



Department of the Treasury Financial Crimes Enforcement Network

Ruling

FIN-2006-R002

Issued: March 24, 2006

Subject: Administrative Ruling

A Cash Wager on Table Game Play Represents a “Bet of Currency”

Dear []:

I am writing in response to your letter of November 18, 2004 to the Financial Crimes Enforcement Network requesting, on behalf of the [Regulatory Office], an administrative ruling that interprets the Bank Secrecy Act requirement to report casino currency transactions in excess of \$10,000 in a gaming day.¹

Specifically, you have requested a determination as to whether and when a cash wager on table game play represents a “bet of currency” and thus a transaction in currency involving “cash in” pursuant to 31 C.F.R. § 103.22. Based on the representations made in your letter, and as explained more fully below, the cash wagers you describe would be bets of currency² and therefore subject to currency transaction reporting and associated aggregation requirements.³

BACKGROUND:

You represent in your letter that the Regulatory Office regulates the tribal gaming facilities of the [Casino]. According to your letter, the Casino accepts cash wagers/bets on table game play⁴ but does not consistently treat cash wagers as transactions in currency involving “cash in.” More specifically, the Casino does not consider the mere placing of a cash wager/bet by a customer to be a cash-in transaction for purposes of currency transaction reporting. Rather, the Casino treats losing cash wagers as cash-in transactions, but winning cash wagers are not considered transactions in currency involving cash in.

¹ See 31 C.F.R. § 103.22(b).

² See 31 C.F.R. § 103.22(b)(2)(i)(E).

³ See 31 C.F.R. § 103.22(b)(2) and (c)(3).

⁴ For purposes of this ruling, we have assumed that the transactions at issue are “money plays”; that is, transactions in which the customer places a currency bet on the table prior to the beginning of play, where the dealer does not exchange the currency for chips and the currency is not put into the drop box. Thereafter, the game is played, and if the customer wins the dealer pays the customer in chips; whereas if the customer loses, the dealer puts the currency in the drop box.

You have asked the following questions:

- What is the definition of the term “bet of currency”?
- At what point does a cash wager placed on the gaming table become a bet of currency?
- When is the cash wager considered a “transaction in currency” and therefore determined to be “cash in”?
- Is the Casino required to recognize the cash wager on a winning bet as “cash in”?

ANALYSIS:

Per 31 C.F.R. § 103.22, casinos are required to file Currency Transaction Reports for “cash in” transactions of more than \$10,000, to include “bets of currency.”⁵ The term “bet of currency” is not defined in the regulation. It is our view that, for purposes of Bank Secrecy Act currency transaction reporting requirements, a cash wager at a table game would become a bet of currency once the customer can no longer retrieve the bet (*e.g.*, once the dealer has dealt the cards). At that point, the customer has put his or her cash at risk by wagering it on the outcome of: (a) games that involve a mixture of chance and skill; or (b) an uncertain event, over which the bettor exercises no control or which is determined by chance. Once the cash wager is placed, the customer is gambling against the Casino, and would be deemed to have engaged in a physical transfer of the currency to the Casino to participate in the game.⁶ Consequently, the cash wager is a cash-in transaction for purposes of the currency transaction reporting requirements regardless of whether the customer subsequently wins or loses the wager.⁷

Additionally, the provision that governs whether the Casino must aggregate transactions in currency conditions the requirement to aggregate upon knowledge that this obligation has been triggered:⁸

[M]ultiple currency transactions shall be treated as a single transaction if the casino has knowledge that they are by or on behalf of any person and result in either cash in or cash out totaling more than \$10,000 during any gaming day.

Knowledge by a Casino means knowledge by an officer, director, employee, partner, or sole proprietor of the Casino. The officer, director, employee, partner, or sole proprietor could acquire knowledge of the information through any means, including observation and as specifically stated in the regulations from “examining” the books, records, logs, computer files, etc. that contain information that the currency transactions

⁵ See 31 C.F.R. § 103.22(b)(2)(i).

⁶ See 31 C.F.R. § 103.11(ii)(2); 31 C.F.R. § 103.22(b)(2).

⁷ 31 C.F.R. § 103.22(b)(2)(i)(E) makes no reference whatsoever to winning or losing the “bet of currency.”

⁸ See 31 C.F.R. § 103.22(c)(3).

have occurred.⁹ For example, such examination would occur by reviewing a casino's player rating system records.¹⁰

In arriving at the determinations in this administrative ruling, we have relied upon the accuracy and completeness of the representations in your letter. Nothing precludes us from seeking further action should any of these representations prove inaccurate or incomplete. We reserve the right to publish this administrative ruling as guidance, with information identifying you, the Regulatory Office, and the Casino redacted.¹¹ You will have 14 days after the date of this administrative ruling to identify any other information you believe should be redacted and the legal basis for the redaction.

If you have additional questions, please contact Leonard C. Senia, Senior Regulatory Compliance Specialist, at (202) 354-6412.

Sincerely,

//signed//

William D. Langford, Jr.
Associate Director
Regulatory Policy and Programs Division

⁹ See 31 C.F.R. § 103.22(c)(3).

¹⁰ See 31 C.F.R. § 103.36(b)(8) - records prepared or used to monitor a customer's gaming activity.

¹¹ See 31 C.F.R. § 103.81(a)(5).