



GREAT CANADIAN GAMING CORPORATION

GREAT CANADIAN GAMING CORPORATION STATEMENT REGARDING REPORTS CONCERNING RIVER ROCK CASINO RESORT

Richmond, BC (October 23, 2017): Great Canadian Gaming Corporation [TSX:GC] (“Great Canadian,” or “the Company”) today made the following statement regarding reports of activity at and surrounding the Company’s River Rock Casino Resort in Richmond, British Columbia.

Said Rod N. Baker, President and Chief Executive Officer of Great Canadian:

“Great Canadian has a culture of integrity and transparency founded on our strict compliance with the regulations in all jurisdictions where we do business. We are proud of our track record, and the positive and open working relationship we have with our regulatory authorities and crown partners. Since our inception in 1982, our Company has grown to almost 6,000 employees across Canada and the United States, entertained millions at our 22 gaming and entertainment destinations, and generated on behalf of our crown partners billions of dollars for communities that we serve.

Great Canadian follows all procedures required by the British Columbia Lottery Corporation (BCLC) and our other crown partners and regulatory bodies across all of the jurisdictions in which we operate. Contrary to suggestions in certain media reports, to our knowledge our company is not under investigation in any jurisdiction. Our employees followed all procedures required of them by BCLC and we do not believe our company’s actions would give cause to initiate any investigation.

As a responsible gaming operator, we have a clearly delineated role in regards to Anti Money Laundering (AML) protocol as set out in federal legislation. We work in collaboration with a number of regulatory authorities, crown partners and enforcement agencies. Our obligation and responsibility in British Columbia’s AML system is to identify and report unusual and large cash transactions to BCLC.

While our role in the AML program is not to investigate suspicious transactions, we regularly go beyond our regulatory obligations and proactively undertake investigative work ourselves, providing that information to BCLC. At River Rock Casino Resort, our security and compliance teams work closely with highly trained BCLC investigators who work onsite full time, to help them conduct their investigations.

In relation to the recent charges in the RCMP’s E-Pirate probe into alleged money laundering activities, Great Canadian initially detected this suspicious activity at River Rock

in 2012. Our ongoing monitoring and reporting to BCLC was, in fact, crucial to identifying these individuals to authorities. We are pleased that charges have been laid as an outcome of our collaborative work with BCLC and law enforcement.”

Great Canadian’s Role in Anti Money Laundering Efforts

In Canada, AML laws are set out in the federal Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA, and its associated regulation). This legislation authorized the creation of the federal Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), whose responsibilities include analyzing information contained in financial reports provided to it by certain institutions, including gaming operators like Great Canadian, and BCLC.

Great Canadian is an active participant in AML efforts in British Columbia and all other jurisdictions in which we operate. Our obligation is to meet every standard, rule, requirement, and obligation, as mandated by the respective provincial gaming authorities and FINTRAC.

Each year River Rock is subject to up to 25 compliance reviews by BCLC Gaming Compliance Officers, as well as a comprehensive audit by the Gaming Policy Enforcement Branch (GPEB). BCLC also commissions an independent audit of our compliance with BCLC’s AML program every two years. FINTRAC also typically conducts an AML audit every two years.

We provide records relating to unusual and large cash transactions directly to BCLC. BCLC has the obligation to independently review them and to assess whether these reported transactions raise concerns sufficient for BCLC to deliver their own reports on these transactions to FINTRAC. BCLC’s assessment is often based on information that is not made available to Great Canadian as the operator; however, Great Canadian cooperates fully in such investigations.

The BC gaming industry is one of the strongest and most rigorously regulated in North America through the collaborative efforts of gaming operators, the BCLC and GPEB. We share a strong commitment to preventing inappropriate and illegal activities from occurring in our facilities.

Among our key responsibilities as a gaming service provider is to identify and report to BCLC any individual who attempts suspicious transactions at our facilities. If this occurs, our role is as follows:

- Submitting a Large Cash Transaction (LCT) report to BCLC whenever an individual attempts to transact more than \$10,000 in cash (at once or over a 24-hour period). The LCT report includes personal information required on a valid government picture identification document. BCLC will also interview individuals based on their assessment of the risk associated to the transaction. While not all transactions of this nature are necessarily suspicious, all such transactions are reported.

- Submitting an Unusual Financial Transaction (UFT) report if certain suspicious factors are evident such as attempting to transact with large sums of small denomination bills, or large sums being transacted by individuals whose identified occupation appears incongruous with their gaming habits. Our responsibility under BCLC's AML program is to report these types of unusual transactions but our staff are specifically forbidden from advising the individuals in question that we are filing these reports so as not to disrupt a potential investigation by regulatory and enforcement authorities.

On the basis of these reports, BCLC has the responsibility to independently review and determine whether to make a Suspicious Transaction Reports (STR) to FINTRAC. According to FINTRAC's rules, an STR is to be filed whenever there are reasonable grounds to suspect that a transaction is related to illegal activity, such as money laundering or a terrorist financing offence. This reporting requirement applies whether the transaction in question was carried out or simply attempted.

How and When Cheques are Issued at BC Casinos

Recent media reports have included a fundamental and significant error in suggesting that it is possible for large sums of cash to be exchanged for cheques at our facilities. Players at River Rock, and any casino in BC, can only receive a cheque for "verified winnings" – that is, amounts they have legitimately won through play. The cheque amount does not include the initial cash buy-in which is only returned to the player in cash. Players can also receive a "convenience cheque" as a return of their original cash buy-in, but only up to \$10,000 and only once per week. That cheque is clearly branded as a "return of funds, not gaming winnings" in these instances.

The only other way a player can receive a cheque from a BC casino is when that player wishes to receive a cash-out from his or her patron gaming fund (PGF) account. A PGF account can only be established with deposits from a Canadian financial institution, a US Top 100 financial institution, or with BCLC approval from another non-Canadian financial institution. Cheques received by a player from their PGF account are clearly and uniquely marked as "return of funds, not gaming winnings."

Great Canadian's Commitment to Best Practices

Beyond adhering to all regulatory requirements, Great Canadian is committed to continuously reviewing and improving its practices to ensure all of our operations meet the highest standards of best practice. Examples of this commitment at River Rock include:

- Investing between \$300,000 and \$400,000 each year to continuously upgrade our surveillance systems. In 2014 we invested \$3 million as part of a comprehensive system upgrade;
- The installation of nearly 1500 surveillance cameras, well beyond what is required by BCLC regulations and more than any other gaming facility in BC. These include

- approximately 700 cameras in the non-gaming areas of our facility, including extending to areas not required by regulation;
- Regular internal audits of all of our compliance activities, in addition to audits by regulators and crown agencies; and
 - Employing 50 full-time surveillance personnel, more than any other casino in BC, in addition to more than 75 security employees on the premises.

In addition to our investments at River Rock, Great Canadian invests more than \$6.5 million per year in surveillance activity in British Columbia.

Support for BC Government AML Program Review

BC's Attorney General recently appointed Peter German, an independent anti-money laundering expert, to conduct a review of BCLC's anti money laundering policies and practices in the gaming industry. We have been in proactive communication with Mr. German as part of this review, and welcome all further engagement with him. Great Canadian is proud of its culture of integrity and positive interaction with our regulators and crown partners, and will adopt any changes or improvements to the regulatory structure that result from the review.

Great Canadian looks forward to continuing to provide premier entertainment and gaming experiences to our players and customers, and continuing to play our important role alongside regulatory authorities and crown partners.

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Founded in 1982, Great Canadian Gaming Corporation is a BC based company that operates 22 gaming, entertainment and hospitality facilities in British Columbia, Ontario, New Brunswick, Nova Scotia, and Washington State. Fundamental to the company's culture is its commitment to social responsibility. "PROUD of our people, our business, our community" is Great Canadian's brand that unifies the company's community, volunteering and social responsibility efforts. Under the PROUD program, Great Canadian annually invests over \$2.5 million in our communities, and in 2016, over 1,500 charitable organizations were supported by Great Canadian. In each Canadian gaming jurisdiction, a significant portion of gross gaming revenue from gaming facilities is retained by our crown partners on behalf of their provincial government for the purpose of supporting programs like healthcare, education and social services.

For further information:

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