

## MONEY LAUNDERING AND THE GAMBLING INDUSTRY

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29 Mar 2018 Nicola Sharp, Syedur Rahman.

### **Bookmaker William Hill has been ordered to pay £6.2M for what the Gambling Commission called systemic failures regarding money laundering.**

The Commission has ruled that the bookmaker breached anti-money laundering and social responsibility regulations between 2014 and 2016. A lack of proper checks meant that ten customers were able to deposit large sums of money that were the proceeds of criminal offences. These payments led to gains for William Hill of around £1.2M. But the bookmaker is now having to pay that back, plus a £5M penalty.

The Gambling Commission has stated that William Hill was guilty of a systemic failing. This failing related to not making proper checks about the origins of the money and not establishing that the people using it to bet were problem gamblers.

How bookmakers make checks to determine if customers are problem gamblers is another article that can be written by someone else. Here, we will concentrate on William Hill's failure to identify the huge sums being placed as bets by these people as the proceeds of crime.

The betting was either an attempt to launder the money – to make it harder to identify as cash that had been obtained through criminal activity – or simply the people who had gained it through crime spending it for their pleasure. William Hill willingly took the money as bets and made large gains from it. But we would argue that this is an issue that goes beyond one bookmaker's shop or online presence.

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## Vulnerability

Now that money laundering has become an issue of major interest to the authorities in the past decade or so, there will be many in the gambling industry that need to take a close look at the way they function and their vulnerability to those looking to launder money.

The government's "National Risk Assessment of Money Laundering and Terrorist Financing 2017" repeated the previous year's assessment's claim that gambling operators were allowing money launderers to use their facilities due to poor compliance with money laundering legislation.

The report referred to the anonymity of non-online betting as a way for people to spend the proceeds of crime. It even stated the risk of criminals gaining control of licensed gambling operations for the sole purpose of money laundering.

## Guidance

The Gambling Commission has not pulled its punches when it comes to William Hill. It has repeatedly warned its members of the need to combat money laundering. The Commission covers all aspects of gambling: bookmakers, casinos, bingo, lotteries and gaming machines. It has just published its guidance "Prevention of Money Laundering and Combating the Financing of Terrorism".

This advice includes:

- Developing systems and controls to reduce the risk of money laundering.
- Ensuring commitment to such systems from senior management.
- Regularly assessing the effectiveness of such controls.
- Keeping records of customer transactions.
- Training employees so they can carry out checks on customers and know how to report suspicious activity.
- Appointing officers to deal with any reports of suspicious activity.

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It has also outlined to all its members that they have a duty, under the Proceeds of Crime Act 2002 (POCA), to report any knowledge or suspicion that a customer is using the proceeds of crime to gamble or is using the gambling facilities to launder money. Failure to do so is an offence that carries a maximum penalty of five years imprisonment and/or a fine.

## Compliance

POCA is just one aspect of the authorities' desire to tackle money laundering.

The Money Laundering Regulations 2017 require casinos to conduct a written assessment of their risk to money laundering. The Regulations also state that a casino must carry out enhanced due diligence on any customer placing bets totalling 2,000 euros or more in a 24-hour period.

Putting it in its simplest terms, therefore, anyone running gambling operations has to make sure they are doing everything the law requires of them to prevent money laundering. Having compliance measures in place that are fit for purpose is essential. This is the case whether you are a gambling business operating online or on the high street.

The authorities are now more determined than ever to tackle money laundering – and they see the gambling industry as an area worthy of their attention. If you run a gambling operation and the measures you have in place to prevent money laundering are not good enough – or if you have no measures in place – it could only be a matter of time before you face major problems.

But knowing what the rules and regulations are is one thing. Knowing how to go about complying with them is another.

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How do you do this? The most straightforward answer is by taking the right steps to prevent money laundering. Following the Gambling Commission's advice and making sure you comply with all relevant legislation – such as POCA and the Money Laundering Regulations – is the simplest way to go about this.

## Advice

It is essential that everyone in the gambling industry is familiar with the legislation, capable and confident when it comes to assessing their company's vulnerability to money laundering and able to devise and implement the most appropriate measures.

Companies in this sector need to make sure they have introduced anti-money laundering procedures that are fit for purpose. These procedures, it must be remembered, have to be regularly assessed for their effectiveness. They cannot be created, introduced and then never reviewed. Such an approach will be regarded by the authorities as a box ticking exercise in doing the bare minimum, if and when any money laundering comes to light – and will prove to be of little value when it comes to defending yourself.

Procedures that are inadequate, poorly executed or never reviewed and amended when necessary will be of little or no value. They will not prevent money laundering and will do nothing to convince the authorities that you have tried to tackle the problem.

The gambling industry is attractive to money launderers. As a result, it is also attracting the attention of those who have the task of investigating money laundering. Anyone involved in this industry who does not take the appropriate action to prevent money laundering is, therefore, taking the greatest possible gamble. And it is highly likely that they will lose.

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