

## Casinos Heed U.S. Reporting Warning

Written by Administrator

Tuesday, 03 September 2013 01:04 -

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Some casino companies are revamping their anti-money-laundering procedures after being put on notice by the Justice Department that they need to comply with federal reporting requirements, casino executives say.

The strongly worded statement from the U.S. attorney in Los Angeles last week immediately followed the resolution of a criminal investigation of casino giant [Las Vegas Sands Corp.](#) for not complying with a federal law that requires casinos to report suspect customer transactions.

The nonprosecution agreement involved Sands paying around \$47 million to the government and agreeing to make some policy changes. It cast a spotlight on the tricky line the casino industry must walk between protecting the privacy of high-roller customers, while still reporting to the federal government when those lucrative gamblers engage in suspicious financial activities.

Observers and industry insiders say that the Sands agreement will likely compel some changes within the industry even though the casino company avoided prosecution, which could have caused problems with gambling regulators.

"I thought, 'Wow,' " said a senior executive at a rival casino company who asked not to be named. "We'll look at this and compare it to what we do and see if there's anything we can button up."

"We're not going to hesitate to go where the evidence takes us and where the money is, so if it happens to be other casinos, then so be it," said Kevin Rosenberg, a prosecutor in the U.S. attorney's office in Los Angeles. "Our hope is certainly that this will send a message to the casino industry that it's critical that they take these laws seriously."

In some respects, casinos are regulated more like banks than like other consumer industries. Because huge amounts of cash flow through their coffers, they are considered financial institutions when it comes to anti-money-laundering reporting requirements. That has long been an area of controversy in the industry, as casinos historically have argued that some large gamblers might be discouraged if they knew their activities would be monitored and reported to

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the government, said Peter Djinis, a former Treasury Department official who consults for casinos and others on anti-money-laundering policies.

Casinos' technology systems for identifying suspicious transactions have often lagged behind those of banks, experts say. Additionally, some casino employees, called hosts—whose pay is tied to how much the customer spends—have incentives to accommodate their best customers, rather than report them to authorities.

The U.S. Treasury's Financial Crimes Enforcement Network is considering writing additional anti-money-laundering rules for casinos, but that is likely a long way off. More immediately, the agency could put out a statement clarifying for casinos that hosts need to be involved in anti-money-laundering efforts, among other adjustments, said Steve Hudak, a spokesman for FinCEN.

Some companies say that in the last year, since the investigation became public, they began to make significant changes. [Caesars Entertainment](#) Corp., for example, has expanded training and centralized its financial record keeping, according to a person familiar with the matter.

Some companies also have recently begun to buy more sophisticated software to detect problematic transactions, said James Dowling, a former federal government official who consults on anti-money-laundering policies for casinos.

As part of its own settlement, Sands agreed to go even farther. To make employees more likely to report suspicious transactions, for instance, Sands plans to tie bonuses to compliance and to claw back bonuses when a financial-reporting issue arises. The company also agreed to stop allowing high rollers to transfer money into generic-sounding bank accounts held by the casino. Such accounts are standard throughout the casino industry and can help customers mask gambling transactions from anyone from spouses to regulators.

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