

Washington State Gambling Commission

Money Laundering In The Gambling Industry

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October 9, 2014

Our Mission:

“Protect the Public by Ensuring that
Gambling is Legal & Honest”



What Is Money Laundering?

- The introduction of illicit funds into the financial system with the end result being currency and/or assets that have the appearance of legitimacy.
 - Basically: The Use of Dirty Money



Money Laundering; How it Works

An Introductory Video

How Money Laundering Works.

by snapperski

How Is Money Laundering Accomplished?

3 Behaviors To Money Laundering

- Placement – “Filtering”:
 - Putting illegal money into the financial system.
- Layering – “Camouflage”:
 - Concealing illicit money through conversion(s), transfers, procuring assets, etc.
- Integration – “Investment”:
 - Using legitimate transactions to hide and/or conceal illicit funds.



History Of Money Laundering

- Important Dates:
 - A. 1970 – Bank Secrecy Act (BSA)
 - B. 1986 – Money Laundering Control Act
 - C. 2001 – US Patriot Act (Providing Appropriate Tolls to Restrict, Intercept, and Obstruct Terrorism)



Relevant Money Laundering Statutes

- Criminal Statutes:

- Federal: Title 18 United States Code(s)

- 1956
 - 1957
 - 5324



- Washington State

- RCW 9A.83.010 – Money Laundering Definitions
 - RCW 9A.83.020 – Money Laundering
 - RCW 9A.83.030 – Seizure and Forfeiture

- Specified Unlawful Activity (SUA)



Authority to Investigate

- RCW 9.46.210
 - Enforcement — Commission as a law enforcement agency.



The Bank Secrecy Act and Casino's

- Who Must Comply?
 - Casino's and Card Clubs (House Banked Licensee's)
 - \$1 Million in annual gambling revenue



- Defined as a Financial Institution
- Must follow the Bank Secrecy Act requirements



The Bank Secrecy Act and Anti-Money Laundering Program(s)

- Title 31 Chapter X:
 - Record Keeping Requirements
 - *Information Sharing*
 - Knowing Your Customer



The Bank Secrecy Act and Anti-Money Laundering Program(s)

- WSGC put on Training with...
 - Department of Justice
 - Financial Crimes Enforcement Network
 - IRS



- Conducted 6 Training Sessions for House Banked Card Rooms and Tribal Casino Employees
- 500 Attendees

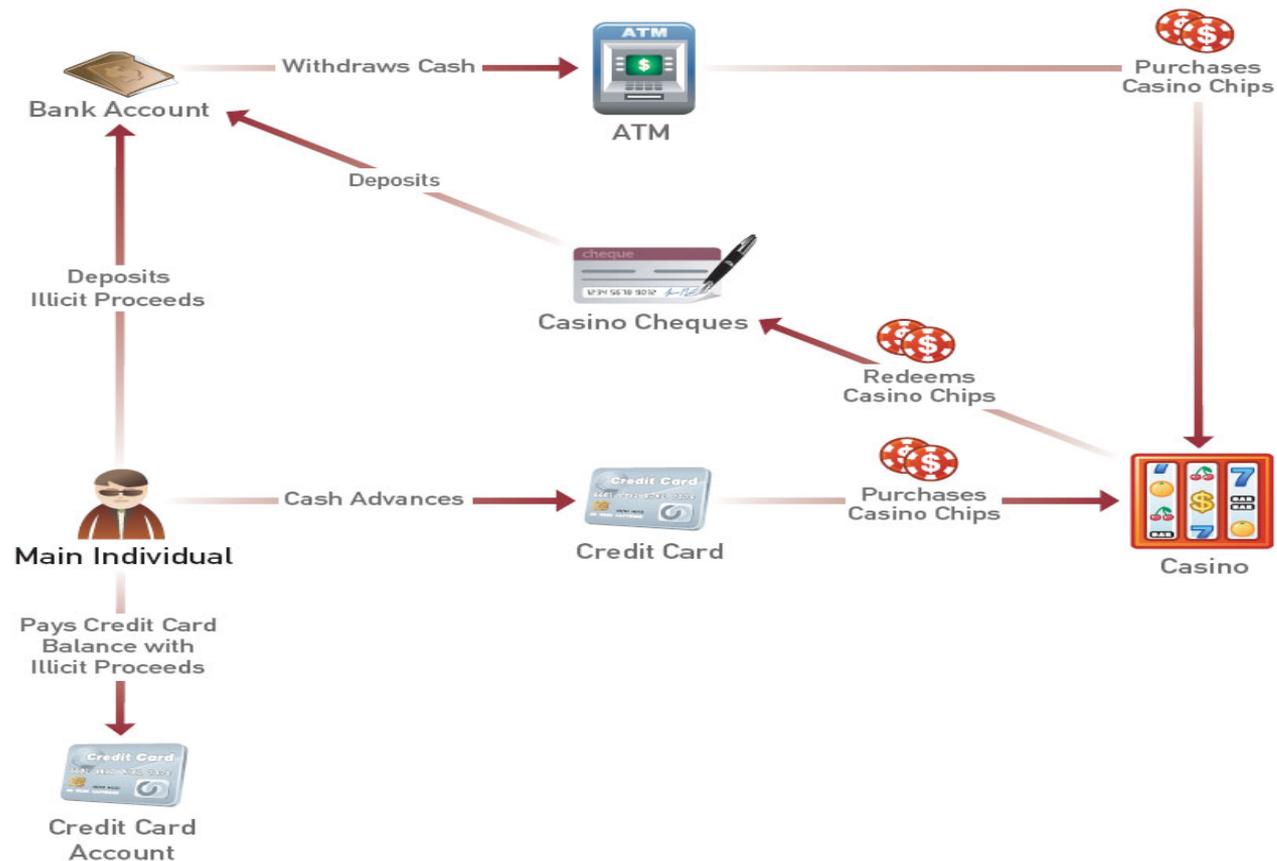
Failure to Implement and Follow Anti-Money Laundering Program

Example(s):

- Minnesota Casino - 2011
 - \$250,000 Fine
- Oklahoma Casino – 2006
 - \$1.0 Million Casino Fine
 - \$1.5 Million Manager Fine



How Can The Gambling Industry In Washington State Be Used As A “Vehicle”?

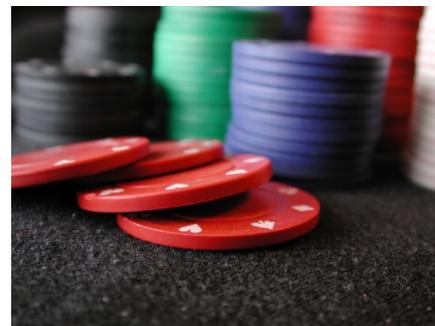


Serving As A “Vehicle”

- Director Calvery, FinCEN

2014 BSA Conference, Las Vegas, NV

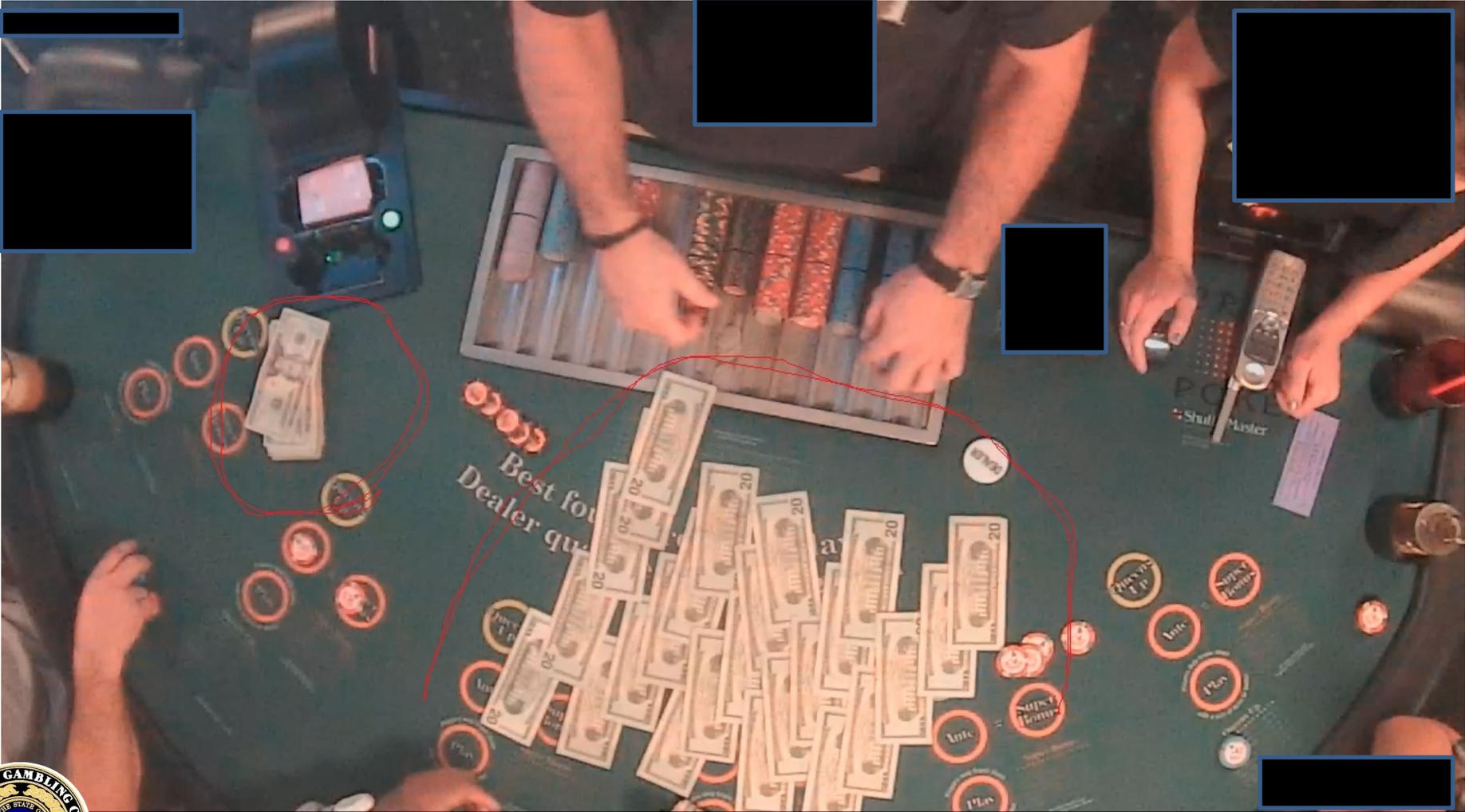
June 12, 2014 – Speaker



“Think about what happens each time a customer enters your casino. Often, the first thing a customer does is conduct a financial transaction – they buy chips. And the last action a customer takes is usually also a financial transaction – they cash out those chips. And while the vast majority of these transactions are purely for entertainment purposes, casinos can serve as the vehicle for the use, movement, and concealment of ill-gotten gains. This is a risk inherent in all financial institutions.”

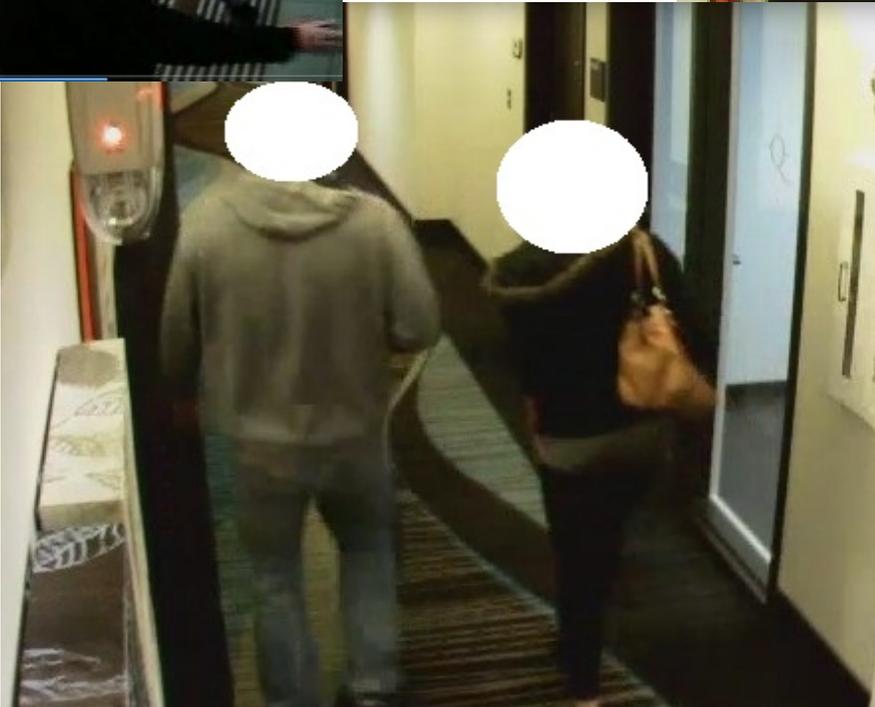
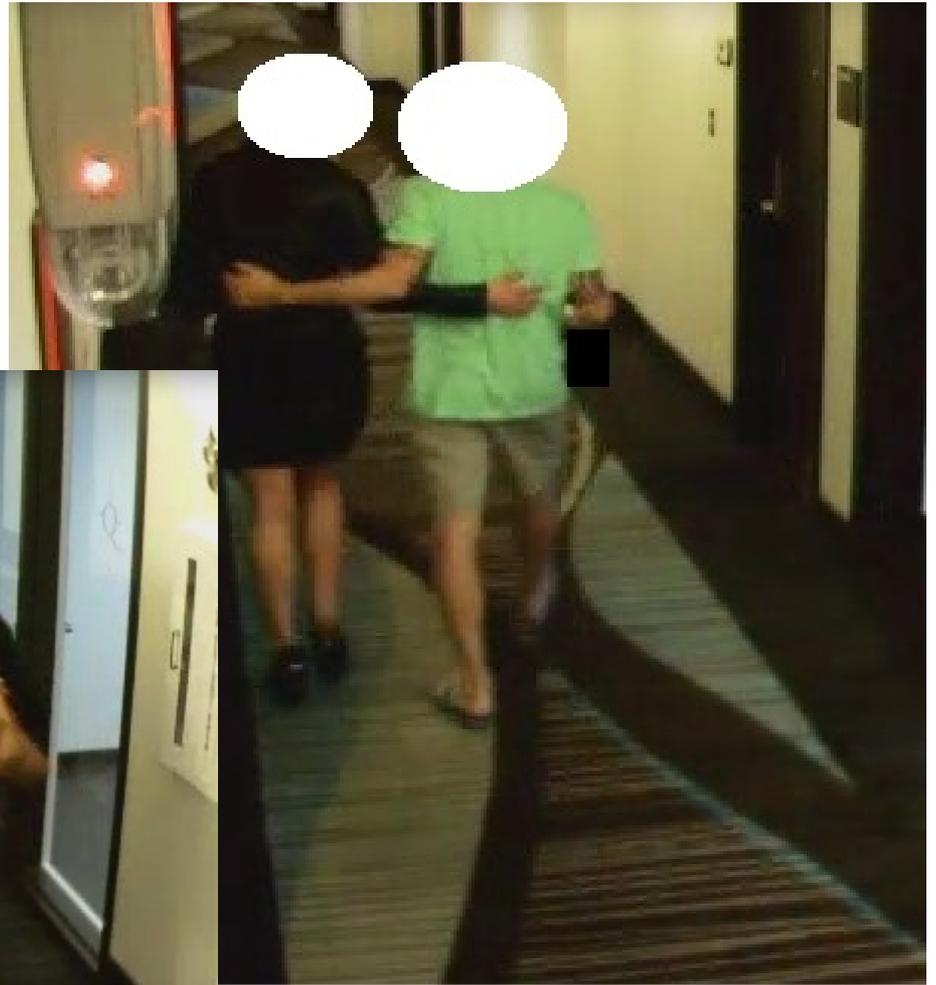


Currency Exchange



Criminal Activity

Drugs and Prostitution



Money Laundering in Washington State

- Theft/Fraud Against Casino's
- Misuse of Identification
- Proceed Spending
- "Structuring"



"Show me how we launder in a casino, Love!"

Cybercrimes Money Laundering and Casino's



Cybercrimes Money Laundering and Casino's

- What is it?
 - Computers
 - Criminal activity
 - Financial gain



Cybercrimes Money Laundering and Casino's



- The extent of the problem:
 - McAfee study
 - National Automated Clearing House Association study
 - Department of Justice study



Cybercrimes

Money Laundering

and

Casino's

- Casino's
 - The Unique Merchant
 - The Role They Play



Cybercrimes Money Laundering and Casino's

- This is the Future
 - “The Combination”



Cloned credit card example



WSGC and Our Role

- Ensure opportunities to facilitate money laundering through regulated gaming activities is minimized and readily identified when it does occur
- Establish partnerships with the financial and gambling industry
- Collaborate with state, federal, and tribal law enforcement agencies



Guest Speakers

- John Grasso
 - Deputy Prosecutor Spokane County
- Chief Lee Bennett
 - Airway Heights Police Department
- Sgt. Rodney Schurger
 - Kalispel Tribal Police





Questions

