

The background of the slide is a dark blue-tinted image showing a pile of US dollar bills, including \$100 and \$20 bills, along with several white casino chips and dice scattered around them.

# 2024 IN REVIEW: AML ENFORCEMENT & POLICY UPDATES





2024 saw the federal government take a renewed interest in the casino and gaming industry, taking a variety of actions that underscore the need for operators to remain proactive and adaptive. As the industry continues to grow, regulators are placing increased emphasis on areas such as anti-money laundering (AML) compliance and responsible gaming measures. For casinos, this creates an urgent need to review and strengthen internal controls, ensure robust training programs for staff, and stay ahead of compliance requirements.

In a recent webinar—“[AML in 2024: A Renewed Government Focus on Gaming](#)”<sup>1</sup>—experts discussed the most recent AML fines, treasuring documents, and proposed regulations affecting the casino industry. Additionally, panelists discussed how the right technology solutions can help casinos maintain compliance with new and evolving regulatory mandates.

Sponsored by Vector Solutions and in partnership with Tribal Gaming and Hospitality, the discussion featured Sean Topchi, Director of Business Development at [Kinectify](#) and Lauren Melcher, Product and Sector Manager for the Casino division at [Vector Solutions](#).

## Quick Reference of Terms:

**AML** - Anti-Money Laundering

**BSA** - Bank Secrecy Act

**FATF** - Financial Action Task Force

**FinCEN** - Financial Crimes Enforcement Network

**GDP** - Gross Domestic Product

**ML** - Money Laundering

**RBA** - Risk-Based Approach

**SAR** - Suspicious Activity Report

**TF** - Terrorist Financing



**Sean Topchi**  
Director, Business Development,  
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**Lauren Melcher**  
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# The Casino Regulatory Landscape Continues to Evolve

When discussing the recent enforcement actions taken by the federal government, it's important to have a thorough understanding of the roles and responsibilities of each regulatory body. Generally speaking, the Financial Crimes Enforcement Network (FinCEN) is the most notable of this group,

being directly responsible for the regulation of casinos in relation to the Bank Secrecy Act (BSA) and anti-money laundering. However, there are several additional government bodies who have supervisory and enforcement roles related to casinos and gaming.

## These additional bodies include:



The **Department of the Treasury** (TREAS), which oversees FinCEN and the Office of Foreign Assets Control (OFAC). Additionally, TREAS releases terrorist and money laundering assessments.



The **Internal Revenue Service** (IRS), which is the auditing arm of FinCEN and conducts BSA examinations for casinos and money services businesses (MSB).



The **Department of Justice**, which prosecutes the criminal BSA and money laundering cases against casinos.



**State gaming agencies**, which have broad authority over licensees, and more recently, have been involved in AML enforcement.

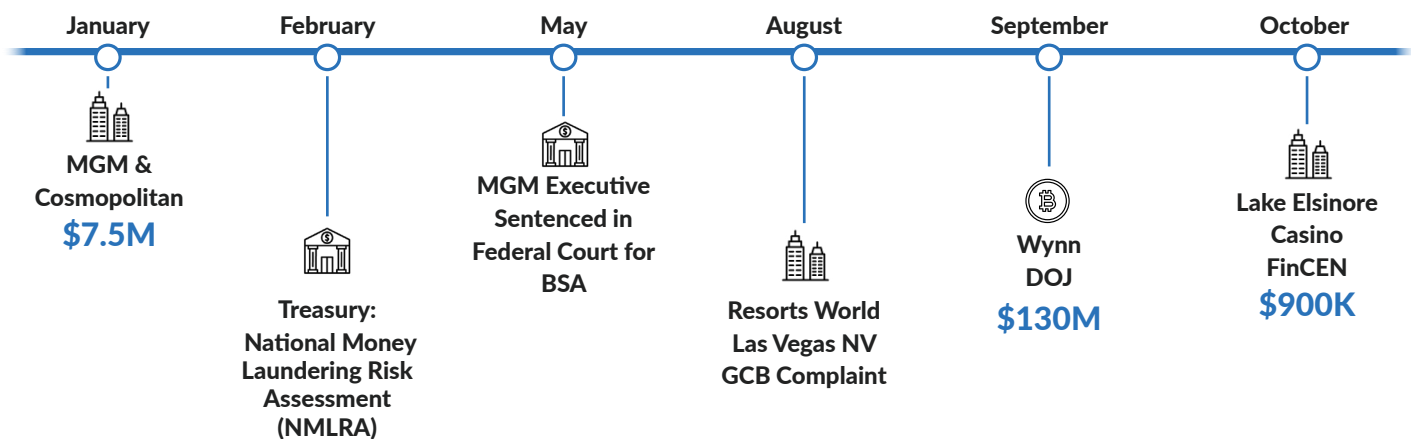


# The Extraordinary 2024 AML Timeline

According to Topchi, 2024 has been an “incredible timeline” of AML-related events. “I want to emphasize how unparalleled this year is in terms of federal government actions towards casinos. We’ve never had four government actions in a single year. That in itself is a record,” he said.

In addition to the enforcement actions, multiple regulatory bodies have also refocused attention on casinos in other ways, including a proposed rulemaking.

“It’s been a really long time since we’ve seen proposed rulemaking that directly impacts casinos,” he said. “Everything surrounding this year [2024] is unprecedented.”



## MGM and Cosmopolitan Non-Prosecution Agreement

The first of the federal actions taken in 2024 was the [MGM and Cosmopolitan Non-Prosecution Agreement](#), entered in January<sup>2</sup>. The action was undertaken by the U.S. Attorney’s Office and cited violations of multiple sections of the U.S. Criminal Code, including §1956. Laundering of Monetary Instruments and §1957. Engaging in Monetary Transactions in Property Derived from Specified Unlawful Activity.



In the course of their operations, MGM, under previous ownership as The Cosmopolitan of Las Vegas (TCOLV), had multiple AML failures in relation to a specific individual. This individual, Wayne Nix, was an illegal bookmaker, and frequented the establishment regularly. According to the non-prosecution agreement, despite displaying behavior that should have been a red flag to compliance personnel, he was unimpeded in his illicit activity on the premises, and at times, was even aided by a member of staff.

This staff member was aware of Nix's illegal bookmaking business and continued to allow Nix to present and use illicit funds at the casino. They also referred at least one customer to Nix to place illegal bets and received \$2,000 in return, failed to file suspicious activity reports (SARs), and provided Nix with complementary benefits to encourage Nix to patron the casino.

The most notable of the suspicious actions taken by Nix was bringing in large volumes of cash into the casino in duffle bags, paper bags, and purses. When the compliance department did eventually become suspicious of Nix, they failed to obtain all available information related to Nix's claimed source of funds.

According to Topchi, the use of large sums of cash was emphasized by the case's prosecutor, Assistant U.S. Attorney Jeff Mitchell.

"There's so many mechanisms in place to make it convenient and safe for customers to have larger volumes of currency without having to physically carry around loads of cash," he said. "On top of that, it's not easy to even withdraw that kind of money from a bank nowadays. For this reason in particular, we really saw [Mitchell] emphasize that aspect of this case."

As part of the non-prosecution agreement, MGM was fined a \$7 million penalty and is required to pay \$750,000 for an external compliance monitor for two years. The agreement also includes lookbacks of large SARs as far back as 18 months, a Right to Inspection, which requires the casino to furnish any patron records for any period during the monitorship, and required enhancements to risk assessments and the AML program, all of which can be incredibly burdensome and costly.

For other casinos and gaming institutions, this action emphasizes the importance of going beyond just the bare minimum in terms of thwarting AML activities.

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*Passing an IRS exam doesn't mean anything if people are still successfully able to launder proceeds of crime through the casino, you can ask for banking statements. You can go as far as it takes."*

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**Sean Topchi**

Director, Business Development, Kinectify

## The 2024 National Money Laundering Risk Assessment (NMLRA)

In February 2024, the USDT released the 2024 NMLRA<sup>3</sup>. This was the fourth iteration in ten years and was released to, “inform the understanding of illicit finance risk by governmental and private sector actors, strengthen risk mitigation strategies of financial institutions, and enhance policy deliberations by the U.S. government.”

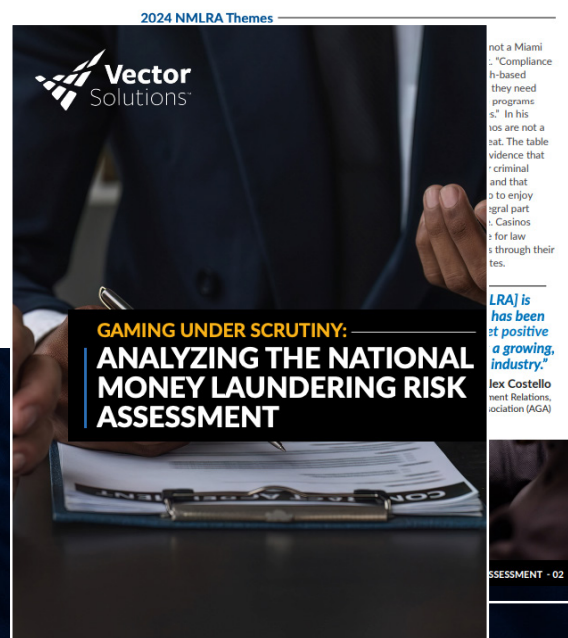
This 2024 iteration highlighted the consistent growth in land-based gaming, as well as the explosive growth in online gaming and sports betting. It also delved into the inconsistent regulation and resources of regulatory agencies when considered jurisdiction by jurisdiction.

In the report, the USDT identified areas of risk relevant to casinos.

### These risk areas include:

1. Inherent risks associated with fast growth
2. The tendency for a reactive approach to AML instead of a proactive approach
3. A strong presence of illicit foreign actors, including Chinese Money Laundering Organizations (CMLO)
4. Continuing criminal prosecutions involving gaming activity, which suggested continued money laundering risks in casinos
5. The fact that the current BSA definition does not cover all modern products and services provided by casinos and gaming institutions

*For more information regarding the 2024 National Money Laundering Risk Assessment, check out our whitepaper.*



# USDT 2024 National Illicit Finance Strategy

In May, the USDT issued the [2024 National Strategy for Combatting Terrorist and Other Illicit Financing](#) (2024 Strategy)<sup>4</sup>, which, “provides a blueprint of the U.S. government’s goals, objectives, and priorities to disrupt and prevent illicit financial activities.”

The strategy outlined four major priorities that USDT will focus on over the next two years.

## Closing Gaps in AML/CFT Frameworks:

This involves implementing a beneficial ownership registry to improve transparency, finalizing rules in sectors like real estate and investment advising, and assessing other vulnerable areas.

## Strengthening Regulatory and Supervisory Frameworks:

The Treasury aims to improve risk-focused compliance guidance and resource allocation to enhance supervision across financial institutions, making it more effective and efficient.

## Boosting Operational Effectiveness:

Increased collaboration with international and domestic law enforcement is essential to closing loopholes that bad actors exploit globally, providing no safe havens for criminal finance operations.

## Leveraging Responsible Technological Innovation:

The Treasury supports the development of new payment systems, enhanced automation, and AI-driven data analytics to detect and prevent illicit finance. This includes addressing risks from emerging technologies, such as AI and digital currencies, which are increasingly exploited by criminals.

## MGM Executive Sentenced in Federal Court for BSA Violations

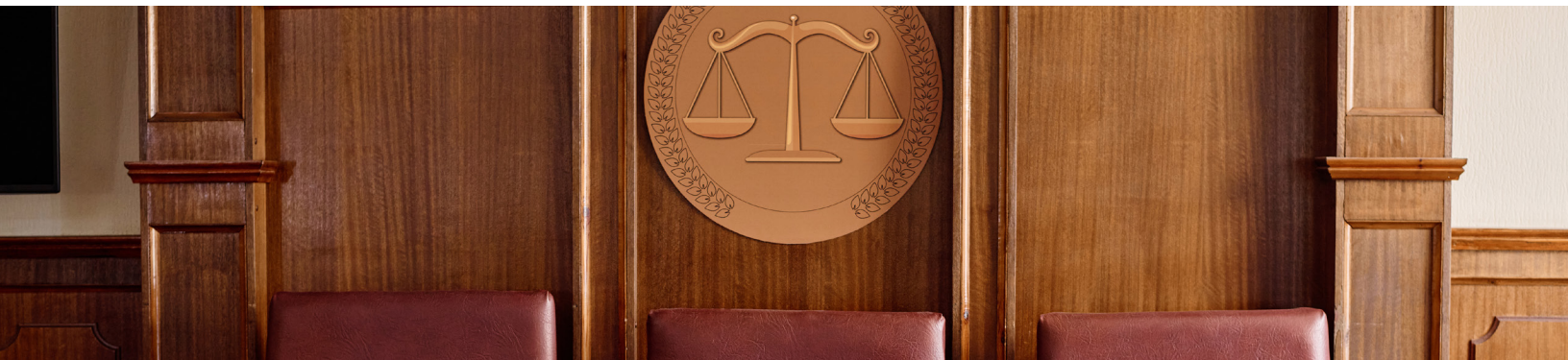
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In May, [the former president of MGM Grand casino was sentenced to one year of probation](#)<sup>5</sup> and a \$9,500 fine after pleading guilty to a federal criminal charge related to his personal complacency regarding the previously discussed activities of Wayne Nix.

Additionally, the [Nevada Gaming Control Board filed a complaint against former president Scott Sibella](#)<sup>6</sup>, seeking a monetary fine and a revocation of Sibella's gaming license.

This case serves as a reminder for other casinos and gaming institutions that, just like front-of-house employees, executives also need to have a keen understanding of their civil and criminal liability when it comes to the BSA and AML efforts.

"What I find particularly interesting is that we have had a lot of examples of individual liability in gaming," Topchi said. "It'll be interesting to see if, at least from the U.S. Attorney's Office, this becomes more normalized."



## Proposed FinCEN Rulemaking

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While [the new rulemaking proposed by FinCEN in June](#)<sup>7</sup> is in relation to more than just casinos and gaming, it's still a "groundbreaking" event, according to Topchi.

It would require multiple changes to the gaming code, which is something that hasn't taken place for a "very long time," Topchi said.

Several focus areas of the rulemaking that apply to casinos require procedures that many casinos have already implemented. However, as stated by Topchi, the rulemaking codifies these expectations and will require all casinos to follow the requirements to comply.



## The major areas of emphasis in the proposed rulemaking include:

- **An explicit inclusion of counter-terrorism financing (CTF) within AML.**  
For gaming institutions, this requires analyzing suspicious activity in the opposite direction than traditional AML efforts. In the short term, casinos should be on the lookout for additional guidance from FinCEN on this subject.
- The **“effective, risk-based and reasonably designed”** standard for risk assessments. The proposed rulemaking also sets forth a formalized risk assessment process and details what should be standard for every single risk assessment.
- **Required board oversight** and communication with BSA/AML officers.
- **Consideration and evaluation of innovative approaches to meet AML/CFT compliance obligations.**
- Ensuring external independent testers are **“qualified”** via more rigorous examination of previous casino and gaming experience and qualifications.



## Resorts World Las Vegas NV GCB Complaint

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In August, the Nevada Gaming Control Board (NV GCB) [filed a 12 count complaint against Resorts World Las Vegas](#)<sup>8</sup>.

According to Melcher, the complaint accuses the property of “serious AML compliance failures” and “alleges that Resorts World allowed individuals with ties to illegal bookmaking and money laundering to gamble extensively without first confirming the legitimacy of their funds.”

### Specific allegations in the complaint include:

- Regulators say Resorts World allowed a known bookmaker to gamble on 80 different days in a 15-month period
- NV GCB alleges Resorts World knew or should have known that this customer was running an illegal sports book and failure to ban him could have led to money laundering activities
- Resorts World and its AML Committee failed to exercise proper due diligence and follow-up to verify SOF
- Resorts World was negligent when it came to adhering to its AML Program
- Executives either “negligently disregarded” or “willfully ignored for financial gain” suspicious or illegal activity
- Resorts World encouraged him to play and awarded him comps, gifts, discounts and fights
- Executives failed to fulfill their responsibilities as gaming license holders

The NV GCB has proposed to the Nevada Gaming Commission that Resorts World be fined for each violation, action be taken against Resorts World’s licenses, registrations, or findings of suitability, and that the commission consider an appointment of a supervisors should Resorts World’s non-restricted gaming license be revoked or suspended.

“It’ll be interesting to see how this plays out. I think we may see more coming from other regulatory bodies,” Melcher said. “This is definitely one to watch.”

## Wynn Non-Prosecution Agreement

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In the second landmark non-prosecution agreement of 2024, [Wynn Las Vegas agreed to forfeit \\$130 million](#)<sup>9</sup> to settle criminal allegations that it, “conspired with unlicensed money transmitting businesses worldwide to transfer funds for the financial benefit of the casino.”

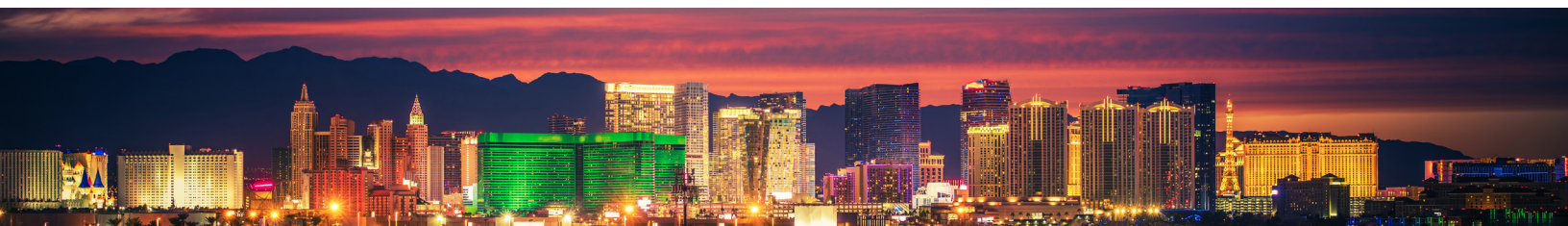
### The non-prosecution agreement cites the following:

- Conspiracy to operate unregistered Money Service Businesses
- Use of independent agents to recruit foreign gamblers and use illegal money transmitters globally for their own benefit
- Failure to report to compliance
- Failure to file CTRs
- Failure to file SARs
- Failure to conduct due diligence

In addition to the \$130 million penalty, Wynn Las Vegas is required to enhance its AML compliance program, augment compliance structure and personnel, enhance BSA/AML training and technology, and submit to an external review with direct reporting to the U.S. Attorney’s Office.

The requirement to enhance BSA/AML training and technology underscores the importance of comprehensive training for all employees, especially compliance personnel. While the illegal activities undertaken at Wynn Las Vegas were perpetrated by only a few bad actors, they were also missed or overlooked by personnel whose job it is to identify and stop actions of that type.

“There was some expectation that if the compliance department had the right tools in place, there would have been some ability to detect this,” Topchi said.





## Lake Elsinore Casino & Hotel Civil Money Penalty

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In October, FinCEN imposed a [\\$900,000 civil money penalty against Lake Elsinore Casino and Hotel](#)<sup>10</sup>. While the money penalty is of a smaller amount than other penalties seen in 2024, the financial impact on the casino is incredibly consequential.

“Lake Elsinore is a small card club. It has 22 tables. So, the \$900,000 may be more significant to them than [other actions taken in 2024],” Topchi said.

Additionally, the small size of the organization demonstrates the renewed focus regulators are placing on casinos, regardless of size.

“[They] still took the time to conduct an investigation going all the way back to 2014. It speaks to the fact that size or scale don’t really matter when it comes to BSA and AML compliance,” he said.

### The AML failures cited in the consent order include:

- A failure to file CTRs and SARs
- Failure to implement and maintain an effective AML program
- A failure to implement internal controls
- Risk assessment was focused on items irrelevant to gaming operations
- Dated and inaccurate policies and procedures
- Did not independently test even though program called for quarterly tests
- A failure to train employees and new hires between 2014-2017
- Recordkeeping failures

“If 2024 had wrapped up without [this action], it would have been easy to say they’re just targeting the strip properties or they’re just targeting the major operators,” Topchi said. “But this is as small of an operation as it gets, and it was still worth the federal government’s time.

Melcher agreed, adding that these sorts of enforcement actions are the best way for casinos to determine what FinCEN’s priorities are related to the casino and gaming industry.

“When you look at it on this small scale, you can apply it to the bigger scale of other properties,” she said.

## Chinese Money Laundering Operations (CMLOs)

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As previously mentioned, illicit foreign actors and Chinese money laundering operations (CMLOs) were identified as an area of risk in the 2024 NMLRA.

“U.S. intelligence and U.S. law enforcement agencies have essentially said that they have become the preeminent form of money laundering throughout the United States, if not throughout the globe,” Topchi said.

As large, decentralized organizations, they are incredibly hard to dismantle. Additionally, they offer their services at much lower prices than other money laundering operations.

“If you’re fast, good, and cheap, everybody’s going to want to use you,” he said.

For operations in the U.S., many CMLOs have partnered with Mexican cartels, who acquire large sums of American dollars through their illicit activities that they want laundered into pesos.

For casinos, these operations may not seem particularly relevant. However, they actually pose a significant challenge when it comes to AML efforts.

- CMLOs can often be used, sometimes unwittingly by Chinese Nationals who are obtaining funds to gamble with
- Regardless if they have a legitimate source-of-cash, their source-of-funds or source-of-cash is hard to legitimize
- Even if patrons have the funds in China, the money may be illicit due to the CMLO money transmission service



These factors make becoming comfortable with a patron's source-of-cash difficult.

"We're in this weird place now where we absolutely have to start asking questions if we see more than \$50,000 in cash coming from Chinese nationals," Topchi said. "Folks from mainland China that don't already have established assets here in the United State that are bringing large amounts of funds."

It's also not an issue that is prevalent only at large casinos in metropolitan areas. Small, rural casinos are also being targeted.

"I don't think there's anywhere that's immune to it...It's become apparent to law enforcement that a ton of rural areas are being hit," Topchi said.



## Preparing for the Future

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As has been established, the federal government and state regulators are focusing more on casinos of all sizes and scopes, evidenced by the long list of actions taken in 2024. Leveraging software, like [Vector LMS for Casinos](#), can be an effective way to manage all AML compliance training and avoid the types of actions discussed above being taken against your casino or gaming organization.

By streamlining and simplifying training administration, you can ensure training compliance, reduce associated costs, and easily store training records needed for audits or other dissemination.

Vector Solutions is the leading SaaS provider of Title 31 & AML compliance training and eLearning solutions for the gaming industry. Vector Solutions' suite of software solutions include [online casino training, gaming compliance and safety solutions](#), as well as a gaming-specific course catalog of nearly 150 online training courses, including courses on [AML compliance](#). Visit us online at [VectorSolutions.com](https://VectorSolutions.com) to learn more.