



FINANCIAL CRIME

Canadian Gaming Association Calls for Overhaul of AML/CFT Regime Amid FINTRAC Penalties Against Operators

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Recent enforcement actions against gambling operators conducted by the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) have sparked calls for changes in the anti-money laundering and countering terrorism financing (AML/CFT) regime and the approach to compliance to better suit the sector's realities.

FINTRAC's recent measures

In a notable enforcement action announced in August, FINTRAC [imposed](#) an administrative monetary penalty of CAD1.075 million (£572,000) on British Columbia Lottery Corporation, which operates as BCLC and manages all legal gambling products in British Columbia, from casinos and lottery tickets to online gambling.

A compliance examination found violations of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act ([PCMLTFA/AML Act](#)) and associated regulations, including failures to report suspicious transactions, develop and apply policies and procedures for high-risk clients, and to "take special measures for high-risk clients", FINTRAC said.

BCLC [announced](#) that it is appealing the decision to the Federal Court, saying that it has "provided FINTRAC with information counter to its conclusions".

"BCLC takes its responsibilities under Canadian anti-money laundering legislation very seriously. It is confident in its position that it has fully complied with all its legal and regulatory obligations", a public statement reads. "The findings do not include allegations of any criminal offence", it adds.

This month, FINTRAC has so far [issued](#) monetary penalties against another two gambling operators. The Canadian National Exhibition Association, also operating as Canadian National Exhibition Casino (CNE Casino), [received](#) a CAD199,000 (£107,000) penalty due to two compliance failings, including assessing and documenting the ML/TF risk; and reviewing its AML compliance programme and documenting it.

CNE Casino, which is a temporary, seasonal non-profit casino at Canada's largest annual fair, the Canadian National Exhibition, [reportedly](#) appealed the penalty, denying any regulatory breaches. According to *Canadian Gaming Business*, FINTRAC argued that the amount of the fine is “necessary to encourage compliance” and that CNE Casino has the means to pay it. However, CNE Casino, which has a seasonal business model and reviews its AML programme annually, reportedly says that the penalty is “retrospective and punitive”, with the casino having already adhered to the regulations.

A week later, the Saskatchewan Indian Gaming Authority, operating as SIGA, [received](#) an AMP of CAD1.175 million (£625,000) after FINTRAC identified several breaches of the PCMLTFA. Particularly, FINTRAC says that SIGA failed to submit suspicious transaction reports although “there were reasonable grounds to suspect” that certain transactions were ML/TF-related. Moreover, SIGA allegedly failed to report transactions accompanied by the necessary information, and it failed to secure compliance policies and procedures that are updated and approved by a senior officer.

SIGA, which operates seven casinos in Saskatchewan, [said](#) that “the penalty is based on administrative reporting requirements only” and that “[t]here is no money laundering, terrorist financing, or other financial crimes at SIGA’s properties”.

Increased scrutiny amid FATF evaluation

FINTRAC’s recent escalation in scrutiny appears to be driven, at least in part, by the FATF evaluation process currently underway. The evaluation is expected not just to check whether the laws and regulations are in place, but also how well they are working in practice in the form of investigations, prosecutions, seizure of proceeds, and other enforcement actions.

In the last mutual evaluation [report](#), published almost ten years ago, FATF found that casinos in Canada showed a “good understanding” of AML/CFT obligations and the ML typologies in the gambling sector.

Nonetheless, FATF warned that the implementation of customer due diligence “measures seems to follow a tick-box approach rather than be based on an articulated risk-assessment”.

“Moreover, casinos seem to be essentially focused on cash, and appear to underestimate to some extent the risk posed by funds received from accounts with FIs [financial institutions]”, the report said.

Significantly, the casino sector is considered high-risk under Canada’s latest [National Risk Assessment](#) (NRA) due to its heavy handling of cash, conversion of cash into chips, and the large exposure to high-risk clients, including non-residents, politically exposed persons (PEPs), and heads of international organisations.

A compliance expert based in Canada told *Financial Crime Digest* that FINTRAC’s increased scrutiny is impacting not only casino operators, but other sectors under the AML Act as well.

“Right now, FINTRAC is adopting a more aggressive approach, and they are using administrative monetary penalties to signify a change in the enforcement of Canadian AML obligations going forward.”

This year alone the agency has [issued](#) 14 administrative penalties so far. In 2024, such penalties were imposed in 12 instances.

Canada is [scheduled](#) for a new FATF onsite evaluation in November this year, with an updated mutual evaluation report to be adopted in June next year.

The Cullen Commission findings

Stéphanie Annecou-Falaguet, financial crime consultant and co-president of the Montreal chapter of the Association of Certified Financial Crime Specialists (ACFCS), told *Financial Crime Digest* that the gaming industry must adhere to strict requirements, given its particular vulnerability to criminal exploitation through large-scale cash handling, the conversion of cash into chips, and online gaming activities.

The [2025 NRA](#) also acknowledges that online casinos represent a field “where risks are more rapidly evolving and increasing overall”. Both 'brick-and-mortar' and online casinos are rated as high-risk for ML/TF.

“Investigations, particularly in British Columbia through the Cullen Commission, have shown how some casinos have been used by organized crime to inject millions of dollars into the financial system”, Annecou-Falaguet stated.

The Cullen Commission was tasked with examining alleged money laundering in the province of British Columbia. A [final report](#) was submitted to the provincial government in June 2022 following three years of work, 138 days of evidentiary hearings and 199 witnesses heard, making 101 [recommendations](#) to improve AML resilience, four of which pertained to casinos specifically. The report identified the 'Vancouver Model' of money laundering, where cash facilitators with criminal affiliations provided funds to wealthy casino patrons, who then exchanged them for casino chips and later withdrew the equivalent amounts in countries such as China, Mexico, and Colombia, effectively laundering the money.

The Cullen Commission showed how millions of dollars could circulate without clear proof of origin”, Annecou-Falaguet said.

She argues that Canada needs enhanced cash traceability, targeted rules for online gambling and for those accepting cryptocurrencies, and intensified cooperation between casinos, regulators, and law enforcement agencies.

“The goal is clear: to reduce regulatory blind spots and make the gaming sector a strong link, rather than a vulnerability, in Canada’s anti-money laundering and counter-terrorist financing framework.”

Industry calls for a modernised framework

Casino industry representatives have criticised the recent enforcement actions by FINTRAC as reflective of a checklist approach to compliance, and have called for the modernisation of the AML/CFT regime.

President and CEO of the Canadian Gaming Association Paul Burns told *Financial Crime Digest* that “tick-the-box compliance and large fines aren’t going to help”. They rather create “frustration in a lot of cases” and “some distrust of the federal regulatory”.

“We’re trying to work with these agencies, but we need them to better understand the way our business works, instead of them applying their interpretations and not really wanting to listen”,

Burns said.

He calls for an “overhaul” of the AML/CFT legislation, which he believes has failed to keep up with the evolution recorded by the gaming industry in the past several years.

“There are some provisions of the Act that are outdated when it comes to gaming. ‘Casino’ is really defined by a building and four walls, not by activity. Sports betting is not mentioned. Horse racing is not included.”

Moreover, the reporting mechanism is deemed “ineffective” by operators due to a “layer of bureaucracy” that is added to the private operators’ reporting process. Paul Burns explained that while all gaming in Canada is illegal unless it is conducted and managed by the provincial government or their agents, many provinces use private sector companies to offer gaming. This, in turn, means that said provinces “don’t have the relationship with the consumer that the private sector operator does”.

According to Burns, this “layer of bureaucracy [...] has become ineffective” and the solution is to “let the [private] companies report directly” and for the reporting regime to “be better suited to our sector and the way it operates”.

“The reason is because we want it to be more effective and more efficient. We’re not trying to lessen any regulations by any stretch”, Burns stressed.

Advancing reforms and strengthening operator compliance

Experts say that while Canada has strengthened its AML/CFT framework through structural reforms, key challenges remain, and casino operators must enhance governance and compliance practices to keep pace with evolving risks.

Annecou-Falaguet, the ACFCS Montreal co-president, told *Financial Crime Digest* that Canada is “better prepared than it was during previous assessments” thanks to “several structural reforms

[that] have been adopted: broadening the scope of the law to new sectors, toughening penalties, modernizing FINTRAC's supervisory framework, and increasing alignment with international standards, particularly with regard to crypto-assets".

However, she warned that the low prosecution and conviction rates remain a persistent issue that the FATF will potentially highlight when assessing the effectiveness of the AML/CFT system.

For their part, casino operators should closely review their governance frameworks to ensure a strong oversight mechanism focusing on AML compliance, according to Mondiu Jaiyesimi, AML Regulatory Compliance Partner at MNP, a consulting firm specialising in accounting, tax, and business services.

"Continuous improvement in human and technological resources will be crucial in the medium to long-term in this current compliance climate, as well as improving the quality and depth of AML reporting to senior management to enable them to make informed decisions on the state of their AML program."

Jaiyesimi also recommends that operators utilise the latest NRA, where appropriate, in their risk assessment framework to ensure their inherent risk considerations are up-to-date and in line with their business operations.

"As always, it is pertinent to pay more attention to all areas of your ongoing monitoring obligations, as these might impact your decision to file suspicious transaction and financial intelligence reports to FINTRAC."