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FinCEN's First Card Club Enforcement Action Leads to \$650k Settlement with California's Oaks Card Club

WASHINGTON, DC – The Financial Crimes Enforcement Network (FinCEN) today announced its first settlement with and [assessment](#) against a “card club” gaming establishment. Oaks Card Club d/b/a Oaks Club (Oaks), of Emeryville, California admits that it violated the program and reporting requirements of the Bank Secrecy Act (BSA). The settlement and FinCEN’s assessment requires Oaks to pay a fine of \$650,000 for willful violations of the BSA.

Among its failures, Oaks relied on an inaccurate and misleading anti-money laundering (AML) policy to train its staff. The AML policy failed to provide instructions, or provided wrong instructions, concerning the card club’s BSA obligations and filing of BSA reports. For example, it encouraged employees to provide notice to patrons if they were about to conduct a cash transaction that would put them over the \$10,000 threshold for the filing of a Currency Transaction Report, thereby possibly encouraging structured transactions. The policy also lacked instructions on when an employee should file a Suspicious Activity Report (SAR). The Oaks filed no SARs in 2009 and 2010.

The United States Attorney for the Northern District of California brought criminal charges against several Oaks employees and patrons after a March 2011 raid by state and federal law enforcement. Despite this, Oaks failed to file any SARs related to the criminal activity on its premises, including making illegal loans and racketeering.

“Oaks Card Club has been in business since 1896, and had been subject to the Bank Secrecy Act for quite some time,” said FinCEN Director Jennifer Shasky Calvery. “That should have allowed enough time to become very familiar with what’s right and what’s wrong. As we often see, these penalties could have been avoided through even minimal attention to their anti-money laundering requirements.”

Director Shasky Calvery expressed her appreciation to the Federal Bureau of Investigation and the United States Attorney's Office for the Northern District of California for their efforts and support of FinCEN's investigation.

A card club is a type of gaming establishment, long popular in some states, where games are generally limited to those actually involving cards. In card clubs players play against each other and not against the "House." Like casinos, card clubs are defined as financial institutions under the BSA and are subject to FinCEN's rules.

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FinCEN's mission is to safeguard the financial system from illicit use and combat money laundering and promote national security through the collection, analysis, and dissemination of financial intelligence and strategic use of financial authorities.