

# Money Laundering Still on Rinse Cycle in Las Vegas Casinos

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“Sin City” and its glittering parlors of easy money and illicit sex conjure images of another time and place when mobsters brazenly cavorted their ill-gotten gains.

While some believe that this glitzy underworld died in a hail of bullets with the likes of [Bugsy Siegel](#) and the Flamingo Hotel, others are quickly learning that the Las Vegas desert still holds secrets about small-scale money laundering.



Even though stricter sanctions have slashed [crime in Vegas](#) tremendously and the criminal element seeks less scrutinized industries for converting illegal profits into clean money, laundering profits still goes on albeit as a mere shadow of what it once was.

In a Toronto courtroom, law student Stanko Grmovsek admitted that he had made \$9 million with a law school associate, Gil Cornblum, in a 14-year illegal scheme. Using games like blackjack, he laundered money by gambling huge amounts all along the casino strip.

In the words of Paul Camacho, special agent in charge for the Las Vegas Field Office of the Internal Revenue Service’s criminal investigation arm:

“In a currency intensive industry it’s virtually impossible to eliminate entry points for money laundering. We work hand-in-hand with the casinos. We want legitimate folks coming here and having a good time. Nobody promotes this as a den of thieves.”

Those in charge of running the Las Vegas casinos were very upset about Grmovsek’s admission because honest and very strict efforts have been made to keep the gambling parlors clean.

Their licenses are at stake, and to put a damper on large-scale crime, the IRS requires any cash transactions involving more than \$10,000 to be reported. Grmovsek’s cohort in crime, Gil Cornblum, committed suicide by jumping off a highway bridge as the case docket grew near to prosecution and Grmovsek faces three years in jail after pleading guilty to conspiracy to commit securities fraud.

Small, inconspicuous businesses like used-car lots and family-run restaurants are better venues for laundering money and yet much to the casinos’ embarrassment, Grmovsek still managed to “pass under the radar.”

Experts claim that typically a money-laundering scheme begins with an approach to the cashier’s cage where a small amount of cash is converted into chips using a player’s card to establish identity. It is because this is such a humdrum and ordinary procedure that it works so well.

He would always start with a small number of chips and return to the cashier with a large stack, which he anonymously withdrew and claimed to have won at the gaming tables. In actuality, Grmovsek was transferring profits gleaned from offshore accounts to the Vegas casinos.

David Stewart, an attorney with Ropes & Gray LLP who advises casinos on money laundering, warns of such activity as significantly suspicious. “The biggest suspicious activity you can engage in is if you go to a casino, present a fair amount of money and you don’t gamble... These are publicly traded companies. No single gambler is worth losing their license.”

There are other schemes used by small-time money launderers as well. One involves betting on both sides of a sporting event. Documentation is reversible, and it becomes the winning ticket if he did indeed win and the losing ticket if he lost the bet.

According to the Treasury Department’s Financial Crimes Enforcement Network, commercial and Indian casinos filed nearly 500,000 reports of currency transactions of \$10,000 or above in 2008 and some 11,000 reports of suspicious activity, Casinos carefully monitor transactions as it is in their best interests to do so.

Although pilfered amounts from Vegas casinos are considered small pickings compared to the billions of dollars organized crime gangs pass through small business along the Mexican border, the fact that money laundering exists at all is still a formidable thorn in the sides of casino owners.

The golden age of Las Vegas as the center of organized crime may be a light long dimmed by the passage of time, but unbidden shadows linger with the names Stanko Grmovsek and Gil Cornblum.