for Large Cash Transaction Report.

## 2. Risk Assessment

*Regulatory requirement: A risk assessment of BCLC's business must be conducted to identify and document money laundering and terrorist financing risks.*

BCLC adopts the three lines model for risk management and established a framework using a risk register to monitor and control risks related to money laundering and terrorist financing. This framework covers patrons, technology, products, services, delivery channels, and geographic locations, including online activities.



### Alignment with BCLC's Enterprise Risk Management Framework and Regulatory Requirements

The AML Program adheres to BCLC's Enterprise Risk Management (ERM) framework and complies with the PCMLTFA. In alignment with FINTRAC guidance, risks associated with money laundering and terrorist financing are identified and assessed based on products, services, delivery channels, geographic locations, and client relationships. These risks are documented in the AML risk register, a central repository to track and monitor AML related risk and updated semi-annually. This ensures they are managed effectively and consistently with BCLC's risk management practices.

### Role of the AML Function in the Three Lines Model

The BCLC AML team, in the first line capacity of the Three Lines Model, works closely with SP staff to monitor and identify risks and implement controls to ensure AML compliance. As primarily a second-line function, the AML QA team provides oversight and guidance to first-line staff, ensuring identified money laundering/terrorist financing risks are assessed and sufficiently addressed, as well as developing and implementing first-line internal controls. The AML risk register is updated every six months to reflect current risks, with assessments performed using BCLC's Board-approved corporate risk criteria. This ensures alignment with the organization's enterprise-wide risk management standards.

### Oversight and Governance

The Enterprise Risk Management Services (ERMS) department periodically reviews the AML risk register to ensure alignment with BCLC's ERM Policy, providing line of sight into these risks and fulfilling its risk management responsibilities. This process ensures risks are escalated appropriately based on established risk appetite and tolerance limits.

### 3. Compliance Policies and Procedures

*Regulatory requirement: Compliance policies and procedures must be documented, updated regularly, and approved by a senior officer.*

Audit Services reviewed the policies and procedures established by the AML team and confirmed that BCLC has implemented a robust Compliance Program.

#### BCLC AML Policies & Procedures

- BCLC AML Compliance Manual
- BCLC AML Controls
- The BCLC Standards
- Service Provider AML Directives
- Investigative Procedures for Casino and iGaming
- Internal Casino and Community Gaming Standards, Policy and Procedures

This program ensures adherence to the reporting record keeping, client identification and KYC requirements under the PCMLTFA regulations. This encompasses the travel rule<sup>4</sup> and ministerial directive requirement guidelines. Policies and procedures are tailored for the BCLC business environment, and they are mandated by requirements that come from BCLC management, the Provincial government, gaming industry best practice and FINTRAC. Typically, BCLC requirements mirror FINTRAC directions and in numerous instances even go beyond. For example, HRP Enhanced Due Diligence reviews at BCLC occur more frequently than FINTRAC requirement.

One challenge typically in the casino environment is “Unknown Play”. It involves patrons who play at land-based facilities under the reporting threshold limit or at an amount that does not warrant enhanced due diligence by SPs or BCLC’s AML team.

On June 1, 2021, FINTRAC issued a regulation on patron identification at the \$3,000 threshold. BCLC reacted immediately by adding a “\$3k alert” into the AML reporting system, and started to review these transactions on a sample basis from June 2021. In December 2024, a new AML software tool, the Everi AML Compliance Solution (EC) was piloted by BCLC. Further, BCLC issued a directive in June 2024 for SPs to identify patrons and record their buy-ins and disbursements within the single gaming day, when transactions reach \$3,000 or more in total either as a single transaction or in aggregate, whereas FINTRAC regulations only require patron identification and record keeping for single transactions.

The implementation of the EC tool, coupled with new \$3k directives, has provided BCLC with better visibility and enhanced analytical abilities to make informed decisions. The following metrics demonstrate the transaction volume flowing through EC, from March 4, 2024, to October 31, 2024.

Description	Metrics	Percentages
Sites where EC is implemented	19 out of 36	53%
Land-based coin-in <sup>5</sup> captured	\$12.1M out of \$15.8M	77%
LCTRs	16,239 out of 22,679	72%
STRs	135 out of 147	92%

<sup>4</sup> A FINTRAC rule that requires reporting entities to include specific information about the originator and the beneficiary when transferring funds.

<sup>5</sup> Coin-in refers to cash entering the gaming facility and accounts for the transaction volume per site.

#### 4. Ongoing Compliance Training Program

*Regulatory requirement: The development and maintenance of a written ongoing compliance training program for employees, agents and others authorized to act on BCLC's behalf.*

**In 2023, compliance and risk professionals said their top policy management challenges were:**



**42%**

**training employees on policies**



**38%**

**aligning policies to changing regulations**

Source: [Navex Global's 2023 Definitive Risk & Compliance Benchmark Report](#)

BCLC has enforced a mandatory AML training course for all internal employees and SP employees who work on the gaming floor, front line employees and management; those that do not meet the learning requirements before expiration are not permitted to work on the gaming floor. All personnel are required to complete this training during their onboarding process, and mandatory refresher training is required annually by SP staff, and biennially by BCLC staff. This comprehensive training program covers critical topics such as reporting large cash transactions, identifying suspicious

transactions, and preparing casino disbursement reports, and is delivered via SuccessFactors Learning Management System (LMS) managed by BCLC People & Culture (P&C) division.

By ensuring that all staff members are knowledgeable specific to AML, BCLC reinforces its commitment to maintaining robust AML compliance and consistently meeting regulatory standards.

Annually, the training is reviewed by the BCLC AML team and updated, as needed, to identify any necessary changes or opportunities for improvement. It ensures that knowledge is current, reinforces overall compliance, and helps staff continually improve their performance specific to AML requirements.

Audit Services conducted interviews with members of the AML and Investigations department, as well as staff from Casino SPs, to gain a comprehensive understanding of BCLC's AML program. SPs have described their role in relation to compliance as operational and mentioned they are involved in supporting the processes needed to comply with regulations. They rely on BCLC to communicate the required processes, and to communicate changes or updates. A secure SP SharePoint (SP Hub) is in place for BCLC to deliver directives, and for land-based staff to obtain updates.

#### 5. Two-year effectiveness review

*Regulatory requirement: The institution and documentation of a review for the AML compliance program's effectiveness every two years.*

Deloitte previously conducted the AML biennial effectiveness review and issued the report in 2022. In 2024, BCLC Audit Services commenced this review, covering the period from July 1, 2022, to June 30, 2024. The review occurs every two years and the scope may be adjusted based on priorities identified by management and the Board of Directors. This collaborative effort between BCLC management and Audit Services ensures the review remains relevant and comprehensive.

The primary objective of this review is to ensure BCLC's AML processes and internal controls are effective, compliant, and up to date. Additionally, they provide an opportunity to address any issues proactively, enhance operational efficiency, and support continuous improvement within the organization.

## VII. Compliance Testing – Key Findings

Audit Services performed both design and operating effectiveness testing to validate compliance with BCLC's AML mandates and regulatory requirements. The testing included both land-based casinos and the iGaming platform. Sample testing methodology is described in Appendix II.

Summary of Findings table below lists the results for all areas examined during the review. The findings have been assessed based on their risk level, using the following criteria:

<b>Low Risk</b>	Minor exceptions that have limited impact on AML compliance and can be addressed through routine operational improvements.
<b>Moderate Risk</b>	Findings that have a moderate impact on AML compliance, requiring timely corrective actions to mitigate potential risks.
<b>High Risk</b>	Significant exceptions that pose a critical threat to AML compliance, requiring immediate and substantial corrective measures.

### Summary of Findings

No.	Program Component	Land-Based		iGaming	
		Design Effectiveness	Operating Effectiveness	Design Effectiveness	Operating Effectiveness
1	Compliance Officer	No exception.	No exception.	No exception.	No exception.
2	Policies and Procedures	Finding # 1 & 2	No exception.	Finding # 1 & 2	No exception.
3	Know Your Client	No exception.	No exception.	No exception.	No exception.
4	Ongoing Monitoring	No exception.	Finding # 4	No exception.	No exception.
5	Record Keeping	Finding # 2	No exception.	No exception.	No exception.
6	Reporting	No exception.	No exception.	No exception.	No exception.
7	Risk Assessment	No exception.	No exception.	No exception.	No exception.
8	Training	No exception.	Finding # 3	No exception.	No exception.
9	Effectiveness Review	No exception.	No exception.	No exception.	No exception.

## 1. FURTHER ATTENTION REQUIRED FOR AML POLICY, PROCEDURES AND GUIDELINES

### OBSERVATION:

#### A. AML Manual to SP – Contains Technical Jargon and is Outdated (one manual)

The AML Manual contains overly technical jargon from FINTRAC regulatory requirements, thus lacking plain language. This makes it difficult for SP staff, especially those without in-depth specialized AML training, to fully understand the requirements, procedures and regulations.

Additionally, the SP Hub, the source for all AML Manuals to SPs, contained an outdated manual. This impacts and hinders compliance efforts. It is noted that AML QA has now established a process to maintain an up-to-date version of the AML Compliance Manual on the SP Hub once the semi-annual update has been completed with BCLC's Casino Channel Group.

To be understood and to ensure compliance, we need to stop using jargon in the content.

#### B. Absence of a Centralized AML Document

For AML information and compliance, documents from BCLC are:

- AML Manual
- Company Standards
- Casino and Community Gaming Standards and Procedures

Additionally, the SPs also maintain their own interpreted versions of BCLC's manuals and directive.

Without a centralized overarching document there is the potential for confusion leading to fragmented compliance, likelihood for misinterpretation and inconsistent practices.

#### C. Further Clarity Required for Chip Passing & Monitoring Compliance with Ministerial Directives

1. Chip Passing: Chip passing is a method commonly used in money laundering. Its coverage includes:

- BCLC guidelines refers to chip passing in general terms specific to incident reporting.
- BCLC AML training mentions chip passing as one indicator for unusual transactions.

However, there is no prescriptive procedure on how these incidents should be handled and subsequently escalated by SP staff to the AML investigators for further review and action. The identification and substantiation depend on SP staff experience and subjective judgements. Without greater prescriptive guidelines, there is greater probability that SP staff may not be able to identify, monitor, or report suspicious chip transfers consistently.

2. Monitoring Compliance with Ministerial Directives: There are established policies and procedures for handling Ministerial Directives, however, these guidelines require further details.
  - The process for becoming aware of new directives should be outlined to ensure timely and effective responses.
  - Clear instructions are required on the steps to be taken upon receiving a directive.
  - Need to define roles and responsibilities, timelines for action, and documentation protocols.

## REGULATORY EXPECTATION:

Reporting entities should have clear and up-to-date AML policies and procedures that are easily understood by and accessible to all employees. These policies and procedures should be regularly reviewed and updated to reflect current regulatory requirements.

FINTRAC regulation and guidance suggests that the company's compliance programs policies and procedures should include information on how the organization becomes aware of Ministerial Directives issued by the Minister of Finance and how the organization will respond.

**Money laundering is a very sophisticated crime and we must be equally sophisticated.**

— Janet Reno

## IMPACT:

- A. Incomplete understanding of AML procedures can lead to missed critical steps. For example, identifying red flags, reporting suspicious activities, thus increasing the risk of non-compliance.
- B. Lack of centralized and standardization AML documentation complicates training and communication. Employees can be confused which document they need to adhere too.
- C. Lack of clear procedure for handling chip passing undermines the casino's ability to identify suspicious activities and ensure consistent compliance.

Absence of detailed guidelines on monitoring compliance with Ministerial Directives may lead to inconsistent or delayed response and potential non-compliance.

## AGREED UPON ACTION PLANS:

- A. BCLC's AML team will review the existing policies and procedures to ensure changes are made where possible to make the document an easy read with less jargon. Also, will ensure the most updated version is maintained and is easily accessible to key stakeholders.
- B. BCLC's AML team will coordinate with SPs to identify any gaps and duplications and take steps to further standardize and centralize AML documentation.
- C. BCLC's AML team and Casino Operations department will review policies and procedures on chip passing and Ministerial Directives and amend more prescriptive steps as needed.

## RESPONSIBLE PERSON:

Kevin deBruyckere, Director AML & Investigations  
Bal Bamra, Director Gaming Operations

COMPLETION DATE  
DECEMBER 2025



## 2. DATA MANAGEMENT – iTRAK DATA NEVER DISPOSED

### OBSERVATION:

iTrak is BCLC's casino reporting system and contains sensitive information, for example patron personal information, incident reports for numerous purposes (including AML). Audit Services noted that none of the iTrak data has been disposed since its inception. This results in:

- The system contains outdated player information,
- There is possibility for duplicate and incorrect profiles, and
- Reduction of information accuracy and staff efficiencies.

#### Benefits of Strong Data Management

- ✓ Compliance with regulations
- ✓ Minimizes security risks
- ✓ Operational efficiency
- ✓ Improved data governance

Additionally, this data management practice is not aligned with the organization's data retention policy which outlines how long different types of data should be kept and establishes regular data disposal practices.

### REGULATORY EXPECTATION:

FINTRAC regulation requires accurate and up-to-date record-keeping for effective AML compliance.

### IMPACT:

Duplicate and outdated information impairs the casino's ability to monitor player behavior and detect suspicious activities, risking regulatory non-compliance and reputational damage. Accurate record-keeping is critical for adhering to AML regulations and ensuring responsible gaming practices.

### AGREED UPON ACTION PLANS:

BCLC's SP&EI Agile team will review and categorize data saved in the iTrak system and establish and work with BCLC's Data Governance team to execute a data disposal plan.

### RESPONSIBLE PERSON:

Kevin deBruyckere, Director AML & Investigations  
Kevin Sweeney, Director, Enterprise Compliance and Security

COMPLETION DATE  
DECEMBER 2025



### 3. AML TRAINING PROGRAM COMPLIANCE – INTERNAL AND EXTERNAL

#### OBSERVATION:

##### A. AML Training – One BCLC Employee Not Enrolled

Audit Services noted that one BCLC's employee out of a sample of 35 (including 10 extended samples since an exception was noted) did not complete the mandatory AML training. Further inquiry highlighted the onboarding process as the root cause wherein the new employee was not enrolled for AML training. Hence, the system did not assign and notify the employee of the training.



##### B. AML Training – Not Completed by One SP Employee

One of the 25 SP employees tested did not complete their AML training. The pertinent employee was terminated on June 23, 2023. Information was requested from SP to further examine the reason for incompleteness. However, due to sensitive human resource records external to BCLC, information was not obtained, and it remains unclear on if there were extenuating circumstances with the employee that caused the learning requirement to expire.

#### REGULATORY EXPECTATION:

FINTRAC regulation requires that all relevant employees complete their mandatory AML training on a timely basis to ensure compliance with AML policies and procedures.

**FINTRAC regulations requires all relevant employees complete mandatory AML training**

#### IMPACT:

Failure to complete mandatory AML training can result in insufficient awareness and understanding of AML policies and procedures. This not only increases the risk of non-compliance, but also the front-line personnel potentially missing out on their due-diligence responsibility/duty specific to AML.

#### AGREED UPON ACTION PLANS:

BCLC's AML team will continue to work with relevant internal and external stakeholders to ensure that mandatory AML training is correctly assigned and completed by all required employees through SuccessFactors. In addition, work with P&C to ensure SP staff leaves are updated in the LMS.

#### RESPONSIBLE PERSON:

Kevin deBruyckere, Director AML & Investigations  
Lisa Fuller, Director People Development & Operations

COMPLETION DATE  
DECEMBER 2025



#### 4. HIGH-RISK PATRON – NOT IDENTIFIED AND CATEGORIZED ACCORDINGLY

##### OBSERVATION:

Audit Services sample tested 25 patrons from the Suspicious Transaction Reports (STRs) to determine if they should be recorded as HRPs. The criteria for recording HRPs are if there are more than two STRs in the past five years. It was noted during testing that three patrons were not designated as HRPs in the iTrak system.

Based on further review and discussion with the BCLC's AML team, it was noted that:

- These three patrons are currently under Enhanced Due Diligence (EDD) review covering the period January 1, 2024, to July 31, 2024.
- One of the three patrons should have been recorded as HRP during the last EDD review (January 2024). This was missed due to a shift in data search criteria in iTrak system resulting in the patron not being flagged for review.

##### REGULATORY EXPECTATION:

FINTRAC regulations require that HRPs are identified and subject to enhanced due diligence measures.

##### IMPACT:

Not identifying HRPs could lead to suspicious activities or transactions overlooked and non-compliance with FINTRAC regulatory requirements such as Know Your Customer and ongoing monitoring. Additionally, this also exposes the organization to reputational risk.

##### AGREED UPON ACTION PLANS:

BCLC's AML team will designate the three identified patrons as HRPs in iTrak. Additionally, the BCLC AML QA team will continue to review the STRs on a biweekly basis and work with the AML unit to identify HRPs that meet the necessary criteria, as well as any process improvement opportunities.

##### RESPONSIBLE PERSON:

Kevin deBruyckere, Director AML & Investigations

COMPLETION DATE  
JUNE 2025



## VIII. Other Opportunities for Improvement

Audit Services noted the following observation, which is not an exception to the compliance standards. However, additional actions could be taken to help strengthen the compliance performance.

1. **Patron Gaming Fund (PGF) Account Re-opening:** There is specific guidance on the procedures for opening new PGF accounts, but no explicit procedures for re-opening PGF accounts and drafting an Account Operating Agreement after an account has been closed (due to dormancy or voluntarily self exclusion to take a break from gaming). It would be beneficial and helpful for SP employees if more prescriptive direction on the “re-opening” of these accounts are offered.

## IX. Conclusion

In conclusion, the AML effectiveness review has revealed both strengths and certain areas for improvement in the current process and controls. Overall, the organization has established and implemented a strong control environment to ensure compliance with regulatory requirements and alignment with best practices.

A few gaps have been identified, including clarifications on policies and procedures, iTrak data management, training completeness and HRP monitoring. To further enhance the AML compliance program and move to an optimized maturity stage, it is crucial to address these findings by implementing the proposed action items outlined in this report.

**With proactive commitment from all levels of the organization, BCLC views AML compliance as one of the key business priorities, which fosters a culture of integrity and social purpose.**

s 17(1)

## Appendix I: Follow Up on 2022 Deloitte Review Findings

Deloitte Finding (2022)	Description	Current Status (2024)
1. AML QA Implementation	<p>For transactions and events deemed not to warrant further review, quality assurance controls are not in place to validate the appropriateness and reasonability of the analysis.</p> <p>No quality assurance controls are in place to ensure risk rankings in the system are appropriately inputted.</p> <p>For 1 out of 25 land-based samples the LCT on iTrak did not have the reasonable measures (RM) form scanned in the system media.</p>	<p>Completed,</p> <p>No exceptions</p>
2. Third Party Determination	<p>BCLC has neither defined nor documented a process to conduct third party determinations when opening PGF accounts as part of their P&amp;Ps and relevant account opening forms.</p>	<p>Completed,</p> <p>No exceptions</p>
3. Patron Identification Information Incomplete	<p>For 2 out of 11 land-based, the patron identification in the STRs was incomplete:</p> <ul style="list-style-type: none"> <li>1 sample did not include the patron's occupation.</li> <li>1 sample did not include the government issued ID information.</li> </ul>	<p>Completed,</p> <p>No exceptions</p>
4. AML Training Not Completed by BCLC Employees	<p>For 1 out of 13 sampled BCLC employees, the training was not completed in a timely manner (i.e., within the 2-year requirement).</p>	<p>Exception noted in the current 2024 review.</p> <p>Among the samples tested, one BCLC and one SP employee did not complete the training on time between the July 1, 2022, to June 30, 2024, review period.</p>

## Appendix II: Why AML Controls are Important

AML policies are crucial for BCLC as they help maintain the integrity and reputation of the business. Casinos and online gaming platforms are attractive targets for money launderers due to the high volume of financial transactions and the potential for large sums of money to change hands quickly. By implementing robust AML policies, BCLC can detect and deter illicit activities, ensuring that operations are not used for illegal purposes. Please see adjacent picture for an overview of a potential money laundering typology through gambling.

By proactively implementing AML measures, BCLC not only avoids legal repercussions but also demonstrates a commitment to ethical business practices and regulatory compliance. This commitment enhances BCLC's standing with regulators and customers, fostering a more sustainable and trustworthy business environment.

Effective AML policies contribute to the broader fight against financial crime and terrorism. Money laundering is often linked to various forms of organized crime, including drug trafficking, human trafficking, and terrorism financing. By implementing robust AML practices within BCLC's operations, the organization plays a crucial role in disrupting these criminal activities. This not only benefits society at large but also helps create a safer and more secure environment for all stakeholders involved in the gaming industry. Thus, AML policies are not just a regulatory necessity but a fundamental component of responsible corporate governance in the casino and online gaming sector.



**BCLC understands the importance of AML and has implemented numerous preventive and detective controls to monitor and manage the same.**

## Appendix III: Systems and Terms Referenced

System	Description
iTrak (CRS)	Casino reporting and incident management software used by BCLC to accurately report and manage incidents
Everi Compliance (EC)	Transaction monitoring software used by BCLC to improve accuracy and tracking of transactions and players
Service Provider Hub (SP Hub)	A secure Service Provider site which houses information for land-based staff to refer to

### KEY TERMS

AI	Artificial Intelligence
AML	Anti-Money Laundering
CDR	Casino Disbursement Report
EDD	Enhanced Due Diligence
ERMS	Enterprise Risk Management Services
FINTRAC	Financial Transactions and Reports Analysis Centre of Canada
GPEB	Gaming Policy and Enforcement Branch
HRP	High-Risk Patron
LCTR	Large Cash Transaction Report
PCMLTFA	Proceeds of Crime (Money Laundering) and Terrorist Financing Act
PGF	Patron Gaming Fund
RM	Reasonable Measures
SP	Service Provider
STR	Suspicious Transaction Report

## Appendix IV: Review Sampling Methodology

Program Component	Land-Based		iGaming		Total
	Sample Size	Exceptions	Sample Size	Exceptions	
I. Know Your Client / Record Keeping / Reporting					
Large Cash Transactions	25	No exception.	N/A- No cash transactions		25
Suspicious Transactions	15	No exception.	10	No exception.	25
Casino Disbursements	15	No exception.	10	No exception.	25
Funds Receipt of \$3,000 or more	13	No exception.	12	No exception.	25
Foreign Currency Exchange Transactions of \$3,000 or more	25	No exception.	N/A- Foreign currency exchange cannot be requested		25
Initiation of Electronic Funds Transfer of \$1,000 or more	Non-occurrence		25	No exception.	25
Player account records and account opening	10	No exception.	15	No exception.	25
International electronic fund transfers of \$10,000 or more	Non-occurrence		Non-occurrence		N/A
Terrorist property (TPRs)	Non-occurrence		Non-occurrence		N/A
II. Ongoing monitoring					
Alert and other corporate monitoring	15	No exception.	10	No exception.	25
Enhanced due diligence	18	No exception.	7	No exception.	25
High-Risk Patron	17	Finding # 4	8	No exception.	25
Unusual (unsubstantiated) Financial Transactions	14	No exception.	1	No exception.	15
III. Training					
BCLC Training Compliance Monitoring	20	Finding # 3A	5	No exception.	25
Service Provider Employees	25	Finding # 3B	N/A- Only BCLC staff operate in iGaming environment		25

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#	Finding/Observation	Finding/Observation Details	BCLC Response	Status	Accountable Party
1a	<p>FURTHER ATTENTION REQUIRED FOR AML POLICY, PROCEDURES AND GUIDELINES</p> <p>AML Manual to SP – Contains Technical Jargon and is Outdated (one manual)</p>	<p>The AML Manual contains overly technical jargon from FINTRAC regulatory requirements, thus lacking plain language. This makes it difficult for SP staff, especially those without in-depth specialized AML training, to fully understand the requirements, procedures and regulations.</p> <p>Additionally, the SP Hub, the source for all AML Manuals to SPs, contained an outdated manual. This impacts and hinders compliance efforts. It is noted that AML QA has now established a process to maintain an up-to-date version of the <i>AML Compliance Manual</i> on the SP Hub once the semi-annual update has been completed with BCLC's Casino Channel Group.</p>	<p>BCLC's AML unit has reviewed the existing policies and procedures (including AML Directives issued to the Service Providers) to ensure changes are made to reduce redundancies and make it easy for staff to reference.</p> <p>Also, BCLC's AML QA unit has created a new department page on the SP HUB for a central landing page for Service Provider staff to access and reference AML-related guidance, including the most up-to-date <i>AML Compliance Manual</i> (updated semi-annually).</p>	Complete	BCLC AML Unit
1b	<p>FURTHER ATTENTION REQUIRED FOR AML POLICY, PROCEDURES AND GUIDELINES</p> <p>Absence of a Centralized AML Document</p>	<p>For AML information and compliance, documents from BCLC are:</p> <ul style="list-style-type: none"> <li>• AML Manual</li> <li>• Company Standards</li> <li>• Casino and Community Gaming Standards and Procedures</li> </ul> <p>Additionally, the SPs also maintain their own interpreted versions of BCLC's manuals and directive.</p> <p>Without a centralized overarching document there is the potential for confusion leading to fragmented compliance, likelihood for misinterpretation and inconsistent practices.</p>	<p>There is no requirement for a centralized AML document, and it is not feasible given the operationalized Standards that are required for the Service Provider staff to follow.</p> <p>BCLC's AML unit has reviewed the existing policies and procedures (including AML Directives issued to the Service Providers) to ensure changes are made to reduce redundancies and make it easy for staff to reference.</p> <p>Also, BCLC's AML QA unit has created a new department page on the SP HUB for a central landing page for Service Provider staff to access and reference AML-related guidance, including the most up-to-date <i>AML Compliance Manual</i> (updated semi-annually).</p>	Complete	BCLC AML Unit

1c	<p>FURTHER ATTENTION REQUIRED FOR AML POLICY, PROCEDURES AND GUIDELINES</p> <p>Further Clarity Required for Chip Passing &amp; Monitoring Compliance with Ministerial Directives</p>	<p>1. Chip Passing: Chip passing is a method commonly used in money laundering. Its coverage includes:</p> <ul style="list-style-type: none"> <li>• BCLC guidelines refers to chip passing in general terms specific to incident reporting.</li> <li>• BCLC AML training mentions chip passing as one indicator for unusual transactions.</li> </ul> <p>However, there is no prescriptive procedure on how these incidents should be handled and subsequently escalated by SP staff to the AML investigators for further review and action. The identification and substantiation depend on SP staff experience and subjective judgements. Without greater prescriptive guidelines, there is greater probability that SP staff may not be able to identify, monitor, or report suspicious chip transfers consistently.</p> <p>2. Monitoring Compliance with Ministerial Directives: There are established policies and procedures for handling Ministerial Directives, however, these guidelines require further details.</p> <ul style="list-style-type: none"> <li>• The process for becoming aware of new directives should be outlined to ensure timely and effective responses.</li> <li>• Clear instructions are required on the steps to be taken upon receiving a directive.</li> <li>• Need to define roles and responsibilities, timelines for action, and documentation protocols.</li> </ul>	<p>BCLC's AML unit and Casino Operations department are currently reviewing policies and procedures on chip passing to add more prescriptive steps as needed.</p> <p>BCLC's AML unit has completed it's review of policies and procedures on Ministerial Directives and included more robust verbiage on the process when new requirements are mandated; these updates are included in the latest version of the <i>AML Compliance Manual</i>.</p>	Complete	<p>BCLC AML Unit</p> <p>BCLC Enterprise Compliance and Security</p>
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2	s 17(1), s 21				
3a	<p>AML TRAINING PROGRAM COMPLIANCE – INTERNAL AND EXTERNAL</p> <p>AML Training – One BCLC Employee Not Enrolled</p>	<p>Audit Services noted that one BCLC’s employee out of a sample of 35 (including 10 extended samples since an exception was noted) did not complete the mandatory AML training. Further inquiry highlighted the onboarding process as the root cause wherein the new employee was not enrolled for AML training. Hence, the system did not assign and notify the employee of the training.</p>	<p>BCLC’s AML unit investigated the exception with BCLC P&amp;C Operations and determined that there was an issue with SuccessFactors that affected the employee’s LMS assignment profile, so the course requirement did not show up on their learning plan until corrections were made and applied.</p> <p>BCLC P&amp;C Operations will continue to work with relevant internal and external stakeholders to ensure that mandatory AML training is correctly assigned and completed by all required employees through SuccessFactors.</p>	Complete	<p>BCLC AML Unit</p> <p>BCLC P&amp;C Operations</p>

3b	<p>AML TRAINING PROGRAM COMPLIANCE – INTERNAL AND EXTERNAL</p> <p>AML Training – Not Completed by</p> <p>One SP Employee</p>	<p>One of the 25 SP employees tested did not complete their AML training. The pertinent employee was terminated on June 23, 2023. Information was requested from SP to further examine the reason for incompletion. However, due to sensitive human resource records external to BCLC, information was not obtained, and it remains unclear on if there were extenuating circumstances with the employee that caused the learning requirement to expire.</p>	<p>BCLC's AML unit investigated the exception with BCLC P&amp;C Operations and determined that the SP employee had two LMS assignment profiles; it was confirmed the course requirement was met on the secondary LMS account, as such no non-compliance was noted.</p>	Complete	<p>BCLC AML Unit</p> <p>BCLC P&amp;C Operations</p>
4	<p>HIGH-RISK PATRON – NOT IDENTIFIED AND CATEGORIZED ACCORDINGLY</p>	<p>Audit Services sample tested 25 patrons from the Suspicious Transaction Reports (STRs) to determine if they should be recorded as HRPs. The criteria for recording HRPs are if there are more than two STRs in the past five years. It was noted during testing that three patrons were not designated as HRPs in the iTrak system.</p> <p>Based on further review and discussion with the BCLC's AML team, it was noted that:</p> <ul style="list-style-type: none"> <li>• These three patrons are currently under Enhanced Due Diligence (EDD) review covering the period January 1, 2024, to July 31, 2024.</li> <li>• One of the three patrons should have been recorded as HRP during the last EDD review (January 2024). This was missed due to a shift in data search criteria in iTrak system resulting in the patron not being flagged for review.</li> </ul>	<p>BCLC's AML unit has designated the three identified patrons as HRPs in iTrak and Everi.</p> <p>BCLC's AML QA unit is currently developing an AML risk scoring framework to implement a more systematic and comprehensive approach to identify high-risk patrons.</p> <p>Additionally, the BCLC AML QA unit will continue to review STRs on a biweekly basis and work with the AML unit to identify HRPs that meet the necessary criteria, as well as any process improvement opportunities.</p>	Complete	BCLC AML Unit

5	<p>OPPORTUNITIES FOR IMPROVEMENT</p> <p>Patron Gaming Fund (PGF) Account Re-opening</p>	<p>There is specific guidance on the procedures for opening new PGF accounts, but no explicit procedures for re-opening PGF accounts and drafting an Account Operating Agreement after an account has been closed (due to dormancy or voluntarily self exclusion to take a break from gaming). It would be beneficial and helpful for SP employees if more prescriptive direction on the “re-opening” of these accounts are offered.</p>	<p>BCLC’s AML unit and the Everi AML Compliance Solution vendor are currently reviewing policies and procedures on PGF accounts and system limitations and will add more prescriptive steps to the <i>AML Compliance Manual</i> and <i>BCLC Standards</i> as needed.</p>	In Progress	BCLC AML Unit
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