



The Importance of AML Education in Gaming

By Mindy Letourneau and Christine Lomas

The days of running a casino with limited AML knowledge should be a distant memory for owners, operators, and key employees. Over the last few years, many casinos have suffered millions in fines and the threat of losing their gaming licenses, including closures. Most recently, the industry has witnessed personal liability or fines against individuals in similar sectors that are subject to AML, such as money services businesses. Casinos calculate the risk of every wager to ensure profitability, so why is the industry gambling with compliance? The simple answer is a lack of understanding and education about AML.



Historically, gaming industry compliance officers were focused on completing paperwork for submission to the government and were typically unaware of how a criminal might be exploiting the casino. As a result, the compliance officer was rarely in a position of authority to assess or act on risks and not typically equipped with the knowledge needed to educate the casino owners, operators, or key personnel about AML threats. With this understanding, it is clear that a subject matter expert is required to understand AML risks in the current regulatory environment and manage an effective educational program for the casino.

The compliance officer has likely read the FinCEN assessments, guidance, advisories, and registered for updates in an effort to keep apprised of requirements and trends. But is this enough to earn or even maintain the status of an AML subject matter expert? In other words, is your compliance officer equipped to handle the coordination and monitoring of day-to-day compliance?¹

The AML subject matter expert's responsibilities should include evaluating potential risk exposures to the company for money laundering and other illicit activities. It is important that the subject matter expert have a holistic understanding of the casino industry and other financial sectors to understand how the various phases of money laundering are interconnected amongst each other.

Additionally, the compliance officer is responsible for fulfilling one of the pillars of a sound compliance program: employee training, as required by 31 U.S.C. § 1021.210 (b)(2)(iii), which sets forth the anti-money laundering program requirements for casinos. It is imperative that there is a thoughtfully prepared training program tailored to the casino, including the types of financial services and gaming activities it offers and ensures that the required employees successfully complete training. This basic employee training can be handled using online learning. However, professional development for key employees, such as the compliance officer, may require enhanced training that is above and beyond the basics.

In Acting Director Jamul Al-Hindi's FinCEN post titled "Culture of Compliance and Casinos" from October 2016, he stated "to fight money laundering effectively, an organization must *have trained individuals at every level* and provide those individuals with the proper resources and systems needed to carry out their compliance duties. Perhaps most importantly, compliance staff need support from the leaders of their organizations."² With the individual accountability for failures of AML compliance programs being more prevalently placed on those compliance officers and leadership who choose to remain complacent (refer to the Haider settlement³ or Que assessment⁴), it is the responsibility of the compliance officer to hold steadfast to their culture of compliance. It is clear that enhanced training is worth the investment for a compliance officer and other key employees, such as compliance committee members.



The compliance officer would benefit best through learning experiences such as seminars, certificate programs, webinars, boot camps, etc., where they gain insight into real life tangible examples of money laundering and suspicious activity. In Jamul Al-Hindi's post, he further stated that "FinCEN subject matter experts regularly attend casino industry conferences to speak about the latest illicit finance issues relevant to the industry. These experts have noted increased attendance to, and interest in, panels that focus on anti-money-laundering issues. We certainly recognize and encourage these positive efforts." By attending

casino industry conferences, compliance officers can gain direct exposure to FinCEN, IRS Criminal Investigators, or other BSA subject matter experts. In fact, a FinCEN Advisory (FIN-2014-A007),⁵ which is an advisory to U.S. Financial Institutions on Promoting a Culture of Compliance, provided that “Information on how BSA reports are used can be found on FinCEN’s website and is routinely shared through numerous public-private training events involving FinCEN and its many law enforcement partners.”



This FinCEN Advisory also provided that, “Understanding and communicating the context and the purpose of FinCEN’s BSA/AML regime is as important to a financial institution’s culture as understanding its underlying requirements, and financial institutions should consider including such information as part of their ongoing training requirement.” To really understand the “underlying requirements,” it is imperative that the compliance officer be given the opportunity to hear from the regulators directly, not just read the occasional assessment or advisory. So how does a compliance officer have the opportunity to hear firsthand about the regime context and even the results of an assessment investigation? That’s right, through ongoing learning experiences where the compliance officer can gain direct exposure to FinCEN, IRS Criminal Investigators, or other BSA subject matter experts.

On one occasion, a compliance officer shared that it was at one such casino AML conference where they had their first real exposure to a casino risk assessment. Having only been in the role of a property’s compliance officer for a short time, this compliance officer shared it would not have been possible to build out such a robust assessment on their own. Since then, that compliance

officer has used these learning experience opportunities to build upon that risk assessment and use it as a strong tool for educating their company’s leadership of areas where they may be open to risk. Each time a compliance officer attends an AML-focused conference it offers them the opportunity to hear firsthand about real life investigations and tools, and network with other industry compliance professionals who are a wealth of information on various systems, emerging or repeating trends in money laundering, and upcoming topics or areas that examiners may be focusing on next.

So remember, the investment made today will protect you, your casino, and its officers, not only now, but into the future. Seek out and ask your casino team to attend public-private training events, certificate programs, webinars, and conferences so that the culture of compliance spreads quickly across your casino.



Mindy Letourneau is the Founder and CEO of Casino Essentials and The Institute for Certified Gaming Industry Professionals (ICGIP). Casino Essentials provides AML education through online learning and professional development programs such as workshops, conferences and webinars. ICGIP recently released a casino-specific AML certification program. The AML certification program was designed exclusively for casinos and takes into account, the gaming industry’s 24/7 environment. This AML program is self-paced and available on-demand for easy access. She can be reached at Info@CasinoEssentials.com or www.CasinoEssentials.com.



Christine Lomas is the Director of Compliance & Risk for Jamul Casino in San Diego where she oversees the casino’s anti-money laundering program and risk department. After receiving her Masters from Oregon State University, Christine worked briefly in the IT field before accepting an exciting position in casino compliance. Over the course of Christine’s 15 plus years in the casino compliance field, she has enjoyed sharing her passion and AML experience with others. In her current role, she represents Jamul Casino at the BSA/AML Tribal Working Group and is avidly pursuing her GAMS certification with ICGIP.

¹ Examination Procedures detailed in the 2014 FFIEC Bank Secrecy Act/ Anti-Money Laundering Examination Manual.

² <https://www.treasury.gov/connect/blog/Pages/Culture-of-Compliance-and-Casinos.aspx> (emphasis added).

³ <https://www.fincen.gov/news/news-releases/fincen-and-manhattan-us-attorney-announce-settlement-former-moneygram-executive>.

⁴ https://www.fincen.gov/sites/default/files/enforcement_action/GeorgeQue_Assessment_20140820.pdf.

⁵ <https://www.fincen.gov/sites/default/files/advisory/FIN-2014-A007.pdf>.



Are You Gambling On Compliance?

In regulatory compliance, the house advantage belongs to the regulators. So, are you willing to bet that your compliance program meets the ever-changing regulatory requirements?

The Dowling Advisory Group specializes in Title 31 BSA/AML/OFAC testing, regulatory compliance and litigation support. Our firm is comprised of former federal agents and “Big Four” accounting and gaming experts. Our engagement teams are industry experts, not *staff*.

THREE CRITICAL QUESTIONS EVERY CASINO EXECUTIVE SHOULD ASK:

- Do I really know our AML risks?
- Does my Independent Testing give me the answers to the IRS exam?
- Has my software been tested to ensure it works for BSA/AML purposes?

At **DAG**, we can help you get the right answers.

- Risk Assessments
- Writing Policies and Procedures
- Data Completeness Testing
- Testing of Title 31 Programs
- Transactional Data Analysis for SARs
- Litigation Support

WHEN EXPERIENCE COUNTS

At DAG, we are the Casino AML experts.