



Background



Legal Framework

- Criminal Code of Canada generally prohibits all forms of gambling ("lottery schemes") with certain exceptions
- s.207(1)(a) of the Criminal *Code* permits the government of a province to **conduct and manage** a lottery scheme in that province
- Crown Corporations have been established to conduct and manage gambling on behalf of provincial governments
- Provincial legislation assigns responsibility for conduct and management to the various Crown agencies, as well as creating a licensing regime in most provinces
- Proceeds of Crime (Money Laundering) and Terrorist Financing Act applies to the government of a province and includes both land-based and online casinos













FY24 Results

Market Numbers

- 36 Casinos and CCGs
- 11 High-Limit Rooms
- 1 Online Site PlayNow.com
- 2 Horse Racing Centres
- 3,400 Lottery Ticket Centres

Service Plan 2023/24

- Generated \$2.9 billion in gaming revenues
- Generated \$1.5 billion in net income for provincial programs

\$1.5

in net income was generated in 2023/24 by BCLC for the Province of B.C.



Each year,

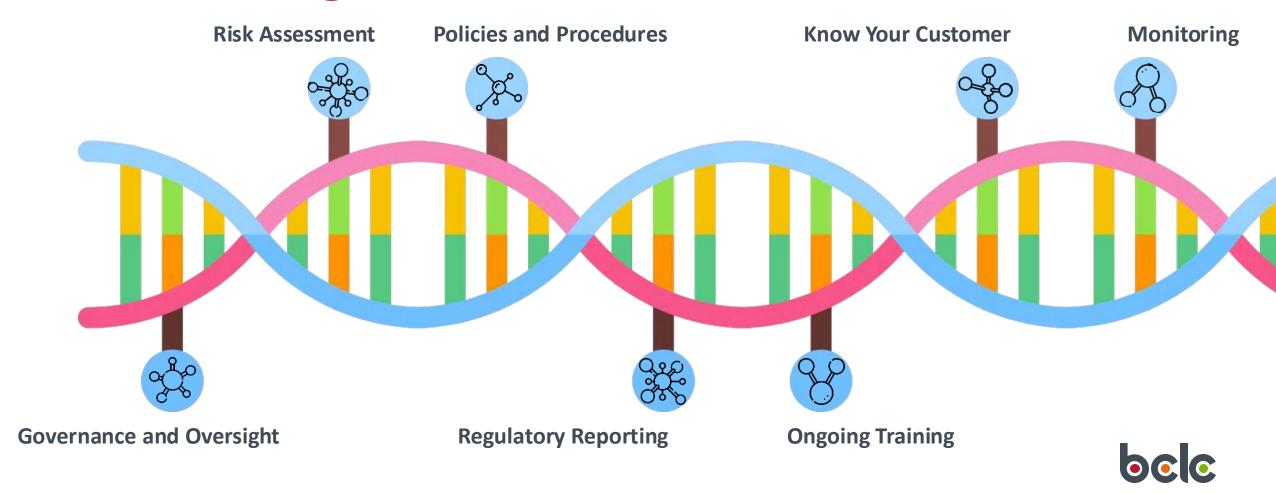
municipal and First Nation governments in B.C. that host a gambling facility receive a 10 per cent share of net gambling income generated at those facilities.

BCLC AML Unit

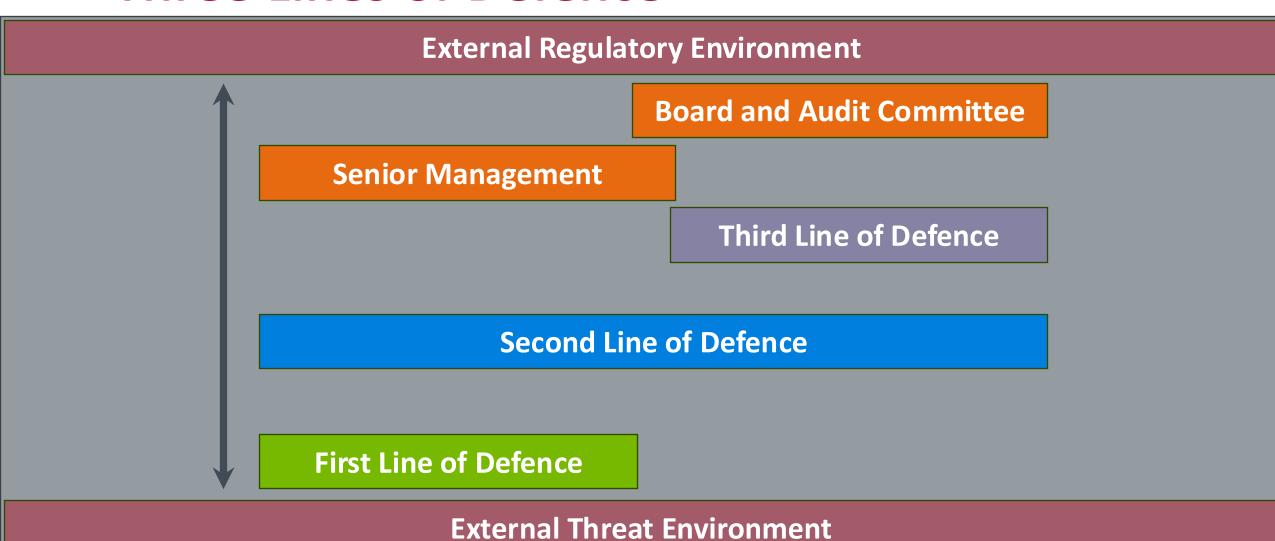
- BCLC AML Unit formerly created in 2014 to work in collaboration with our Provincial (GPEB) and Federal (FINTRAC) regulators
- As a result of the 2018 German Review/2022 Cullen Commission,
 several recommendations issued to Province
- BCLC's AML Quality Assurance Unit created in 2023 to provide monitoring and objective oversight



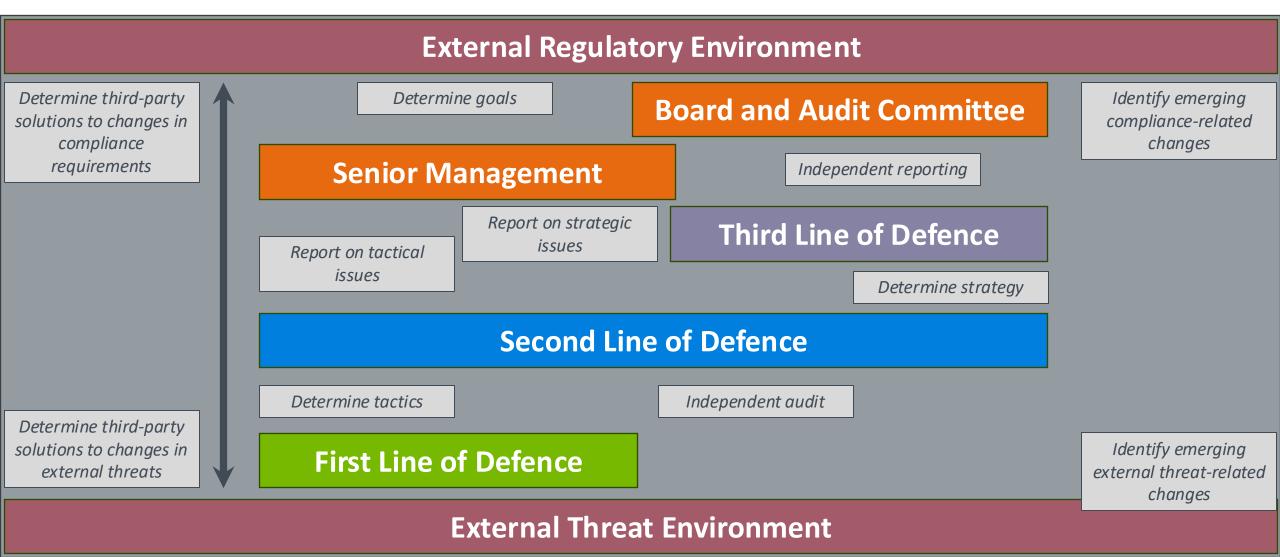
AML Program



Three Lines of Defence



Three Lines of Defence



Money Laundering



Common Typologies

- Structuring under reporting/record-keeping thresholds
- Small-denomination buy-ins
- Slot machine feeding
- Insufficient play
- Cash/chip passing



Threshold of Suspicion for Reporting

- Hunch or intuition leads you to think that ML or TF may be occurring
- Cannot articulate reasons for suspicion

Simple suspicion

Reasonable grounds to suspect

- Submit an STR to FINTRAC
- Based on an assessment of facts, context and indicators there is a possibility that ML or TF is occurring
- Able to present reasons why it is suspicious but they do not need to be proven or verified

- There is a probability that ML or TF is occurring
- Able to present a set of verified facts that can be proven and support this suspicion

Reasonable grounds to believe





Cullen Commission

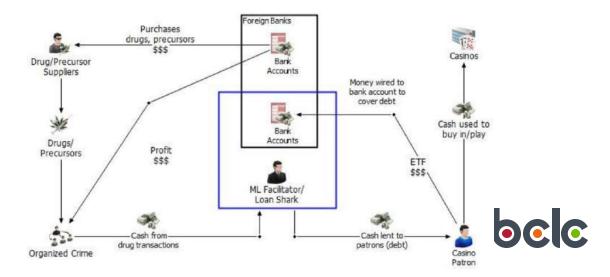
- Underground bank (unregistered MSB) found operating in Richmond, BC
- Global drug/money laundering operation on behalf of Chinese Triad, Mexican Cartels, Middle Eastern Organized Crime Groups, Outlaw Motorcycle Gangs
- 2016 Fentanyl Crisis declared a public health emergency with precursor chemicals exported from China





The "Vancouver" Model

 Informal Value Transfer System scheme, connected with casino money laundering and local loan sharking



Transnational Organized Crime

- Mexican TNOC Cartel-associated trafficking groups assessed as a high-level threat in Metro Vancouver
- Asian TNOC professional money laundering groups assessed as a high-level threat in Metro Vancouver
- Bulk cash collected by money laundering groups is attempted to be laundered utilizing high level gamblers at Metro Vancouver casinos

[~] RCMP's E Division Federal Serious and Organized Crime (FSOC) branch on Transnational Organized Crime



BCLC Directives

\$1,500 aggregate

EC Tracking



Identify



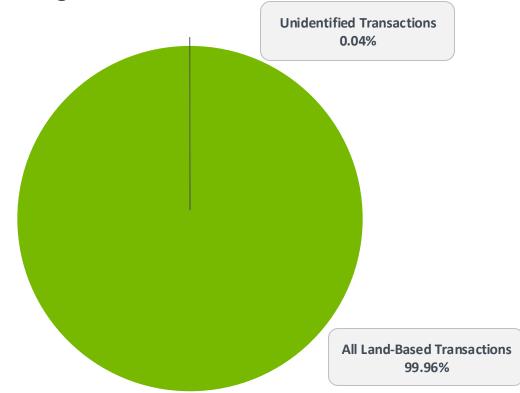
Source of Funds



Everi Effectiveness

Scope Period: March 5, 2024 to December 31, 2024



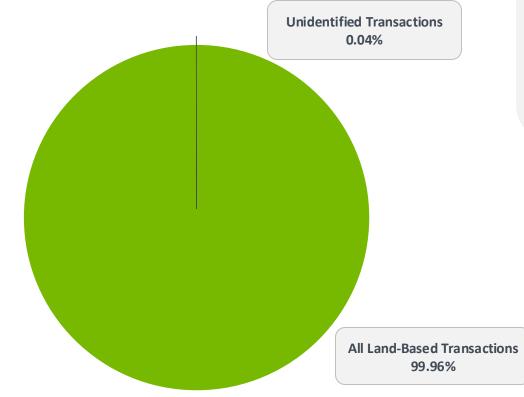




Everi Effectiveness

Scope Period: March 5, 2024 to December 31, 2024

Percentage of \$3k+ Unidentified Transactions



266 Transactions

Grand Villa: 167

• Parq: 84

Starlight: 9

River Rock: 4

Cascades Delta: 1

Elements Surrey: 1

701,248 Transactions

• \$3k and above: 43,392

\$10k and above: 13,053

• Unique Patrons: 52,204

Conditioned Patrons: 906



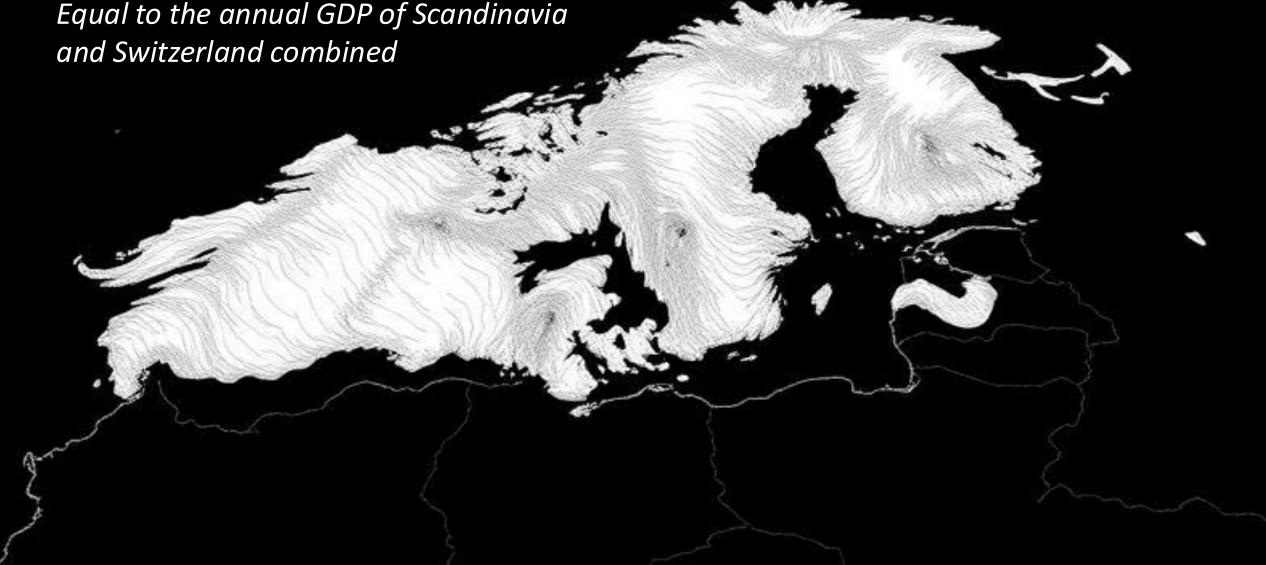


Illegal Online Gaming – Nationally

- Updated Assessment of Inherent Risks of Money Laundering and Terrorist Financing in Canada issued by Department of Finance Canada
- "ML Threat from Illegal Gambling: This threat is being upgraded to **Very High** to reflect heightened law enforcement awareness of the known extent of the capabilities, scope and proceeds of crime associated with these activities"
- "Illegal gambling in Canada continues to comprise private betting and gaming houses, unregulated video gaming and lottery machines, and unregulated online gambling"
- "Organized Crime Groups also continue to run illegal gambling sites in jurisdictions where online gambling is legal or enforcement is lacking"







The "Ontario" Model



Regulates all Gambling in Ontario



Conducts & Manages
OLG.ca and Land-Based
Casinos in Ontario



Conducts & Manages i Gaming in Ontario



49 Private Operators84 Separate Websites





Canadian Lottery Coalition









Project Dolus

- FINTRAC Special Bulletin targeting the laundering of proceeds from various crimes through online gambling sites:
 - Exploitation of financial entities and money services businesses, including payment service providers
 - Prepaid cards and vouchers
 - E-wallets and payment service providers
 - Virtual currencies
- Reporting Entities are required to conduct risk assessments against the indicators identified by FINTRAC



Fraud



Common Typologies

- Identity fraud
- Account takeover
- Multiple payment change
- Structuring under reporting threshold



Recent Scams – Fake Casino Ads







Recent Scams – Credential Stuffing

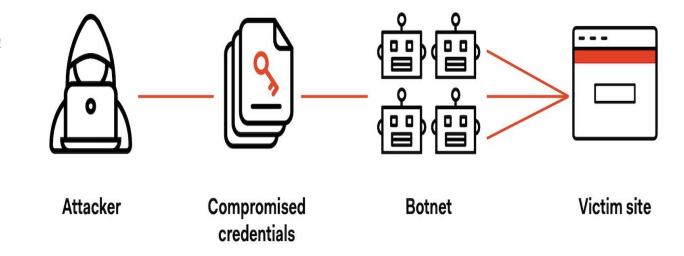
News / Local News

Hackers attack PlayNow gambling website using stolen passwords

After reviewing the activity, programmers determined that the traffic was due to "credential stuffing," a practice in which criminals use emails and passwords leaked or stolen from other websites to attempt access.

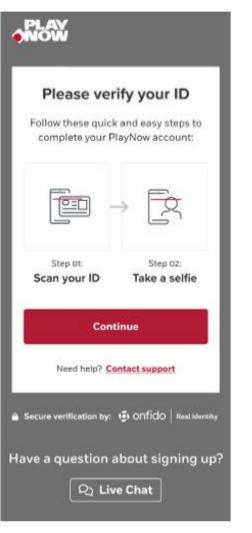
18-Year-Old Charged With Hacking 60,000 DraftKings User Accounts

Anatomy of a credential stuffing attack

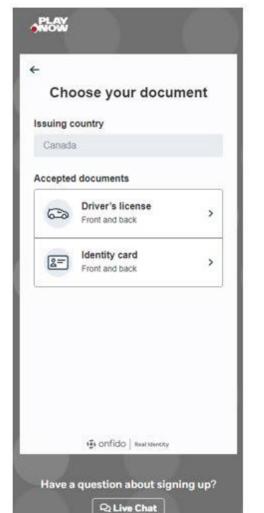




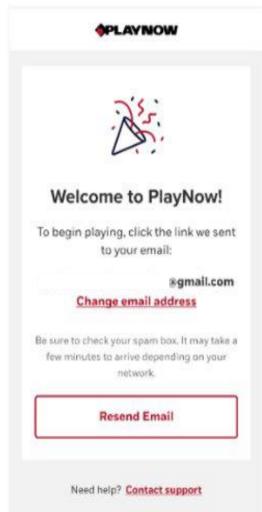
Enhanced Registration











Recent AML Engagements

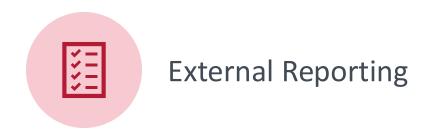


QA Engagements











Top 50 Patron Analysis

-14%

-46%

-79%

2017 (Pre-SOF Directive)

Total Large Cash Transactions:

74,883

Top 50 Cash Players:

\$110,972,933

Top 5 Cash Players:

SID	LCT Value
216789	\$5,371,925
13038	\$5,041,300
47726	\$3,424,150
88040	\$3,268,000
212896	\$3,257,760

2023 (Post-Pandemic)

Total Large Cash Transactions:

64,089

Top 50 Cash Players:

\$23,262,031

Top 5 Cash Players:

SID	LCT Value
304872	\$3,667,870
68570	\$1,987,315
147935	\$1,974,700
13038	\$1,740,200
11824	\$1,674,630

Top 50 Patron Analysis

2023 vs. 2019 Land-	Based Averages	
<u>Sex</u>	<u>Age</u>	
	Gen Z (19-27)	100%
5% O 9 -5%	Millennials (28-43)	175%
	Gen X (44-59)	88%
	Boomers (60+)	-73%
Ethnicity	Occupation	
Asian -1%	Cannabis	-100%
East-Indian 20%	Energy/Resources	0%
Middle-Eastern 60%	Engineering	-60%
Latin-American 0%	Financial	133%
African-American -100%	Gambling	-100%
Caucasian -50%	Healthcare	-75%
	Hospitality	15%
Cash Play	Housewife	-67%
	Law/Enforcement	0%
C20/	Logistics	175%
62%	Manufacturing	117%
	Marketing	-100%
	Real Estate	-50%
PGF Play	Sales	0%
	Student	-100%
E 40/	Technology	-33%
-54%	Trades	-29%
	Other	-64%

2019 Patron Decrease Cash



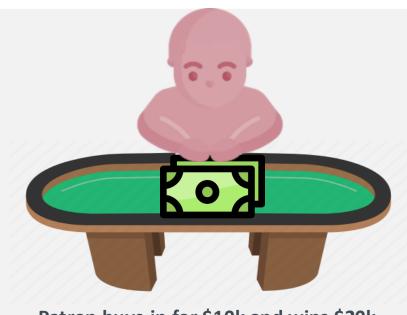
- 46 / 50 patrons no longer have play in 2023, accounting for a reduction of \$20,507,044 in cash play in BC casinos over 5 years.
- Of the 4 patrons remaining, 3 decreased their play by an average of -72%.
- 1 patron is still present in the 2023 Top 50;
 the patron has been interviewed, SOW confirmed, and subsequently conditioned.

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PGF

- 31 / 50 patrons no longer have play in 2023, accounting for a reduction of \$276,376,578 in cash play in BC casinos over 5 years.
- Of the 19 patrons remaining, 17 decreased their play by an average of -68%.
- 2 patrons are still present in the 2023 Top 50;
 both patrons have been interviewed, SOW confirmed, and subsequently conditioned.

"Churn"



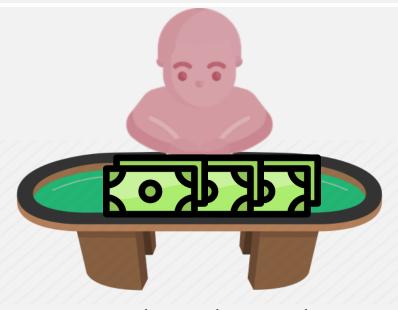
Patron buys-in for \$10k and wins \$20k



...Patron returns with \$30k



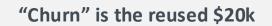
Cashes out for \$30k in *\$50's* and *\$100's*



Buys-in for \$30k in *\$50's* and *\$100's*



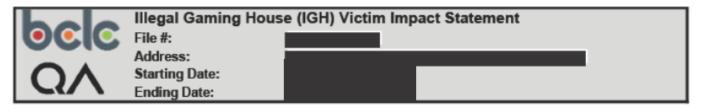
Within the next couple days...





True "new money" is only original \$10k

CFSEU Victim Impact Statements



Victim Impact Statement

Net Cash Analysis			
,	Total Cash In for Period	\$	8,671,435
	Total Calculated Churn	\$	3,630,735
	Total Recalculated Net Cash In	\$	5,040,700
	Percentage of Total Buy-Ins Recycled		42%
Loss Impact Calcu	l <u>ation</u> Total Net Cash Into IGH	•	5,040,700
		- D	
(70%)	Loss to BCLC	\$	3,528,490
(30%)	Loss to Service Providers	\$	1,512,210
	Period in Days	\$	153
	Extrapolated Total Loss for Fiscal Year of Operation	\$	12,025,199

Case Details

Location Details			
	Gaming Rooms		3
	Unique Patrons		208
	Charged Individuals		2
	Days of Operation		153
	Status		
Profit Details			
	Buy-In	\$	8,671,435.00
	Cash-Out	\$	8,192,735.00
	Net Client Cash	\$	478,700.00
	Less: Client Credit Issued	-\$	13,400,990.00
	Gross Client Funds In	-\$	12,922,290.00
	Add: Credit Recouped Less: Expenses	\$	8,694,035.00
	Net IGH Profit	\$	4,228,255.00



Q&A

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