



ANTI-MONEY LAUNDERING & FINANCING OF TERRORISM



DEFINITIONS

Money Laundering

- The concealment of the origins of illegally obtained money or proceeds of crime, and making it appear to be legally obtained; typically through financial institutions.

Financing of Terrorism

- It is the financial support, in any form, or those who encourage, plan, or engage in it.



THE PROCESS OF LAUNDERING MONEY





PLACEMENT

- Placement is depositing money into financial institutions
- Done through transferring illegally acquired money into financial institutions.

Examples

- Depositing money through tellers, atm's, casinos
- Changing currency to cashiers checks, bank drafts, etc.
- Exchanging small notes to large notes



LAYERING

- Layering involves electronic transfers through a series of accounts to ensure that the origins are not known

Examples:

- Sending funds to different onshore and offshore accounts
- Creating complex financial transactions
- Loans and borrowing against financial and non-financial assets
- Investment and investment schemes
- Kite flying



INTEGRATION

- Integration – clearing of the money by mixing the funds with legitimate funds.

Examples:

- Buying businesses
- Investing in luxury goods
- Buying commercial and residential property



FINANCIAL ACTION TASK FORCE

- **Financial Action Task Force (FATF)** is an Inter-Governmental body established in 1989 by the Ministers of its member jurisdictions
- To set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system
- FATF **recommendations** are recognized as the international standard for combating of money laundering, financing of terrorism and proliferation of weapons of mass destruction



Key Recommendations

- Criminalize money Laundering
- Competent Authorities must have ability to confiscate
- Customer due diligence (CDD) and record keeping (KYC)
- Due diligence of Politically exposed persons (PEP's)
- Review new technologies that may support anonymity
- Retain records for at least 5 years
- Customer due-diligence in casinos when transactions are above applicable designated thresholds
- Reporting of suspicious transactions (incl. tip offs, etc.)



Key Recommendations (Oversight)

- Competent Authorities should have sufficient powers
- Ensure financial institutions are complying (Gambling institutions qualify as financial institutions)
- Competent authorities should have regulatory oversight
- Risk-Based approach to Supervision
- Adequate resourcing and knowledge
- Sharing of information by Financial Intelligence Units
- Strong internal control systems in regulated entities



JURISDICTIONAL GUIDING LEGISLATION

- Global drive to have unique BUT consistent legislation in each jurisdiction
- Each territory to have Anti-Money Laundering Legislation, fight terrorism, drug smuggling, child pornography and trafficking and corruption
- Competent Authorities in our case in the Gambling regulator



GUIDING LEGISLATION

- Proceeds of Crime Act
- Anti-Money Laundering Act
- Child Trafficking
- Anti-Corruption Legislation
- Drug trafficking
- Anti-terrorism



COMBATING MONEY LAUNDERING

- Set up body to oversee jurisdictional compliance
- Regulators/ Competent Authority to ensure conformance by operators
- Ensure that the legislation is not ambiguous and where there is need, existing legislation should be reviewed.
- Embed into regulatory oversight and reporting
- Conducting audits of gambling enterprises.



COMBATING MONEY LAUNDERING

Operator Obligations

- ***Know Your Customers (KYC)***- licensees in the gambling industry should have reliable infrastructure through which they will identify, verify and profile their customers continuous.



Operator Obligations

- ***Customer Due Diligence*** – Operators in the gambling industry should have reliable infrastructure through which to identify, verify and profile their customers on a continuous basis.



COMBATING MONEY LAUNDERING

- Record Keeping; keeping records for a minimum of 5 months
- Avoid anonymous accounts
- Avoid the use of cash as much as possible and
- Ensure source of funds is declared at a minimum and plausible and verifiable for large amounts



COMBATING MONEY LAUNDERING

- Training of employees on aspects.
- Monitor and control cash transactions effectively.
- Recording of all transactions.



COMBATING MONEY LAUNDERING

- Reporting of all suspicious transactions.
- Ensure that employees are persons of integrity.
- Develop a verification system of International visitors.



COMBATING MONEY LAUNDERING

- Verification of card use.
- Set ceilings for use of cash in gambling establishments
- Put in place effective compliance personnel.
- Board level Commitment



COMBATING MONEY LAUNDERING

Regulator Obligations

- Integrate AML/FT regulations into core gambling licensing conditions.
- Train staff on AML and ensure that the staff are able to spot ML
- Ensure that operators are complaint and have documentary proof of effective system



COMBATING MONEY LAUNDERING

- Ensure Board level commitment by Board attestations and evidence that its regularly on the Board agenda
- Ensure regular audits of reporting and effectiveness
- Tools to penalise non-compliance including threat of criminal prosecution



CONSEQUENCES OF NON-COMPLIANCE

- Exclusion from the global financial system
- Sanctions applied to country
- Operators will be unable to apply for licences or forced to give up licences in compliant home countries
- Unsafe gambling and opportunity for crime in operations



MONEY LAUNDERING UNWRAPPED

THANK YOU