REDW LLC
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Webinar: *Title 31 – Compliance, Pitfalls and Protecting Your Casino*
FIN-2009-G004 Frequently Asked Questions
Issued: September 30, 2009

1. **Are two separately licensed, but jointly-owned riverboat casinos that are operating from the same dock and sharing certain information systems, required to aggregate currency transactions by the same customer that occurred at both casinos?**

No. Each casino licensee is a separate financial institution for purposes of complying with currency transaction reporting. Two riverboat casinos that are under common ownership and common management, share certain information systems, maintain similar accounting and internal control procedures, or use the same docking facilities, but which have separate licenses, are not required under 31 C.F.R. § 103.22(b)(2) and (c)(3) to aggregate and report customer currency transactions that occurred at both facilities. Nonetheless, for two riverboat casinos with automated data processing systems that are closely integrated, automated programs for compliance with the BSA must provide for the use of these systems to aid in assuring compliance with identifying transactions that appear to be suspicious and that are conducted between the two casinos by known customers[36] (*e.g.*, to evade the $10,000 reporting requirement through structuring).

2. **Is a casino required to file a CTRC on customer jackpot wins from casino games other than slot jackpot or video lottery terminal wins?**

Yes. A casino is required to file a CTRC on customer jackpot wins paid in currency from casino games other than slot jackpot or video lottery terminal wins. These include among other games, bingo (traditional), Caribbean stud poker, keno, or let it ride poker. These transactions may need to be aggregated with other cash out transactions.

3. **May a casino share information with another casino concerning potential suspicious activity?**

Yes, casinos may utilize Section 314(b) information sharing to work together to identify money laundering and terrorist financing. Also, casinos can utilize Section 314(b) information sharing with depository institutions and money services businesses. Section 314(b) as implemented by 31 C.F.R. § 103.110, establishes a safe harbor from liability for a financial institution or association of financial institutions that voluntarily chooses to share information with other financial institutions for the purpose of identifying and, where appropriate, reporting money laundering or terrorist activity (if required notification, verification and information security is in place). Section 314(b) permits sharing information relating to transactions that a financial institution suspects may involve the proceeds of one or more specified unlawful activities listed in 18 U.S.C. §§ 1956 and 1957, which include an array of fraudulent and other criminal activities. The safe harbor afforded by Section 314(b) is only available to financial institutions that are required to implement an anti-money laundering program, which includes, for example,

depository institutions regulated by a federal functional regulator, casinos, and money services businesses.

Section 314(b) does not replace the existing obligations of financial institutions to file suspicious activity reports when required. Please note that the Section 314(b) process cannot be used by a casino to exchange information with another casino about customers conducting non-criminal financial activities, such as card counting. Also, please note that the process cannot be used to share a copy of a filed FinCEN Form 102, Suspicious Activity Report by Casinos and Card Clubs ("SARC") or the fact that it was filed, with another financial institution. However, the underlying information in the SAR may be disclosed as long as the existence/fact that a SAR has been filed is not revealed.

4. What type of information may a casino or card club disclose in response to a subpoena, summons, or other process issued in civil litigation that involved suspicious activity contained on a filed SARC?

The BSA does not prohibit the disclosure of internal casino or card club records upon which a SARC is based in response to a subpoena, summons, or other process issued in civil litigation, with all the relevant information pertaining to a customer's gambling activity that occurred at a casino or card club. For example, the prohibition against disclosing a SARC (or information that would reveal the existence of a SARC) would not preclude a casino or card club from disclosing, internal records such as check cashing account, credit account, deposit account, player rating account, slot club account, customer win/loss statements, monetary instrument logs, multiple transaction logs, audio or video tapes, CD-ROM discs, DVD discs, etc., to a private litigant. Similarly, the prohibition against disclosing SARCs would not prevent the disclosure of BSA records of transmittal of funds or negotiable instruments at or in excess of $3,000 Therefore, whatever information is appropriate and already contained in internal casino or card club records or on other discoverable government records and forms mentioned above can be disclosed in response to a subpoena, summons, or other process issued in civil litigation, except for a SARC form itself or the information that would reveal the existence of the SARC (including any document, memorandum, record, log, or work papers that references a SARC).

5. If a casino scans or microfilms its player rating records, is it required also to keep the paper copy of the record?

No. The BSA requires the retention of the source records (either the originals or microfilm version, or other copies or reproductions of the documents) of all records required to be retained by 31 C.F.R. Part 103. This would include, among other customer records, records prepared or used to monitor a customer's gaming activity (*e.g.*, player rating records, multiple transaction logs). As a reminder, scanned or microfilmed player rating records must be retained for 5 years and filed or stored in such a way as to be accessible within a reasonable period of time.

6. Does a casino or card club have to record a customer's permanent address for BSA recordkeeping requirements or is a P.O. Box number acceptable when it appears on a customer's state driver's license or identification card?

To comply with 31 C.F.R. §§ 103.33(f), 103.36(a), 103.36(b)(1), 103.36(b)(4), 103.36(b)(5), and 103.36(b)(9), casinos and card clubs are required to use due diligence measures to obtain a customer's permanent address. This means casinos and card clubs are required to obtain and record a customer's permanent address (*i.e.*, permanent street address, city, state name or two-letter state abbreviation used by the U.S. Postal Service, and ZIP code, including any apartment number or suite number and road or road number associated with a permanent address) to comply with these recordkeeping requirements. If a customer is from a foreign country, the state/territory name (or state/territory code) (*i.e.*, Canada and Mexico) and the appropriate country name (or two-letter country code) should be obtained. A casino or card club is required to use all reasonably available information or reasonable alternatives to obtain the needed information to be in compliance with the BSA and should not enter a P.O. Box number unless the customer has no street address. If a customer's state driver's license or identification card contains a P.O. Box number, casinos and card clubs would need to ask a customer for his/her permanent street address. If a customer states he/she has a permanent address, but refuses to provide it, and a casino and card club conducts the transaction, they would not be in compliance with these BSA recordkeeping requirements. However, if a casino or card club uses due diligence to obtain a customer's permanent address[61] and determines that a customer does not have a permanent address, then a casino can record a customer's P.O. Box number without concern of non-compliance with the above BSA recordkeeping requirements. Nonetheless, in the case when a reportable currency transaction occurs, a casino and card club must file a CTRC involving a cash in and/or cash out.

7. How can a casino's compliance committee help to assure that a casino complies with the BSA?

Casinos and card clubs are not required under the BSA to establish compliance committees in all instances. Nonetheless, there may be instances in which the risk confronting a casino or a card club would require establishing a BSA compliance committee. FinCEN understands that casinos establish BSA compliance committees as an executive level safeguard to ensure that a casino complies with all applicable laws, regulations, and guidance in a reasonable manner.

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Webinar: *Title 31 – Compliance, Pitfalls and Protecting Your Casino*
FIN-2012-G004 Frequently Asked Questions
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1. **Is a casino required to use kiosk or slot ticket redemption reports to detect suspicious activity?**

A casino is required to establish risk-based internal controls for ensuring compliance with the requirement to report suspicious transactions, including procedures for using all available information, and procedures for the use of automated data processing systems. Many casinos offer multifunctional customer kiosk machines, connected to a gateway or kiosk server, that can perform a variety of financial transactions, such as redeeming slot machine or video lottery tickets for currency, exchanging U.S. currency for U.S. currency (*i.e.*, breaking bills or paper money), redeeming player slot club points, and initiating electronic transfers of funds to or from a wagering account.

While ticket in/ticket out ("TITO") tickets redeemed at kiosks or terminals do not contain a customer's name or any account number, each ticket has the number of the slot machine or video lottery terminal that issued it, as well as an 18-digit validation number and a unique bar code that can be used to identify a customer.[15] Although customers are limited to redeeming tickets usually valued at no more than $3,000, a customer can conduct a series of ticket redemptions in amounts less than $3,000 at the same kiosk, or two kiosks located near each other, during a short period of time (often within several minutes) and thereby avoid limits on the value of tickets redeemed at a kiosk. In addition, customers can feed bills into multiple slot machine validators, make no bets or a single small bet, print out TITO tickets, and cash them at a slot redemption kiosk, without human interaction. Both of the above are casino vulnerabilities. For purposes of suspicious transaction reporting, casinos should note that the reporting requirement also applies to "patterns of transactions" that are suspicious and aggregate to $5,000. Thus, when a casino develops its risk-based compliance procedures for monitoring for suspicious activities, it must consider and use, as practicable, the transactional information in kiosk-slot ticket redemption detail reports for the purposes of reporting suspicious activities.

2. **How should a casino treat jackpots from slot machines or video lottery terminals when customers lack identification?**

Typically, jackpots from slot machines or video lottery terminals are paid in currency. If a customer does not have valid identification, a casino usually places a payout slip and currency in a safekeeping account at the cage with instructions that the deposit cannot be released to a customer until valid identification is provided. If this occurs, the transaction should be treated as a safekeeping deposit.

3. Is a casino required to record casino account numbers for transactions involving personal checks in face amounts of $3,000 or more?

Yes. A casino is required to include "all reference numbers" in its list of transactions. A "casino account number" is cited in 31 C.F.R. § 1021.410(b)(9(ii) as an example of a reference number. Under 31 C.F.R. § 1021.100(b), a "casino account number" means any and all numbers by which a casino identifies a customer. Front money account numbers, wagering account numbers, credit account numbers, player rating numbers and slot club numbers are all casino account numbers.

Some casinos use one master number that applies to all accounts while others use multiple numbers (*i.e.*, one set of numbers for deposit and credit accounts, and another set of numbers for player rating and slot club accounts). If a casino assigns more than one number to a customer, a casino must record each of the numbers for every transaction. For example, if a personal check is deposited into a front money account, a casino that assigns a customer a separate player rating number must record a check number, a front money account number and a player rating number.

4. Is a casino required to record transactions in which instruments with face values of $3,000 or more are held as collateral for an extension of credit?

Yes. A casino is required under 31 C.F.R. § 1021.410(9) to create and retain a list of each transaction between a casino and a customer involving specified instruments in face amounts of $3,000 or more. The requirement applies to a broad set of transactions, including those where a cashier's check or business check is held by a casino as collateral for an extension of credit.[28] When a customer buys back the cashier's check or business check, or when a casino uses the cashier's check or business check to satisfy amounts outstanding under the extension of credit, a casino must record the transaction separately.

5. Is a casino required to record transactions in which instruments with face amounts of $3,000 or more are issued or received through the mail?

Yes. While many transactions between a casino and a customer occur at a cage, casino accounting departments or offices also may receive winning tickets through the mail from customers (*e.g.*, TITO, Keno, Races, and Sports) that a casino pays through negotiable instruments mailed to customers (known as "mail pays"). In addition, a casino may receive negotiable instruments to pay off outstanding credit lines through the mail from customers. A casino must have procedures in place for ensuring compliance with 31 C.F.R. § 1021.410(b)(9).

Many larger casinos share accounting departments with other corporate divisions or related corporations. If an accounting department receives instruments from customers of a casino that are intended for other corporate divisions or related corporations (*e.g.*, banquet payments, convention sales deposits, miscellaneous incoming checks), or for a hotel, gift shop, or restaurant operating on the premises of a casino, and the instruments are not deposited into an account of a casino, then a casino is not required to record them.

6. Can a casino or card club provide customers with information cards that describe the requirements?

The regulations implementing the BSA do not require or prohibit casinos or card clubs from providing information cards to customers. Similarly, the regulations neither require nor prohibit casinos or card clubs from posting information placards at its cages. However, casinos and card clubs should avoid conduct (such as coaching customers on how to avoid the filing of a currency transaction report), which could be viewed as assisting customers in structuring transactions.