

SAR Bulletin

Information drawn from the Suspicious Activity Reporting System

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Issue 2

Suspicious Activities Reported by Casinos

A review of Suspicious Activity Reports (SARs) filed with the Treasury Department's Financial Crimes Enforcement Network (FinCEN) by casinos¹ reveals patterns of suspicious activity in which customer accounts at casinos are used as conduits to transfer significant amounts of funds through financial transaction channels. Typically, after minimal or no gaming activity, a deposit of funds with a casino is then cashed out by a customer or transferred to a bank account.

During 1998 – 1999, casinos located in five states filed more than 40 casino SARs which indicated that wire transfers and cashier's checks were being used to deposit funds in casino accounts as "front money", for use by the customer for subsequent gaming activity at the casino. Every SAR indicated that the customer gambled minimally or not at all, and in the majority of the cases took the balance out in cash on the same day or within a matter of days.

Variations on this theme involved an initial deposit by wire or cashier's check, but with the funds:

subsequently wired to an account outside the casino;

stored for a period of time in a casino-supplied safety deposit box and then removed by the customer in the presence of a casino employee; or

held by the casino in the form of a safekeeping deposit and then withdrawn.

In several instances, the customer was observed transferring chips to other individuals to cash out, as well as redeeming chips for a series of checks drawn on the casino totaling significantly more than the amount of the deposit (with no apparent winnings to account for the excess amount).

The SARs indicated that approximately \$4.6 million in wire transfer deposits and \$820,000 in cashier's check deposits were cashed out using one of the above methodologies.

What to do:

Casino SAR filers should continue to be sensitive to financial transactions that are inconsistent with normal parameters for gaming activity by their customers.

¹ All of these forms were submitted voluntarily, except for those which are required by Nevada Gaming Commission Regulation 6A.

FinCEN recommends that internal control systems and training programs reflect the potential money laundering risk associated with the methodologies described in this Bulletin. In addition, casinos and card clubs should consult FinCEN's Suspicious Activity Reporting & Casinos guidance document, which was issued in July 1998, for other examples of potentially suspicious transactions and activities. A copy may

be obtained from FinCEN's Internet web site at <http://www.fincen.gov>, under "Regulating Banks and Non-Banks", by clicking on "Casinos".

A copy may also be requested by calling FinCEN's Regulatory Helpline at 1-800-949-2732, pressing #1 for "Publications" and leaving a message with your name, organization (if any), title of the publication(s), and your mailing address.



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This "SAR Information Bulletin" is part of a series of overviews of trends and patterns in money laundering derived from the SAR database. The SAR Information Bulletin Series is designed to highlight activities or issues that appear significant based on such factors as number of reports, number of financial institutions filing similar reports, aggregate dollar values, geographic distribution, and especially recurrent patterns of activity identified in SAR narratives. In no cases will information relating to particular institutions, businesses or individuals be included in any Bulletin. Whether the information in a particular Bulletin is of relevance to a particular financial institution, of course, depends in many cases upon that institution's operating realities. In all cases, comments or other feedback would be welcome. Please forward comments on SAR Bulletins to the Financial Crimes Enforcement Network at 703-905-3698 (fax) or email ora@fincen.treas.gov.

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