

**CAESARS ENTERTAINMENT CORPORATION  
ANTI-MONEY LAUNDERING  
POLICY AND PROGRAM SUMMARY**

**July 2021**

**I. Introduction**

Anti-Money Laundering compliance is a top priority for Caesars. We are committed to full compliance with Legal and Regulatory requirements and to preventing and detecting money laundering and other crimes through our gaming operations. In addition, we are committed to maintaining a robust program that does not put the interests of revenue ahead of our compliance responsibilities. Our goal is to be the casino industry leader and to champion a Bank Secrecy Act / Anti-Money Laundering (“BSA/AML”) program that fosters an understanding of BSA /AML Responsibilities across all levels of the organization. This document is a summary of the Caesars’ compliance commitment and approval processes, the company maintains robust procedures in support of this program

**A. The Anti-Money Laundering Responsibilities of Casinos**

For many years, U.S. casinos have been designated as “financial institutions” subject to the compliance program, recordkeeping, and reporting requirements of the Bank Secrecy Act and its implementing regulations, generally referred to by the casino industry as Title 31 (“BSA”). The BSA requires financial institutions to maintain certain records and file reports to assist the U.S. government in criminal, regulatory and tax investigations and

proceedings and in combating international terrorism.<sup>1</sup> U.S. law enforcement and federal regulatory authorities responsible for BSA compliance regard casinos as part of the financial system and expect casinos to be active partners in the fight against money laundering. While in the past casinos were required to develop programs to comply with BSA requirements, casinos have come to be expected to develop and maintain compliance programs that also include risk-based measures to prevent and detect money laundering or Anti-Money Laundering (“AML”) programs.

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<sup>1</sup> 31 U.S.C. § 5311 *et seq.* and 31 C.F.R. Chapter X. Money laundering and anti-money laundering or “AML” should be read in this document to include terrorist financing and counter-terrorist financing, respectively.

## **B. The Crime of Money Laundering**

In addition to compliance with regulatory requirements, casinos must be concerned with avoiding liability for the crime of money laundering. The money laundering criminal provisions<sup>2</sup> reach activity broader than the process of “washing” criminal proceeds to obscure the source and ownership of the funds and transactions other than cash transactions. Under the money laundering statutes, it is a crime to engage in any transaction with knowledge that the funds involved in the transaction are the proceeds of criminal activity. Knowledge can be based on willful blindness or conscious indifference – failure to inquire about or escalate red flags where it is suspected that a person’s funds may have an illegal source. While the government must establish that the proceeds actually were derived from one of a wide range of U.S. and foreign crimes, the government need not establish that a financial institution or its employees knew the particular type of illegal activity. In other words, a casino and/or a casino employee could be considered to be engaged in money laundering if a patron were allowed to play – win or lose – with the proceeds of illegal activity, and the casino or casino employee were determined to have had knowledge of, or to have been willfully blind to, the illegal source of funds.

## **C. Consequences of Non-Compliance**

Violations of the money laundering criminal laws or the BSA can result in severe criminal or civil penalties for casinos and/or the employees involved and the potential

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<sup>2</sup> 18 U.S.C. §§ 1956 and 1957.

forfeiture of casino assets.<sup>3</sup> Violations of the BSA also can result in regulatory enforcement actions against a casino and/or casino employees by the Department of the Treasury, Financial Crimes Enforcement Network (“FinCEN”), the Treasury Department bureau responsible for administering and enforcing the BSA, and/or by state gaming authorities. Involvement in money laundering, even unwittingly, could cause significant reputational harm to a casino. While not a defense to liability, an effective and fully implemented AML program may mitigate potential liability and is a casino’s best protection against becoming involved in money laundering activity.

## **II. Caesars AML Policy and Program**

### **A. Compliance Commitment and Approval**

It is the policy of Caesars Entertainment Corporation (“Caesars”) to maintain a comprehensive risk-based BSA/AML program that includes strong governance and effective internal controls and procedures to comply fully with applicable BSA requirements, regulatory guidance, and any related state or tribal laws, and to take measures reasonably designed to prevent its affiliated casinos from being used for money laundering or other criminal activity. Execution of the Program will be governed with reference to FinCEN’s guidance on the *Culture of Compliance*. Under no circumstances will Caesars ever counsel a patron about avoiding BSA recordkeeping or reporting requirements or

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<sup>3</sup> For instance, the criminal penalty for the crime of money laundering can be up to 20 years of imprisonment for individuals and fines up to \$500,000 or twice the value of the property involved, whichever is greater, for each violation for individuals and corporations. Depending on the violation, the criminal penalty for BSA violations can be up to 10 years imprisonment for individuals and fines up to \$500,000 for individuals and corporations.

accommodate a patron's request to circumvent them in any way. No business opportunity is worth the risk of engaging in money laundering.

To this end, the Caesars Board of Directors (the "Board"), acting through the Caesars Compliance Committee ("Compliance Committee"), has approved this Anti-Money Laundering Policy and Program ("AML Policy" or "Policy"), which outlines the Caesars AML Program ("AML Program" or "Program") and sets the minimum standards for the related procedures of the Caesars casino affiliates. The Board has appointed a Caesars Corporate AML and Office of Foreign Assets Control Officer ("Caesars AML Officer" or "AML Officer") with responsibility for compliance with this Policy and coordination of the Program company wide.

Any significant changes to this Policy and Program must be approved by the Caesars Compliance Committee. This document will be reviewed annually and updated as necessary if there are any significant changes to the Program, in BSA/AML laws, regulations or regulatory guidance, in Caesars related procedures or in Caesars AML risk profile.

## **B. Application of this Policy**

This Policy applies to Caesars and its directors, officers, and employees, including the officers and employees of its casino affiliates in the United States and their U.S. and foreign marketing offices and to employees and officers of the U.S. casinos managed by Caesars. Gaming affiliates that are not considered financial institutions subject to the BSA, *e.g.*, racetracks that are not licensed as casinos, also must develop procedures to comply with applicable regulatory requirements and to prevent and detect money laundering. Caesars casino affiliates and casinos managed by Caesars affiliates outside the United

States must implement AML programs consistent with this Policy and comply with the AML requirements of their licensing jurisdictions.

### **C. Discipline and Incentives**

Compliance with the BSA/AML requirements and this Policy is a shared responsibility, and directors, officers, and employees will be held strictly accountable for non-compliance. In addition to criminal or civil sanctions or regulatory enforcement actions, engaging in money laundering, BSA violations or violations of this Policy or related procedures will result in disciplinary action, up to and including termination.

## **III. Compliance Organization, Responsibilities, and Governance of the Program**

### **A. The Board and the Corporate Compliance Committee**

The Board will ensure Senior Management applies adequate oversight of all BSA/AML requirements and the implementation of this Policy and Program. To monitor this oversight responsibility, the Compliance Committee and the Audit Committee will receive periodic reports on compliance initiatives and issues, including any deficiencies, from the Caesars Entertainment Corporate Audit Department, the Chief Legal Officer (“CLO”), and/or the Caesars AML Officer. These reports will include the results of regulatory examinations and independent testing and report progress in remediating any issues identified in regulatory examinations and independent testing. Senior Management’s oversight will include ensuring that the BSA/AML compliance function operates independently, has appropriate authority, and is adequately supported with funding, qualified personnel, and technology. The Board will clearly support the priority of BSA/AML compliance and Senior Management’s role in fostering and maintaining a strong

BSA/AML compliance culture.

**B. The Anti-Money Laundering Oversight Committee**

The Compliance Committee has established the Anti-Money Laundering Oversight Committee (“AMLOC”) as a mixed management committee which plays a key role in the review of this Program and supports and advises the Caesars AML Officer on the execution of the Program. The AMLOC will foster communication among all the stakeholders that contribute to the success of the AML Program and ensure that they have the information necessary to execute their respective AML responsibilities. Significant changes to BSA program will be reviewed by the AMLOC.

**C. The Casino Compliance Committees**

Each Caesars casino has established a Casino Compliance Committee which also will act as the Casino AML Committee. The Casino Compliance Committee is the management committee responsible for compliance matters. With respect to its function as the AML Committee, the Casino Compliance Committee will include the casino’s AML/BSA Officer (“BSA Officer”) and representatives from other key areas that contribute to the success of AML compliance.

The Casino Compliance Committee will meet as the Casino AML Committee at least quarterly, and the BSA Officer will advise on implementation of the Policy and Program and issues that arise on an ongoing basis. The Casino Compliance Committee will monitor remedial actions taken in response to compliance testing, independent testing (audits), and regulatory examinations. The Casino Compliance Committee will receive

periodic reports, at least quarterly, on BSA/AML compliance initiatives and issues from the casino BSA Officer and will report any BSA/AML concerns, as appropriate, to casino Senior Management.

#### **D. Senior Management**

The responsibility for compliance with and the successful execution of this Policy and Program rests with Senior Management at the corporate level and at each casino property. Senior Management will set the tone from the top about the importance of BSA/AML compliance and direct strict compliance with this Policy and the casino's related procedures. Discipline for infractions of this Policy will be applied consistently. Senior Management will ensure that there are adequate personnel and technology resources to support the Program at the Corporate and property levels and in the key support areas for the Program, including Corporate Audit, Legal, Human Resources, and Information Technology.

#### **E. Casino Employees**

It is the responsibility of every employee to comply with this Policy and to protect Caesars from being used to facilitate money laundering, terrorist financing, and other crimes. Employees must be alert to, and refer internally, reports of unusual and suspicious activity and violations of this Policy. For instance, gaming operations, cage personnel, and surveillance personnel may be in a position to observe or identify potentially suspicious activity that must be reported. Any information that a patron's sources of funds are suspected to be from illegal activity or that a patron's gaming activity is not supported by what is known about a patron must be reported. As discussed above, employees who turn



a blind eye to suspicious activity may be charged with money laundering based on willful blindness.

Marketing employees or hosts, who often have direct contact with patrons, have a special role in knowing their customers and reporting any information about a patron's background or associations that suggests that the patron possibly may have an illegal source of funds. Caesars will address the government's concern that casino marketing departments not become a compliance subculture within casinos and ensure that the marketing team adheres strictly to this Policy.

All referrals will be treated as confidential to the extent possible, and employees will not be subject to retaliation for reporting a suspected violation in good faith. Anonymous referrals of potentially suspicious or unusual activity may be made by calling the Ethics and Compliance Hotline (877-450-5199).

#### **F. The Caesars AML Officer and Corporate Compliance Staff**

The Caesars AML Officer reports up through legal to the CLO and is responsible for coordinating the implementation of this Policy and Program company-wide with the assistance of the Corporate Compliance staff.

To promote efficient and effective BSA/AML compliance, Caesars takes an enterprise-wide approach to BSA compliance. The Corporate AML Officer leads a team of experienced and quality BSA professionals who execute BSA responsibilities at the enterprise-wide level, while maintaining the appropriate role of the casino BSA Officers.

### **G. U.S. Casino BSA Officers<sup>4</sup>**

Each Caesars U.S. casino subject to this Policy and Program will have a designated BSA Officer, who will be the person with responsibility for day-to-day compliance with the BSA, this Policy and Program, and the BSA/AML procedures at a casino or group of casinos.

### **H. Non-U.S. Casino AML Officers**

Each Caesars affiliated or managed casino outside the United States also will have at least one KYC Champion designated per property and AML responsibilities added to the Venue Director job descriptions for day-to-day compliance with the casino's AML Program. The AML policies and programs of non-U.S. casinos must comply with local law and be consistent with its Policy and Program, as applicable. The Caesars AML Officer will ensure that the affiliated or managed casinos' AML Policies and Programs are consistent with this Policy and Program and will require periodic reporting by the non-U.S. AML Officers about the implementation of their programs and any compliance issues, including issues raised in government examinations or independent testing.

### **I. Legal Department**

The Legal Department will advise the Corporate AML Officer and Casino BSA Officers on compliance with the BSA and related state and federal laws and regulations. The Legal Department also will refer subpoenas to Corporate AML Compliance.

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<sup>4</sup> The BSA Officer is the highest-ranking compliance officer or employee at the property and has other compliance responsibilities besides BSA/AML compliance. The administrative title of the BSA Officer varies at different casinos. For instance, in Nevada, the Regulatory Compliance Officers or "RCOs" act as BSA Officers.

## **J. The Special Investigations Department**

The Special Investigations Department performs investigations of patrons and employees at the request of management. The Special Investigations Department will coordinate the results of their reviews promptly with the Corporate AML Officer in order that the information can be considered in the KYC process and that any required SARs are filed.

## **K. The Ethics and Compliance Hotline Staff**

As noted, employees may refer potential suspicions or unusual activity anonymously using the Ethics and Compliance Hotline. The Ethics and Compliance Hotline reports are reviewed by staff in the Caesars Corporate Legal Department. The Ethics and Compliance staff will promptly report matters that may require the filing of a SAR or a KYC review to the Corporate AML Officer.

## **L. Human Resources**

The Caesars Corporate Human Resources Department will assist the Corporate AML Officer recruit and hire qualified BSA compliance staff at competitive levels of compensation with other financial institutions in the market. Human Resources also will assist in the consistent application of the BSA/AML Discipline Policy and in developing processes to factor in compliance as a measure of performance and a factor in compensation decisions.

**M. Information Technology (“IT”)**

Caesars IT Department will support the BSA function with adequate resources to develop and maintain technology to support BSA/AML compliance. Caesars IT Department will support the BSA function and inform the BSA/AML Compliance Team of suspicious activity related to reportable incidents identified by the IT Security Department.

**N. Registered Independent Agents**

Corporate Compliance is responsible for conducting due diligence background checks on all Independent Agents (“IAs”) before they apply to the state or tribal casino regulatory authorities to be registered IAs for Caesars casinos and for updating those reviews periodically. Caesars will communicate periodically with the IAs in writing about their responsibilities to comply with all applicable laws and regulations in connection with their IA activities. Caesars will convey that Caesars expects the IAs to exercise care and diligence in referring only patrons who are engaged in legitimate business activities and who have legal sources of funds. If an IA knowingly refers patrons whose sources of funds for gaming are found to have come from illegal activities, the IA’s relationship will be terminated.

**IV. The AML Program**

**A. Overview of the Program – Program Requirements and Other Measures**

Caesars Program contains all the required elements of a compliance program for casinos under the BSA regulations. Specifically, casinos are required to implement written programs reasonably designed to ensure and monitor compliance with applicable BSA

recordkeeping and reporting requirements. At a minimum, a casino's program must provide for:

- A system of procedures to ensure ongoing compliance with BSA reporting and recordkeeping requirements;
- An individual or individuals to ensure day-to-day compliance;
- Periodic independent testing of compliance; and
- Training of casino personnel, including on the identification and reporting of unusual or suspicious transactions.

In addition, the program must include the procedures for using all available information and automated programs to aid in assuring compliance.

Caesars has included certain other components in the Program that are not regulatory requirements, but regulatory expectations. Specifically, Caesars has developed a risk assessment process and has implemented the KYC Program.

While BSA requirements do not apply to offices of casinos outside the United States, Caesars has implemented a voluntary policy to apply the BSA recordkeeping and reporting requirements to transactions conducted by and through the overseas marketing offices for U.S. casinos. Also, as a voluntary AML measure, Caesars requires gaming affiliates that are not subject to the BSA to implement appropriate AML procedures to comply with applicable laws for non-financial institutions, *e.g.*, reporting of cash received over \$10,000, and to take reasonable risk-based measures to prevent and detect money laundering and report suspicious activity to the government in appropriate cases.

## **B. Elements of the Program**

## **1. Compliance Organization and Governance**

As discussed above, Caesars takes an enterprise-wide approach to BSA/AML compliance and has designated responsible compliance officials at the corporate level and for each casino to ensure day-to-day compliance with the BSA, and this Policy; Caesars also is building a centralized approach to BSA/AML compliance by centralizing CTR and SAR functions at the Corporate level for many of the Caesars casinos, while maintaining appropriate roles and responsibilities for the Casino BSA Officers. Caesars has built a governance structure that ensures BSA/AML compliance will be sustained, compliance issues will be addressed promptly, and the Program will be adjusted, as needed, to address evolving risk.

## **2. Risk Assessment**

As noted, risk assessments are not a BSA requirement, but an established regulatory expectation. Consistent with this expectation, Caesars requires each casino to complete a risk assessment in accordance with an established written risk assessment methodology that considers applicable regulatory guidance. The risk assessment must consider the casino's geographic location, size, all products, and services, customers, and day-to-day transactions and will consider SARs filed in the previous year to analyze patterns of suspicious activity. Risk assessments must be reviewed annually and updated as needed. The BSA Officer will coordinate the development of the casino's risk assessment with Corporate Compliance consistent with Caesars risk assessment methodology, and the risk assessment will be reviewed by the property's Compliance Committee and receive approval by the Corporate AML Officer.

### **3. Written Procedures**

Caesars has implemented procedures for compliance with each BSA recordkeeping and reporting requirement. Procedures developed by Corporate Compliance may apply directly to all casinos or require implementation by casino-specific procedures. The casino BSA Officer will obtain prior approval from the Caesars AML Officer for any changes that appear to conflict with the corporate BSA/AML policies or procedures.

### **4. Compliance with Specific BSA Requirements**

- a. Currency Transaction Reports (“CTRs”)**
- b. Customer Identification**
- c. Cash Transaction Reporting (Form 8300 Reporting) for Non-Gaming Businesses**
- d. Reports of International Transportations of Currency or Monetary Instruments (“CMIRs”)**
- e. Suspicious Activity Reports (“SARs”)**
- f. Section 314(b) – Voluntary Information Sharing**
- g. Section 314(a) – Government Information Sharing (N/A)**
- h. Know Your Customer Program**
- i. BSA Recordkeeping Requirements**
- j. Reports of Foreign Bank and Financial Accounts (“FBARs”)**

## **5. Training**

BSA/AML responsibilities, *e.g.*, before being placed in a position to identify suspicious activity. The Casino BSA Officers and the Corporate AML Officer will supplement scheduled training for specific employees or functions, as appropriate. The scope, topics, content, and delivery method of training will be set by Corporate Compliance and will be commensurate with the employee's responsibilities. Corporate Compliance will review and update training, as necessary, at least annually, to reflect new regulatory requirements and guidance, issues raised in audits and examinations, and any changes in Caesars policies, procedures, and systems.

## **6. Testing of the Program**

### **a. Independent Testing**

Caesars Corporate Audit will maintain a risk based BSA/AML audit program and annually test compliance with, and the effectiveness of, the Policy and Program to comply with BSA requirements and prevent and detect money laundering.

### **b. Compliance Testing**

A Quality Assurance ("QA") testing function has been established in Corporate Compliance to maintain a consultative risk based BSA/AML compliance testing and quality assurance program for key BSA/AML functions of Corporate Compliance.

## **7. Oversight of Outsourced BSA/AML Functions**

To the extent BSA-related functions are outsourced to an affiliate or to non-



affiliated entities, such as companies that support on-line gaming in Nevada and New Jersey, the BSA Officer or Corporate Compliance, as appropriate, will oversee the delegation and ensure that the work is being performed consistent with Caesars standards; that adequate procedures approved by the AML Officer are in place, including compliance testing of the function; that significant changes to procedures are approved by the AML Officer; that the employees conducting the outsourced work receive adequate BSA/AML training; and that the function is subject to periodic risk- based independent testing.

#### **8. New Casinos/New Products and Services**

The Caesars AML Officer will be notified of any plans to open a new casino or gaming affiliate or to assume management responsibilities for a casino or gaming businesses in order that appropriate steps can be taken to integrate the new entity into the Caesars AML Program.

#### **9. Cooperation with Law Enforcement and Regulatory Authorities**

An important element of Caesars AML Program is law enforcement and regulatory cooperation. It is Caesars policy to cooperate fully with federal, state, tribal, and local law enforcement authorities in investigations, prosecutions, and forfeiture actions involving money laundering, terrorist financing or other illegal activity. Caesars will respond timely and fully to lawful requests for information about its casinos, employees or customers.

Caesars also will cooperate with FinCEN and the IRS, to which FinCEN has delegated the authority to examine casinos for BSA compliance, and with state and tribal gaming authorities. Caesars will respond promptly to any issues raised in examinations and will make records and appropriate employees readily available to facilitate the examination

process. Caesars will take appropriate remedial actions in response to any regulatory issues identified.

#### **10. BSA/AML Programs for Online Gaming**

The Company and Caesars Interactive Entertainment (“CIE”) recognize that the nature of online gaming operations are unique from traditional casino gaming. Therefore, it is necessary to address additional features of CIE’s online gaming operations that are not present in traditional casino gaming.

It is the policy of the Company and CIE to fully comply with all aspects of the BSA, including but not limited to record keeping requirements, currency transaction reporting, and suspicious activity reporting.