

ALDERNEY GAMBLING CONTROL COMMISSION

AML/CFT Update.

September 2014

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AGCC AML/CFT Update 2014

eGambling licensees and certificate holders will be aware that the AGCC runs AML/CFT conferences annually. These are primarily aimed at informing Category 1 eGambling licensees as well as other eGambling licensees and certificate holders about the relevant legislative regime in force relating to AML/CFT matters. All new Category 1 eGambling licensees, Category 2 eGambling licensees or Associate Certificate holders are required to attend a session upon being licensed and commencing operations. All other licensees and certificate holders are invited to send delegates. The 2014 session will take place on Thursday 18th September, 2014 at the Hilton London Hyde Park. All licensees and associate certificate holders should by now have received an invitation or notice to attend. There are still spaces available for those wishing to attend. The curriculum will include:-

- Recent legislative changes;
- An update on the AGCC annual inspection regime;
- Results of the AGCC's AML/CFT risk review (those who attended the 2013 session will recall the preliminary discussions about this);
- A presentation on AML/CFT by Susan Grossey from Thinking about Crime. Regular attendees will be aware of how informative and enjoyable these sessions are.

Anyone who has not indicated their attendance already can reserve a place by emailing Paula.Moore@AGCC.GG

Legislation changes

In July 2014, there were some legislative changes with the States of Alderney passing the Alderney eGambling (Amendment) Ordinance, 2014 and the Commission making the Alderney eGambling (Amendment) Regulations, 2014. Both items of legislation can be found on the Commission's website by following the links below:-

The Alderney eGambling (Amendment) Ordinance, 2014

<http://www.gamblingcontrol.org/userfiles/file/Alderney%20eGambling%20%28Amendment%29%20Ordinance%202014%20web%20version%20sept%202014.pdf>

The Alderney eGambling (Amendment) Regulations, 2014

<http://www.gamblingcontrol.org/userfiles/file/The%20Alderney%20eGambling%20%28Amendment%29%20Regulations,%202014.pdf>

AML/CFT risk review

At the 2013 annual AML/CFT event Category 1 eGambling licensees, Category 2 eGambling licensees and Associate Certificate holders participated in an information gathering exercise in respect of where they saw the risks of money laundering and terrorist financing in eGambling. Following on from that the Commission has undertaken an in depth evaluation of source material and has recently published Instruction Number 3 which can be accessed via the link below. The annual AML/CFT event will provide Category 1 eGambling licensees, Category 2 eGambling licensees and Associate Certificate holders with the results of this research.

<http://www.gamblingcontrol.org/userfiles/file/Instruction%203%20-%20Risk%20v3%20%28revised%20following%20Risk%20Review%29.pdf>

Suspicious Transaction Reports

The AGCC has undertaken a review of Suspicious Transaction Reports (STRs) for the years 2010-2013 and will give a presentation on this at the AML/CFT event in September.

The review identified that the five areas generating the highest numbers of STRs are:-

- Card Fraud
- Unusual account activity
- Changes to financial institution
- Unknown customers/failed verification
- Customers that are criminals/criminal infiltration

Politically Exposed Persons

It is an obligation under regulation 227 of the eGambling Regulations, 2009 that all Category 1 eGambling licensees determine whether any customer relationship is one where the customer or any beneficial owner or underlying principal is a politically exposed person (PEP). Category 1 eGambling licensees must ensure that they have appropriate and effective

policies, procedures and controls in place to ensure compliance with the enhanced customer due diligence requirements of paragraph 3 of Schedule 16 to the eGambling Regulations, 2009. Therefore the determination of a PEP by a licensee *automatically means that the customer relationship is assessed as high risk.*

However, the AGCC has recently noted that some Category 1 eGambling licensees, upon discovering a PEP amongst their registered customers or those seeking to register as a customer *automatically* file a suspicious transaction report. Whilst PEPs are high risk customers requiring the approval of senior management in respect of the customer relationship and are subject to enhanced customer due diligence requirements that *does not automatically mean that they are attempting to launder the proceeds of crime.* It should be noted that under the Disclosure (Bailiwick of Guernsey) Law, 2007 and Terrorism and Crime (Bailiwick of Guernsey) Law, 2002 a disclosure must be made where there is knowledge or suspicion, or reasonable grounds for knowing or suspecting, that another person is engaged in money laundering.

Sanctions

Category 1 eGambling licensees, Category 2 eGambling Licensees and Associate Certificate holders will be aware of international tensions which have resulted in sanctions being imposed against individuals and entities. It should be noted that these are updated frequently and it is the responsibility of Category 1 eGambling licensees, Category 2 eGambling licensees and Associate Certificate holders to ensure that their operations remain in compliance with these sanctions. Compliance can be facilitated by ensuring the MLRO's and Nominated Officers regularly access THEMIS where details are posted. The Guernsey Financial Intelligence Service sends email alerts to MLRO's and Nominated Officers informing them of these changes.

Moneyval Typologies

The Bailiwick of Guernsey is a member of The Committee of Experts on the Evaluation of Anti-Money Laundering Measures commonly known as Moneyval.

Licensees and certificate holders will be aware of Moneyval's work in the area of online gambling through their research report published in April 2013. The AGCC alerted licensees to this through a notice which can be found by following the link below

<http://www.gamblingcontrol.org/userfiles/file/MONEYVAL%20typologies%20licensee%20notice%200.2.pdf>

Any Category 1 eGambling licensee, Category 2 eGambling licensee or Associate Certificate holder who has any concerns or queries about AML/CFT matters should contact their relationship manager at first instance.