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**From:** Erik Fields [EFields@peppermillcas.com]  
**Sent:** Thursday, April 27, 2006 1:08 PM  
**To:** Comments, Regulation  
**Cc:** Barbara Santavasci; Gerald Hepper  
**Subject:** RIN 1506-AA84 Proposed Amendments to Bank Secrecy Act Regulations Regarding Casino Recordkeeping and Reporting Requirements

From: Erik A. Fields, CIA  
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To: Financial Crimes Enforcement Network  
P.O. Box 39 Vienna, VA 22183.

Re: Proposed Amendments to Bank Secrecy Act Regulations Regarding Casino Recordkeeping and Reporting Requirements RIN 1506-AA84

Greetings:

We are writing in support of the proposed amendment to the Bank Secrecy Act to exclude jackpots from slot machines and video lottery terminals as reportable transactions in currency. It is our experience that most jackpots over \$1,200 are paid in cash and therefore, relying solely on W-2Gs for these types of transactions makes sense and would greatly reduce the paperwork for all parties concerned.

We would not be in support of an amendment that would require bills inserted into electronic gaming devices as a type of cash in transaction. We do not believe that such reports would be in the spirit of Title 31 "to maintain or file certain reports or records that have been determined to have a high degree of usefulness." We see the following problems with the proposed amendment:

- In order for the proposed amendment to be effective, all patrons would have to be required to have a player tracking card, otherwise there would be no way to efficiently track and identify patron's cash-in activity. Currently, slot machines are not designed this way and such a requirement would add undue financial hardship to the industry. Also, requiring all patrons to insert a player tracking card before slot play can begin would be inconvenient for many casual patrons or patrons who would prefer to maintain their privacy. The casino industry could see a significant drop in handle if such a requirement existed.
- Patrons are currently required to show their identification credential in order to obtain and maintain a player tracking card and account. These patrons are willing to show identification because they are honest citizens and have nothing to hide. Patrons involved in illegal activity would not likely apply for a player tracking card or would use another patron's card.
- Reporting player cash-in activity in regards to slot machines could be misleading. The spirit of Title 31 is to reveal who is handling large quantities of cash and for what purpose (i.e.,

amounts over \$10,000). Many patrons bring in only \$1,000 in cash and additional funds are obtained by cashing checks at the casino cage. In the course of a regular stay, patrons would routinely place cash into a machine, play for a period of time, and then cash-out and play a different machine. This recirculation of currency can create the impression that the patron placed more than \$10,000 in cash into slot machines; however, the patron never at any one time had more than \$10,000 in cash on their person. There would be a large volume of currency transaction reports that would tell us nothing.

Presently, the most effective way to report possible money laundering through a slot machine is with a Suspicious Activity Report. In the past, we have reported patrons who would continuously feed currency into a slot machine with very little or no play. Our floor employees are trained to always be on the look out for such patrons. Such patrons are usually asked to leave the casino for more than just discouraging money laundering activity. Such activity causes bill validator boxes to fill up unnecessarily, taking our employees away from serving patrons while they replace full bill validator boxes. This activity also creates "false drop" data in our statistical reports which impedes management from making accurate decisions regarding the slot floor.

One answer to this problem could be solved through the analysis of W-2Gs. The axiom of "the more you play, the more you win" is somewhat true. Given the right data, one can statistically estimate the amount of currency that one would have to insert into a slot machine in order to produce a certain amount of jackpots over a period of time. I feel this could provide more useful information and greater research should be made into this.

Thank you,

Erik Fields, Senior Internal Auditor