Nevada regulators keep eye on Macau casino action

By Christopher Palmeri, Bloomberg

The use of outside VIP room operators by casino companies in Macau limits their ability to prevent money-laundering and other illegal activities, one of Nevada’s top regulators said.

“Criminal transactions are widely alleged to take place just out of the direct purview of the casino,” A.G. Burnett, chairman of the Nevada State Gaming Control Board, said in testimony before the U.S.-China Economic and Security Review Commission in Washington yesterday.

Enlarge image Nevada Regulator Says Macau VIP Rooms Make Compliance Harder

VIP room operators run gambling parlors for high-rollers within larger casinos and provide credit as well as organize trips for mainland gamblers to Macau. The Chinese city, the world’s largest gambling hub with $38 billion in revenue last year, gets most of its revenue from Chinese high-stake bettors. Burnett didn’t name any individual operators.

I. Nelson Rose, a professor at Whittier Law School in Costa Mesa testified that Chinese government limits on money transfers from the mainland to Macau, at 20,000 yuan or $3,150, create a market for VIP room operators to lend money to gamblers.

“The structure of the casino system in Macau effectively allows people to use the casinos to circumvent these capital controls,” William Reinsch, chairman of the commission, said in his opening remarks.

The commission was created by the U.S. Congress in 2000 to report to legislators on trade and economic issues between the two countries, according to its website.

Spokesmen for Las Vegas Sands Corp., MGM Resorts International and Wynn Resorts Ltd., the three Las Vegas-based companies with operations in Macau, declined to comment on the hearing.

Director Manuel Neves at Macau’s Gaming Inspection and Coordination Bureau, the city’s regulatory body, didn’t return two phone calls seeking comment.