

**CONFIDENTIAL**

2010.05.04



Mr. Derek Dickson  
 Director, Casino Investigations LMD  
 Ministry of Housing and Social Development,  
 Gaming Policy and Enforcement Branch,  
 Investigations and regional Operations,  
 #408 4603 Kingsway Ave.,  
 Burnaby, B.C.  
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Dear Mr. Dickson

**Ré: Loan Sharking/Suspicious Currency and Chip Passing in  
 Lower Mainland Casinos**

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Receipt of your correspondence dated 2010APR14 is hereby acknowledged. This reply may also be considered as a follow up to our meeting at your office 2010APR19, where we discussed most of the concerns as identified in your memo, I believe, to our mutual satisfaction.

To reiterate our conversation about this on-going problem, particularly with respect to chronic violators of loan sharking incidents and chip passing, we at BCLC share your concern that this activity could be the greatest single threat to the integrity of gaming in the province. We wish to assure you that BCLC view the threat of loan sharking as serious and will take any and all action possible against those observed participating in this activity.

As per our discussions of April 19<sup>th</sup> four individuals identified in your memo as being of the most concern due to their histories of chip passing and/or association with loan sharks; [REDACTED] presently the subject of an ongoing RCMP Integrated Proceeds of Crime investigation. Needless to say, a significant amount of information received by the Police about [REDACTED] was supplied by BCLC Corporate Security. [REDACTED] remains on the 'Watch' category in ITrak. [REDACTED] have been provincially barred and we are presently awaiting the results of an investigation into the activities of [REDACTED] that may also result in a provincial barring.



In order to deter and prohibit any level of loan sharking operating in our casinos, BCLC continues to maintain and support an 'aggressive attitude' and philosophy. As well, BCLC maintains strategies presently in place internally as well as in our casinos that are dedicated to the detection and interdiction of loan sharking. These strategies include BCLC investigator training to ensure investigators are familiar with loan shark tactics and operating methods. An Internal Policy guide has been developed and implemented to assist investigators in conducting loan sharking investigations. It clearly details the common 'elements' of loan sharking more commonly witnessed in our casinos. BCLC investigators are trained in how to create and present suspicious financial transaction reports, which includes loan sharking, to FinTrac, GPEB and the RCMP Integrated Proceeds of Crime Section. Investigators are also tasked with ensuring any relevant intelligence obtained regarding loan sharks is shared with the RCMP. A complete 'library' of individuals operating or suspected as loan sharks in our lower mainland casinos has been created and is made readily available to all our investigators as a reference. This profile library also identifies some of the organized groups responsible for the lion's share of loan sharking in the casinos and is updated regularly. Other strategies involve the daily scrutiny of casino cheques issued to patrons for 'verified wins' only. This ensures that these cheques are issued as per BCLC Policy and not to suspected loan sharks looking to hide their incomes by virtue of casino cheques. All BCLC investigators are tasked with delivering FinTrac training to casino and CGC staff on an ongoing basis. This training is focused on the detection and reporting of any and all suspicious financial transactions taking place in the casino. The guide, detailing 'elements' of loan sharking and reporting responsibilities are presented to casino staff as part of the FinTrac training package and given as a 'hand out'. This ensures all levels of staff, from dealers, slot attendants, supervisors and management are familiar with what they should be looking for and the requirement to report. Investigators are continually stressing the importance of reporting incidents of loan sharking and chip passing during the training sessions, not only from a Policy perspective but as a federally legislated requirement.

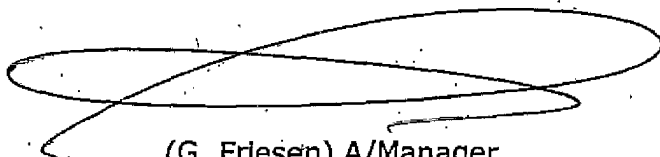
Chip passing incidents of a 'non suspicious nature' has been given greater scrutiny. BCLC has insisted that incidents of non suspicious chip passing between patrons be investigated and reported. Patrons are warned about this activity and that to continue or to repeat doing so do so may incur sanction(s). I refer to the discussion we had in regards to chip passing and the further steps BCLC intended to take with regards to sanctions. BCLC believes this strategy will

significantly reduce the over all amount of chip passing incidents presently experienced.

Another ongoing strategy is that Casino Surveillance is continually monitoring and sensitive to chip passing and potential loan shark activity taking place in their respective casino sites. Patrons identified participating in this activity are confronted by security and warned about their actions. This is documented and if required, patrons are flagged in ITrak under the 'Watched' category. All LMD casinos have access to these subject profiles and therefore all benefit from this category and are able to continue monitoring patron activity regardless of which casino they may attend. However, depending on circumstances, a patron(s) may be removed immediately from the casino pending a BCLC investigation into the incident. Subsequent to an investigation, if warranted, any patron(s) found engaging in any level of loan sharking will be provincially barred.

Please be assured that BCLC is committed to do everything it possibly can to address all incidents of loan sharking, both strategically and proactively thus ensuring the integrity of gaming within the Province.

We are also continually looking for ways to enhance our relationship with GPEB investigators in order to meet and confront these challenges more collectively and effectively.



(G. Friesen) A/Manager,  
BCLC Corporate Security and Surveillance.