



B.C. Casinos Linked to Money Laundering: What Does This Mean for Great Canadian Gaming Corp. (TSX:GC)?

Description

A long-awaited report from B.C.'s attorney general could have some wide-ranging consequences for casinos in the province, and that could be a big problem for **Great Canadian Gaming Corp.** (TSX:GC). The report confirmed a big concern: casinos were being used to launder money.

Criminal organizations in China were, in many cases, found to have been using the money filtered through casinos to then invest it in expensive Vancouver real estate, which has only contributed to the problem of soaring housing prices in the lower mainland.

The concerns are not new, but the report confirms the issue and now gives the province the mandate it needs to be stricter on casinos and put in tighter controls to prevent dirty money from making its way into the province.

Peter German, who is behind the report, was critical of the current controls in place and suggested that there wasn't a "strong provincial regulator" in place, which seems to be a direct shot at the B.C. Lottery Corporation (BCLC), which is supposed to balance the needs between profit-making and overseeing operations to ensure that laws are followed and that the public is protected.

One of the report's recommendations is to put into a place a gaming regulator, which may seem excessive and perhaps even wasteful given that we already have the BCLC and the Gaming Policy & Enforcement Branch. What this suggests is that there will be even more enforcement, and that could mean less money flowing through casinos.

How this impacts Great Canadian

The River Rock Casino is the crown jewel of gaming in the province, generating a lot of the money that flows through to BCLC and ultimately the B.C. government. It's also operated by Great Canadian, and concerns about money laundering at that particular casino [are not new](#). A big crackdown at the River Rock will certainly result in less revenue for Great Canadian and all the aforementioned parties.

This could have a big impact on Great Canadian's financials, as even clean money might be deterred

away from added controls and processes. The problem is that with many options, gamblers can easily take their money elsewhere, and it may just move the problem somewhere else.

This is still very early in the process, but the importance of this report shouldn't be underestimated, as a lot of the focus when it comes to gambling is on the customer experience, and if it's not an easy or enjoyable one, customers will go elsewhere.

Bottom line

Great Canadian has made a lot of progress in the past year, most notably when it won a bid last year that would see the operator add [three new locations](#) to its portfolio. That has helped the stock produce significant returns for investors, with the share price doubling over the past 12 months.

However, given the challenges Great Canadian will likely face as a result of this report and the fact that it is coming off a peak make it a bit of a risky buy today.

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