



AML

Anti-Money Laundering

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What's it all about?



IRISH BOOKMAKERS
ASSOCIATION

*Representing the Licensed
Betting Industry in Ireland*

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AML Training

Welcome to our Anti-Money Laundering (AML) training course. This comprehensive training is designed to provide you with a thorough understanding of money laundering and terrorist financing, both of which are threats that our industry must actively combat.

Throughout this course, you will learn about the definition and identification of money laundering activities, understand the relevant legislation, and explore the AML measures necessary for gambling operators. The course will also cover essential topics such as business risk assessments, terminology, reporting suspicious behaviour, and compliance monitoring.

By the end of this training, you will be equipped with the knowledge and skills to help protect your organisation from the risks associated with money laundering and terrorist financing.



Please note, these guidelines are based on non-statutory Guidelines. Designated Persons must always refer to the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 (CJA 2010) as amended when ascertaining their statutory obligations. These Guidelines are not exhaustive nor to be considered as legal advice or legal interpretation. It remains solely the responsibility of the Designated Person to ensure that they meet their statutory obligations under the CJA 2010 as amended. It is a matter for Designated Persons to seek legal advice if they are unsure regarding the application of the CJA 2010 to their particular set of circumstances.

Where there is any discrepancy between these Guidelines and the CJA 2010 as amended, the CJA 2010 as amended will apply.



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Money Laundering



Welcome to our AML training course. Before we start, it's crucial to understand the two primary threats that these guidelines and the regulations aim to combat: Money Laundering and Terrorist Financing;

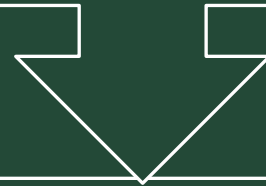
Money Laundering is the process of making large amounts of money generated by a criminal activity, such as drug trafficking or terrorist funding, appear to be earned legally. It typically involves three steps: placement (introducing illicit funds into the financial system), layering (concealing the source of the funds through a series of transactions), and integration (reintroducing the laundered money into the economy as legitimate business earnings). It also includes 'spending the proceeds of crime', such as purchasing luxury items, real estate, or funding further criminal enterprises, which ultimately helps criminals benefit from their illegal activities.

Terrorist Financing Terrorist financing is commonly defined as the provision, collection or receipt of funds with the intent or knowledge that the funds will be used to carry out an act of terrorism or any act intended to cause death or serious bodily injury.



What is **Anti**-Money Laundering?

Anti-money laundering (AML) refers to a set of laws, regulations, and procedures designed to prevent criminals from disguising illegally obtained funds as legitimate income. AML measures are implemented by financial institutions and other regulated entities such as gambling operators, to monitor, detect, and report activities that might indicate money laundering or terrorist financing.



Betting operators are now 'designated entities' and must ensure they run their business in a compliant way by;

- | | | |
|---|--|--|
| 1. Keeping crime and criminality out of gambling; | 2. Protecting the vulnerable from the potentially harmful effects of gambling; and | 3. Keeping gambling fair, honest and open. |
|---|--|--|

Legislation

Since the 27th November 2018, the betting sector in Ireland has been covered by new AML legislation contained within various pieces of legislation, but most recently the Criminal Justice (Money Laundering and Terrorist Financing) (Amendment) Act 2018.

This means that it is now a legal requirement, similar to banks, to collect customer information which can prove age, identity or funds verification for some customers.

On occasion, information may be required before bets can be accepted or paid.

You need to familiarise yourself with your company policy in this area and understand what your role is when at work, to ensure compliance with Anti-money laundering requirements.



S.I. No. 487/2018 - Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 (Section 25) (Prescribed Class of Designated Person) Regulations 2018

Key AML measures used by Gambling operators



The key Anti-money laundering and terrorist financing measures used by licensed gambling operators and their staff include;

1. Conducting business & customer risk assessments, including any localised risks.
2. Carrying out Customer Due Diligence and Enhanced Due Diligence for relevant customers.
3. Ongoing monitoring of relevant customers.
4. Maintaining records of customer identification, transactions, decisions/actions taken, and evidence of compliance with the Act's provisions.
5. Develop appropriate internal controls, policies, and procedures to manage and mitigate identified risks.
6. Ensure that all staff are adequately trained on AML/CTF laws and regulations, and that they are trained to recognise and handle suspicious activities.
7. Reporting Suspicious Transaction Reports (STR's).

Business Risk Assessment

- What is it?

A Business Risk Assessment is a document prepared by designated entities such as gambling operators, that assists in identifying where there may be risks in a business that could be exploited for money laundering and terrorist financing purposes. Once these risks are identified, operators assess how likely they are to happen and how severe their impact could be. Operators then develop strategies and controls to manage these risks, using a risk-based approach. This helps them prioritise which risks need immediate attention and which ones can be monitored over time. Each licensed operator must produce and document a business risk assessment.

- Risk Based Approach?

A risk-based approach means, tailoring methods to identify, assess, and manage the risks of money laundering and terrorist financing that a business might face, based upon the level of risk. It's about allocating resources and applying stricter controls where risks are higher, and adopting simplified measures where risks are lower.

- Why use a Risk based approach?

A Risk based approach allows businesses to be more efficient and effective in their compliance efforts, focusing on areas of higher risk which are more likely to be targeted by financial criminals, while maintaining a balance that does not unduly hinder legitimate business activities.

- Where can you find the Business risk assessment?

Each licensed premises must have a copy of the Business Risk Assessment stored locally, and all staff should be aware of its location. Risk assessments must also include risks specific to the local area in which the premises is located, or specific to the platform being used if trading online.





Customer Due Diligence (CDD)

What is CDD?

CDD is the process of obtaining and verifying identifying information about customers, to understand their financial activities and evaluate their risk of money laundering or terrorist financing.

When do you need to perform CDD?

There may be times when you are required to obtain further information about or from your customer. Please refer to your company documentation for specific requirements and it may include;

- If you are working in a retail outlet, you will need to obtain the customers real name, and add the customers name to your shop epos customer tagging function.
- You may need to obtain a copy of the customer's photo-id and utility bill (which must be dated within last 6 months), using the process outlined in your company policy.
- It may be helpful to provide the customer with an AML information leaflet or direct them to read the poster in the shop or page on your website which contains the relevant information.
- It may also be helpful to advise the customer that this process is now required by law and applied by all gambling operators, not just in your business.
- Should the customer refuse to provide the information you may not be able to proceed with the transaction. Please refer to management or your policies for further details before proceeding. Remember, if you are working in a retail environment, your safety takes priority, so stay calm and safe.

Enhanced Due Diligence (EDD)

What is EDD?

EDD involves a more rigorous process than Standard CDD, to verify and assess the risk of high-risk customers. It involves collecting extensive information on the customer's identity, source of funds, and gambling activities, and continuously monitoring their transactions for any suspicious behaviour.

When you need to perform EDD?

Situations which require EDD will depend upon the nature of the relationship with the customer, the type of business conducted, and the perceived ML/TF risks involved with doing business with the customer. You should refer to your company training and customer risk assessment to understand exactly what is needed for EDD, then seek the advice and instructions from a senior member of your team, but in general, it could include the following;

- **Obtaining Additional Identification Information:** Secure more in-depth identification data, which could include proof for the source of their wealth and funds. This typically includes a copy of a pay-slip, or bank statement, etc..
- **Understanding the Customer's Background:** For PEPs, understand their public role and assess the associated risks, including potential adverse media reports or known associations with other high-risk individuals or entities.
- **Scrutinising Transactions:** Conduct thorough examinations of the customer's transactions to ascertain the economic rationale or lawful purpose behind them, especially for complex patterns that have no clear economic reason.
- **Ongoing Monitoring:** Establish intensified monitoring procedures to ensure transactions are consistently reviewed and any anomalies are investigated promptly.
- **Senior Management Approval:** Senior management approval should be needed to continue a business relationship with a high-risk customer.





Ongoing Monitoring of Customers and Transactions

There will be some customers that require monitoring for some or all of their transactions. AML legislation requires the following monitoring at a minimum (most of these should be included in the training materials and policies provided by your employer);

- Stakes or pay-outs of €2,000 or more must not proceed until appropriate CDD is conducted and appropriate documentation obtained and retained
- When a customer places a bet of €200 or more, they must be monitored going forward for all transactions with a value of €50 or more, after initial €200 trigger bet.
- The customer must be monitored for a minimum of 3 months for retail operators and 6 months for online operators, for the purposes of identifying when a customer reaches the €2,000 linked threshold, and customer due diligence is therefore required.
- Linked transactions of €2,000 or more will be subject to CDD with Source of funds established on a risk-sensitive basis. Please refer to your own policies for further details on this.
- Transactions can be considered as 'Linked' when the customers' normal betting behaviour is identified, and any deviation from the customer's normal betting behaviour could be deemed as a linked transaction. Deviation could include, but is not limited to changes in bet frequency, value, odds or type depending on the operators own Risk assessment and requirements.
- The definition for linked transactions, will differ in accordance with the scale and complexity of each operator, and it is expected that licensed operators will define them in their risk assessment.
- There may be other circumstances in which an operator decides, on a risk-based approach, to monitor a customer or customers' transactions. Such circumstances will be identified in the operator's risk assessment, policies and procedures.

Example



Example 1: Customer Due Diligence (CDD)

Scenario: A new customer walks into a betting shop and places a bet of €250.

Action Required: As the bet is over €200, staff must monitor that bet and all subsequent transactions of €50 or more for at least three months for that customer.

Steps:

- Ask the customer for their name and add them as a monitored customer on your EPOS.
- Monitor/Tag every transaction for €50 or more for that customer for at least the next three months.
- Ensure customer activity is monitored and if customer reaches €2,000 in stakes or payouts in linked transactions, CDD must be performed.
- There may be other flags or triggers that require CDD to be conducted, prior to reaching €2,000 threshold. Please refer to your own policies or the other slides on this training course for further details.

Tipping off

‘Tipping off’ means informing a customer, or third party, that they are under investigation for suspicious activities or that a Suspicious Transaction Report (STR) has been or will be filed about them.

Under Anti-Money Laundering legislation, It is an offence for anyone to disclose to the person who is the subject of a suspicious transaction report, or to any third party, that a Suspicious Transaction Report has been or will be made. This applies to all individuals, including employees, officers, and agents of the business.

Violating the tipping-off provision can lead to severe penalties, including fines and imprisonment. The specific penalties can vary based on the severity and circumstances of the offence.



What role can you play in preventing money laundering in your job?

You might think that there is very little you can do when it comes to identifying or preventing money laundering, but in fact there is a lot that you already do and can do;

Continue to know your customers as well as you do

When monitoring a customer due to their betting patterns, stake sizes, behaviour etc... use their full name where possible

Always ensure everyone in your shop is using the same monitored name for the relevant customer

Be aware of any suspicious activity (further detail on next slide)

Report any suspicious activity to your Manager or relevant Risk/Fraud team

Obtain Customer information discreetly and efficiently when requested by Management

Provide customers with the information leaflet to assist them in understanding the new legal requirements

Ensure you understand and complete all the AML training provided by your employer

What else can you look out for?

BETTING SLIP	
FOR BETTING ON ALL EVENTS	
Stake & Selection	Time & Meeting
€200 win Balko des Flos <i>nr</i>	
€150 rogin thyme <i>nr</i>	
€200 myska <i>nr</i>	
€100 ew Oscar Sam <i>nr</i>	
All bets subject to rules	
TOTAL STAKE	750:00

- Unusual forms or patterns of betting, or a bet out of character from a known/existing customer?
- Unknown Customer - Is there an unknown customer betting in substantial amounts of money?
- Suspicion - Is there a suspicion that the customer is involved in criminality?
- Disinterest - Does customer appear to 'not care' if the bet wins or loses?
- Several Runners - Is customer selecting several runners in the same race regularly?
- Deliberate Non-runners - Is customer selecting a high number of Non-runners?
- AML Trigger - Has Customer Stakes or Winnings reached one of the AML Trigger Guidelines?
- Cash – Is customer presenting with large amounts of Cash? Does it include large denomination notes?
- Does the customer or its beneficial owners have attributes known to be frequently used by money launderers or terrorist financiers?
- Is customer reluctant to provide CDD documents/ satisfactory source of funds explanation?
- Is customer spending inconsistent with stated source of wealth?
- Is the Individual involved with cash intensive businesses, for example taxi driver, or fast-food business owner?
- Is customer presenting with foreign currency?
- Are there large amounts of funds lodged to accounts with minimal betting ?
- Is their betting structured to avoid AML/CFT triggers (spreading bets across different outlets within same operator for example)?
- Are they attempting to lodge and withdraw funds with different payment methods?

Please note, this list is not exhaustive, and you should refer to your own Risk assessment for further indicators



Operators must ensure they report any transactions or betting patterns that raise suspicion of money laundering or terrorist financing, to the Financial Intelligence Unit (FIU) via their GoAML platform. This is called making a Suspicious Transaction Report (STR). They must also provide a copy of the report to the Revenue Commissioners.

Operators must make a STR as soon as practicable after they obtain knowledge, become suspicious, or have reasonable grounds to suspect that a person has been or is engaged in money laundering or terrorist financing.

In your role, you should ensure you are completely aware of your company's policy in this area and know when and how to raise your concerns.

Factors you may consider when identifying suspicious transactions include;

- Look for transactions that are unusually large, complex, and have no apparent economic or lawful purpose.
- Evaluate transactions based on your knowledge of the customer, their financial history, background, and behaviour.
- Consider all information provided in your Business and Customer risk assessment policies.

Reporting Suspicious Transactions

Training

To comply with Anti-Money Laundering (AML) legislation in Ireland, it's essential for all front-line staff of gambling operators to be well-trained and vigilant. Licensed operators must ensure that ongoing training programs are conducted for all relevant personnel to remain aware of AML/CTF obligations, risks, developments and detection methods.

Your employer must provide you with the relevant training and keep records of same.

When your training is complete, remember;

1

Be Informed: Know the laws and understand why they're important.

2

Be Compliant: Follow all procedures meticulously to ensure compliance.

3

Be Vigilant: Always be on the lookout for suspicious activities.

4

Be Confidential: Keep your reports and actions confidential.

Compliance Monitoring & Supervision



The Anti-Money Laundering Compliance Unit (AMLCU) is an official entity within the Department of Justice. It is responsible for ensuring compliance with AML and CTF regulations across various sectors including gambling operators, through supervision, guidance, and enforcement.

The AMLCU compliance monitoring process involves regulatory investigators/authorised officers of the AMLCU carrying out inspections of Designated Persons to ensure that they are meeting their obligations under the Act.

Regulatory investigators may conduct announced or unannounced inspections at gambling operators' premises. The inspection itself consists of a meeting between the Designated Person or their employees and the regulatory investigator, during which the regulatory investigator will ask a series of questions of the persons present, relating to various sections of the Act. The inspection process also includes a review of the business's AML, CDD and transactional documentation.

Please note: Under Section 80 of the Act, a person commits an offence where they obstruct or interfere with an 'authorised officer' in the exercise of their powers, or if they fail to comply with a requirement or request made by an 'authorised officer' under Section 77 of the Act. This could result in a liability, on summary conviction, to a fine not exceeding €5,000 or imprisonment for a term not exceeding 12 months (or both).

- 1. Know the Requirements:** Understand the AML requirements for your role by completing the training provided, and understanding the Business risk assessment located where you work.
- 2. Follow Company Policies:** Adhere to your company's AML policies and procedures, especially those related to risk assessments, transaction monitoring, and customer identification.
- 3. Recognise Suspicious Activities:** Be vigilant for signs of money laundering and terrorist financing and report any suspicions to your manager or designated AML Compliance Officer immediately.
- 4. Customer Due Diligence:** Ensure you perform CDD and EDD when required, discreetly, efficiently and thoroughly.
- 5. Ongoing Monitoring:** Continuously monitor relevant customer transactions.
- 6. Confidentiality:** Ensure all transactions, actions and customers information is kept confidential.
- 7. Regular Training:** Participate in regular AML training to stay informed about the latest regulations and best practices.
- 8. Safety First:** Ensure your safety and the safety of colleagues when dealing with compliance issues. Always seek guidance from management if unsure.
- 9. Legal Compliance:** Remember that non-compliance with AML regulations can lead to severe legal consequences for both the individual and the company.



Conclusion

By adhering to these key principles, you help protect the operator you are working for from the risks of money laundering and terrorist financing.

Your diligence and adherence to AML procedures are crucial for maintaining a safe and compliant betting environment.

Thank you for your commitment to these important responsibilities.



Thank You.

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