Casino regulator ready to take adversarial approach if needed

CRA chairman also explains importance of robust anti-money laundering framework

By Grace Leong

Singapore

SETTING up the legal framework for Singapore’s nascent gaming industry was the result of a deliberate calibration of laws from various gaming jurisdictions, the chairman of the Casino Regulatory Authority said yesterday.

Should the government fail to maintain rigorous gaming regulation, that would undermine public confidence not only in the gaming industry, but also in the ability of the political leadership to maintain public trust, CRA chairman Richard Magnus told lawyers and business leaders at the 23rd annual Singapore Law Review lecture at the National University of Singapore.

To that end, he defended measures implemented by the CRA to keep the industry honest, including intrusive background investigations of its management and employees, stringent licensing and strict enforcement.

Mr Magnus’s insights on the workings of the CRA and its regulatory principles came ahead of its first comprehensive on-site inspection of the casinos at Marina Bay Sands and Resorts World Sentosa to be held at the end of the year.

“The CRA will not hesitate to take a tough regulatory stance and an interventionist, adversarial approach should the situation require.”

On the issue of junket licensing, he noted that because of the large sums of money transacted by junket businesses, it is critical that junket operators are well-regulated to ensure that they don’t provide a cover for crime syndicates to engage in crimes including money laundering.

“Having a robust anti-money laundering framework for the casinos is crucial to safeguarding the reputation of Singapore – one of the few jurisdictions that licenses junket promoters – as an international financial hub, said Mr Magnus.

The local legal industry is preparing to deal with issues that the integrated resorts will throw up in the coming years in areas such as tax, employment, technology, competition and criminal law, said Deborah Barker, KhatiarWong partner and head of litigation & dispute resolution.

In the case in point, the casino credit policy of MBS came under the spotlight when Lester Ong Boon Lin, a patron, contended that his S$250,000 gambling debt was not recoverable because he allegedly wasn’t a premium player and that the credit he was given was allegedly unsolicited. That case is pending in the High Court.

“The Philippines has just announced plans to build its own version of our integrated resorts in direct competition with us, while Japan is said to be considering a similar idea. All eyes are on us,” Ms Barker said. “This will include close observation as to how the Singapore model works and how we deal with related legal issues.”

‘The CRA will insist on prescribing detailed internal control standards, inputs to systems and specific activities for high risk areas, such as processes that have a material impact on gaming integrity,’ he said.

“It may be an inevitable process that we, as a new regulator, would need to go through approving detailed internal controls in the beginning, particularly in the higher risk areas, so that we are assured that the initial regulation is tight enough.”

But Mr Magnus acknowledged that it was a balancing act coming up with sufficiently stringent regulations to maintain the industry’s integrity while not overly encumbering the two casinos’ operations.

The CRA is a young regulator of a new industry in Singapore, Mr Magnus said, it had to consider how to bridge the knowledge gap as the regulated entities, including the casino operators, gaming machine manufacturers and vendors, would have more industry experience and domain knowledge than the CRA.

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