

METROPOLITAN BUREAU of INVESTIGATION NINTH JUDICIAL CIRCUIT of FLORIDA

Post Office Box 1673 Orlando, Florida 32802
Telephone 407-836-9701 Fax 407-836-9743 E-Mail: mbiorlando@aol.com www.mbi-police.org

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January 5, 2007



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State of Nevada
Gaming Control Board Enforcement Division
Jerry Markling, Chief of Enforcement
555 East Washington Avenue, Suite 2600
Las Vegas, Nevada 89101

Dear Chief Markling:

Thank you for your letter dated December 5, 2006, and the efforts that you have made to explain the Gaming Control Board's investigation that the Metropolitan Bureau of Investigation (MBI) has only just recently learned about.

First, I would like to take this opportunity to apologize if something I said to Special Agent Gordon Howie during our telephone conversation was misinterpreted and then forwarded to you out of context. During that conversation, Special Agent Gordon Howie told me that he was going to have you call me and I believe if that had happened we might have been able to clear up any misunderstanding. As a thirty-nine year veteran of law enforcement speaking to another senior law enforcement executive, I do not wish to give the impression that I am criticizing your agency. However, please understand there remains a collective frustration of MBI, ICE, and IRS investigators as well as the State Attorney, Sheriff's, and Chiefs of Police that comprise the MBI Governing Board over the actions of Caesars Palace.

I understand every law enforcement agency is bound by regulations. The members of the MBI task force would like to respectfully request your assistance in understanding the Nevada law, as included in attachment A, in regards to section 6A.100 "Suspicious activity reports." How exactly is it determined that the 6A licensee, or the employee/agent of the 6A licensee, should have had reason to suspect that the funds were derived from "Illegal activity?" Is the totality of the circumstances a factor?

Starting with the charts prepared by the United States Internal Revenue Service (Attachment B), the questions some have about activities/ transactions that would appear suspicious to a reasonable person, are:

1. Why was it not suspicious or unusual when Jorge Farah aka Victor Hugo Deisenmann (a casino "Whale," the term we have been told is used for gamblers that deposit more than \$500,000 to a casino in a single occurrence) brought in millions of dollars in lower denomination bills, when no other "whale" in the three year period researched by the IRS, brought in any such amount in lower denomination bills?
2. Why shouldn't it arouse suspicion when the "Whale" brought in two hundred pounds of cash, mostly in small denominations equivalent to four million dollars, in a single day? IRS research shows that, historically within the three years prior, the maximum single deposit by an American citizen was one million dollars. Even, John Shigley, one of the members of the SARC review committee, stated that in his thirteen year career, he has never seen anything near four million dollars in cash deposited at Caesars Palace. This suspicious event was initially documented by a Cage Manager with twenty-five years experience, on a SARC form, that was later quashed by Caesars Palace management, thereby keeping the suspicious activity report from being forwarded outside of Caesars Palace to authorities.
3. Why was it not suspicious or unusual that, within a seven month period, Jorge Farah deposited more cash into the casino, than the total of all deposits made by all other "whales" combined in a three year period?
4. Why was it not suspicious or unusual for a patron to deposit twelve million dollars in cash, when the cash usually arrived in suitcases not bundled with bank bands, or converted into larger denominations by a bank, and the cash was transported aboard a Caesars Palace jet, from known drug source locations?

In addition to the points made above there are many lesser incidents that contribute to the totality of the circumstances analysis. The borrowed Mexican I.D. photo that was shown to the Cage Manager did not match the Cuban born Jorge Farah, which was noted by Caesars Palace employee Margie Todd. Jorge Farah told investigators that a Caesars Palace employee, Yasmin Llapur, told him to say the money was from a topless club. Jorge Farah also denied the accusation made by Caesars Palace that he refused to give his social security number, as Jorge Farah was in possession of a false social security number that he had already given to another casino. Why would he draw attention by refusing to give his social security number to Caesars Palace? Caesars Palace security manager Jim Darcy, told investigators that if he had been told by the SARC compliance committee of the unusual four million dollar cash deposit, he would have conducted a detailed review of Jorge Farah's identity.

Certainly many of these points can be explained away, but when viewed in the totality of the circumstances, for a reasonable person, a suggestion of willful blindness clearly emerges. That is not to say that Caesars Palace was required to question Jorge Farah about the source of his gambling deposits, know the source, or to stop taking his cash

until someone determined the source. The only thing Caesars Palace was required to do was report the obvious suspicious and unusual activity to authorities, by filing a SARC report. But that they did not do.

At the center of this issue is the action of the Caesars Palace SARC Review Committee. This action allowed 12 million dollars in drug proceeds to continue to flow into Caesars Palace. During the investigation, the IRS Agent raised a number of questions that still remain unanswered concerning the actions of Caesars Palace management.

Concerning Larry Whelen (Compliance Specialist/Suspicious Activity Analyst), there is a reasonable question as to how could he make a determination as to whether or not a SAR should be filed, if he did not look at the draft SAR and did not know what triggered its submission? The charts illustrate that transactions such as Jorge Farah's, not only didn't happen very often, but did not happen at all during 2000, 2001, and 2002. How could Larry Whelen explain why, given the facts, that the transactions were not, at the least, suspicious or why he did not suspect the currency might have come from some illegal activity?

Concerning David Sisk (CFO at Caesars Palace), as in Larry Whelen's case, David Sisk does not recall having seen the draft SAR. Again, a reasonable question is, how can a determination be made by a person with regards to whether or not a SAR should be filed if that person does not know the circumstances behind its submission? In addition, David Sisk claims to have based his decision on whether or not a SAR should be filed on his contact with Jim Darcy, in Caesars Palace security department who told David Sisk that Victor Deisenmann aka Jorge Farah "checked out" okay. However, according to the statements made by Jim Darcy and a documented email, that inquiry by David Sisk did not happen until four months after the Draft SAR was filed. How could David Sisk have relied on that information, if it wasn't provided to him until four months later?

Concerning John Shigley (Property President), he claims to have been familiar with, and to have taken an interest in Jorge Farah due to Farah's level of play. It is unclear how someone in John Shigley's position could reasonably have the opinion that, where Jorge Farah's money came from, was nothing we would want to know.

Concerning Jim Darcy (Head of Security), a reasonable question seems to be can Jim Darcy explain why the call to San Diego FBI was made in the first place and why they were provided with only limited information? Why the currency amounts and the denominations didn't matter and were nor relevant? Why weren't there more questions asked with regards to Jorge Farah's transactions?

Given all of the facts, to include the money denominations and packaging, photographs of Jorge Farah's entourage, Farah's travel between California and Florida and, most importantly, charts prepared by the IRS that illustrate transactions such as Jorge Farah's did not happen at all in 2000, 2001, or 2002, it is not clear why the Nevada Gaming Commission was not contacted?

During the investigation, agents learned that the State of Nevada Gaming Control Board, gaming departments including the security department, the cage and branch offices are responsible for being familiar with what is considered to be a suspicious transaction, making a diligent effort to identify suspicious transactions, and reporting suspicious transactions. The question still exists as was there a diligent effort made by Caesars Palace personnel in the case? Given all of the facts and information summarized in the charts, why was there no reason to suspect that the currency was derived from some illegal activity? How can Caesars Palace reasonably or believably claim that this kind of activity happens all the time when the facts clearly show it does not?

In closing, I have contacted the other investigative agencies that were pursuing the nineteen million dollars in drug proceeds now in the possession of Caesars Palace and Barona's Casinos. The investigators for those agencies reported to me that they were not contacted for input, but remain available if your investigator would like to review the two and a half year investigation which includes interviews with Caesars Palace employees.

On behalf of the investigators that worked so hard on this investigation and all of the agencies that comprise our Task Force, thank you for taking the time to respond to our request. Any insight that you could provide to help us understand how the totality of all these specific actions, and specifically the information summarized in the IRS charts, did not require a reporting to the authorities of suspicious activity will be appreciated.



William A. Lutz, Director
Metropolitan Bureau of Investigation (MBI)

WAL/cc