

The Casino and Gaming Industry in Trinidad and Tobago: Employment, Revenue, Regulation and Crime

Presented by

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The Global Economy

Characterizations

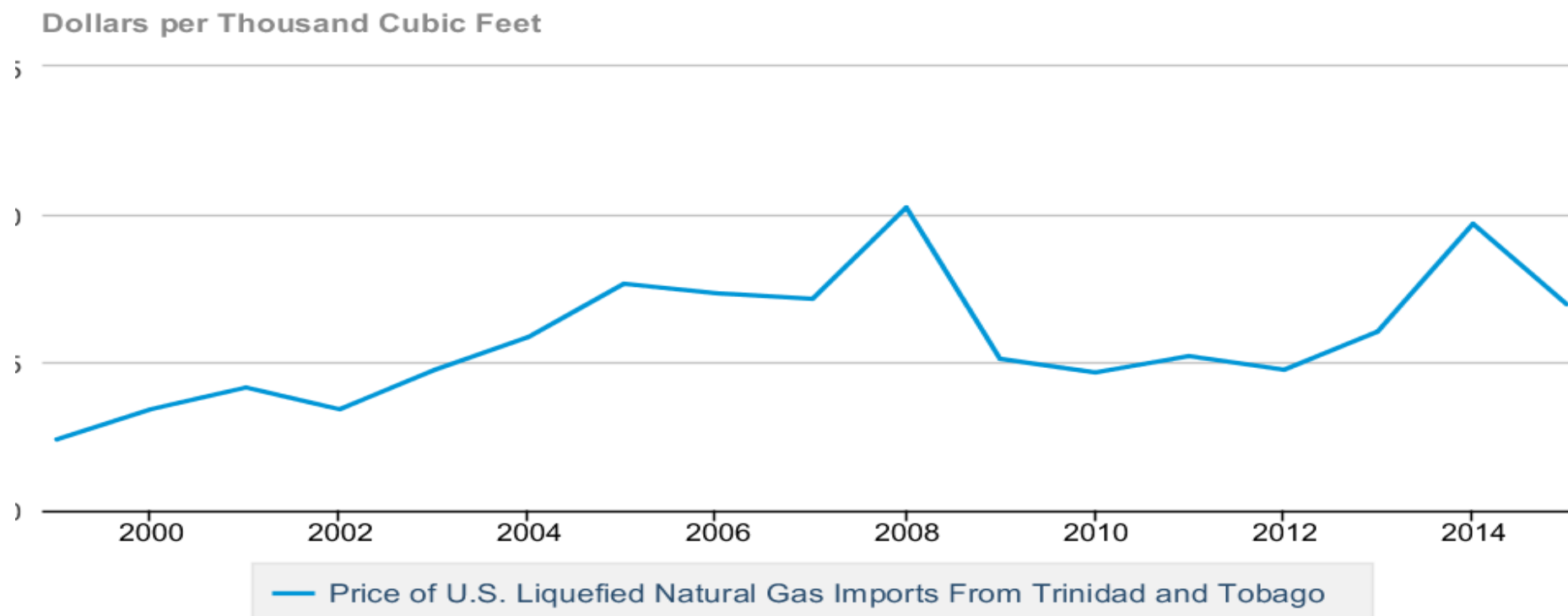
- Trade disputes
- Resource depletion
- Labour shortages
- Fluctuating commodity prices

The Global Energy Market

Weak economic global forecast and projections of low energy prices:

- new market entrants
- over production and oversupply
- lower consumption
- renewable energy resources
- reduced reliance of hydrocarbon derived products
- technological advancements that facilitate the exploration and marketing of shale oil

Price of U.S. Liquefied Natural Gas Imports From Trinidad and Tobago



Source: U.S. Energy Information Administration

Casinos: the fashioning of a look



Baha Mar Casino in the Bahamas

Iberostar Rose Hall Resort, Montego Bay, Jamaica



Moon Palace Jamaica Grande, Ocho Rios, Jamaica



Casino – linkages with the tourism industry



- **Construction-Property development**
- **Foreshore enhancements**

Gambling in Trinidad and Tobago

T&T is a haven for casinos – typical developing nation scenario

Other typicalities - cash based economy

- little government oversight,

- poor AML/CFT controls.

1. **NLCB:** Monopoly on lotteries and online gaming,
2015 \$2.52 billion in Revenues
2. **Casinos:** Illegal operations
3. **Private Members Clubs** - unregularized
- tax evasions

Employment in the gambling industry

- **Job creation** – local employment across different sectors
- **(However) Inferior Job Growth**
- States with commercial casinos have **lower GDPs** with unsatisfactory levels of welfare
- **Loss of Jobs** in retail and other sectors – funds channeled into gambling
- **High staff turnover in Casinos/Private Members Clubs**
 - lack of training; stagnant wages; lack of promotion opportunities; poor job culture and personal ambition; shift work; long hours; job insecurity and onsite security risks
- **Uneducated workforce** - no marketable skill sets required for entry positions; lack of educational support (gaming/training institutions)

Legal and Regulatory Authorities

- International organizations: FATF, CFATF
- Local oversight agencies: FIU, BIR
- Statutory Provisions: Consolidated FIU Act Chap. 72:01. Consolidated Proceeds of Crime Act Chap 11:27; Consolidated Anti Terrorism Act Chap. 12:07; Registration of Clubs Act Chap. 21:01; Gambling and Betting Act Chap. 11:19

Regulations – AML/CFT (Primary)

- Financing of Terrorism Regulations 2011
- Financial Intelligence Unit of Trinidad and Tobago Amended Regulation 2014
- Financial Obligations Amended Regulation 2014

Compliance with International Standards

- **Limited use of Financial Intelligence** – timely analysis, slow pace of investigations
- **Money Laundering Investigation and Prosecution** – 3 cases before the courts – low prioritization, judicial delays, absence of conviction
- **Confiscation** – no confiscation proceedings pertaining to ML, TF or any predicate offences
- **International Co-operation** – limited mutual legal assistance

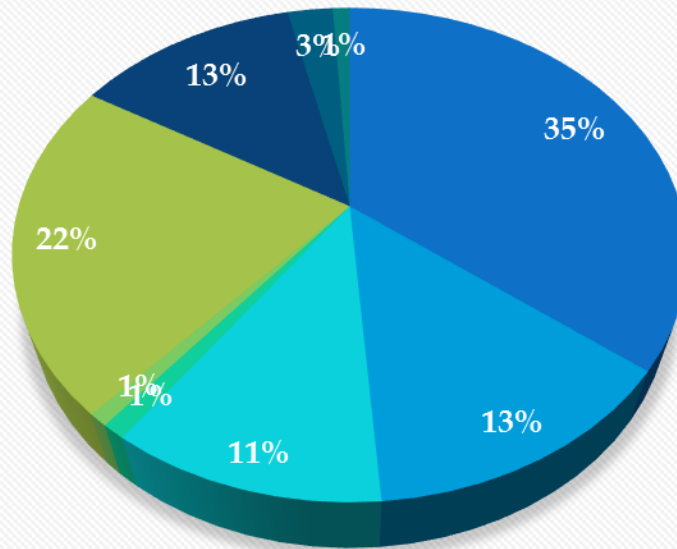
CFATF –Anti money laundering and counter-terrorist financing measures – Mutual Evaluation Report, June 2016

The Gambling-Crime Vulnerability Nexus

- High volume of cash transactions
- Identifying source and movement of funds
- Money laundering - FIU \$3.7 billion in suspicious transactions
- Financing of organized crime
- Locations in weak states – poor governance, poverty, crime, political instability
- Connections with international criminal network

Suspected Specified Offences and Behaviors

Offences



- Tax Evasion
- Money laundering
- Extortion
- Drug Trafficking
- Other offenses
- Fraud Related matters
- Misbehavior in Public Office
- Suspicious Activity
- Financing of Terrorism

Source: FIU reporting from STRs/SARs submissions

The Spread of Gambling

The demand for gambling may be influenced by:

- (1) Changes in the population e.g. size, employment rates, religiosity, education achievement
- (2) Personal taste, habits and customs - culture
- (3) The availability and distribution of income - disposable income, lack of disposable income
- (4) Environment factors - ease of access to gaming; high payouts; attractions - fantasy environment; entertainment, thrill-seekers dream
- (5) Economic gains – the pursuit of

Law Enforcement Analysis

Trinidad and Tobago

- Prosecution for illegal lotteries - none
- Prosecution for Money Laundering – yes
- Prosecution for White Collar Crime - none
- Prosecution/conviction for tax evasion - none
- Collection of taxes – nominal (3 tax amnesties in 5 years)

Environment

Political and economic climate – perceived widespread corruption, mismanagement and uneven distribution of resource allocation

Social and Economic Impact of Gambling

- Gambling addiction – problem gambling, pathological gambling
- Bankruptcy, poverty, unemployment
- Crime
- Dysfunctional families

The Way Forward

- Risk based assessment – for gov't policy decisions or indecisions
- AML/CFT compliance and control
- Prosecutorial powers for oversight agencies
- Commissions of Inquiry into gambling
- Establishment of Gaming Control Boards and Gaming Control Constabulary
- Banking – customer due diligence for the movement of cash and negotiable instruments
- Research and Data Collection Institute– statistical trends analysis, impact studies
- Establishment of prohibitions, player tracking systems, and protections for the vulnerable
- New taxation structures – including tax on all winnings
- Linkages with the Tourism Product