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BOS – FUTURE SHOCK – MONEY LAUNDERING, DATA PROTECTION & RESPONSIBLE GAMBLING

Posted by: Ted Menmuir September 21, 2016 in Europe, Featured News, Latest News, Slider Images, Sportsbook, UK Comments Off on BOS – Future Shock – Money Laundering, Data Protection & Responsible Gambling

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Kicking off the first day's breakout sessions at BOS, **Future Shock – Money Laundering, Data Protection & Responsible Gambling** was an interactive workshop presented by David Clifton and Suzanne Davies of Clifton Davies Consultancy and Roy Ramm of Extrayard, together with comment from Jenny Williams, former CEO of the Gambling Commission.



David Clifton

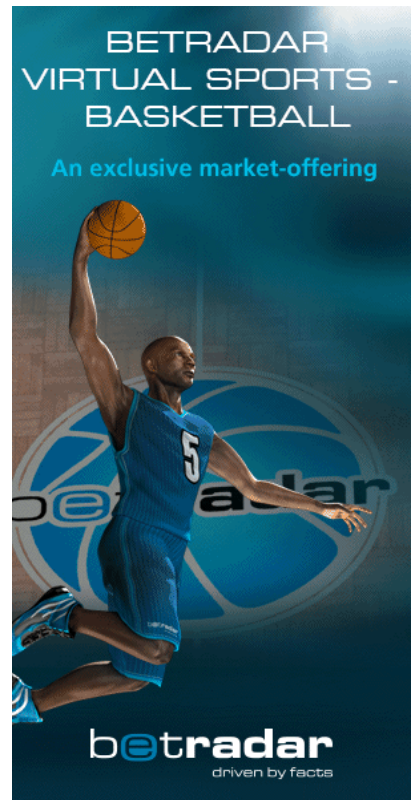
It focused on key regulatory issues affecting the betting industry, including:

- Paddy Power, Gala Coral and Betfred having to pay out in total nearly £2million this year for AML and associated SR failings and the Gambling Commission's warning that it will target PLM holders next,
- the new more onerous AML obligations for all licensed gambling operators that are being implemented in the LCCP on 31 October,
- the effects of the 4th Money Laundering Directive that is due to be transposed into law in the UK by June next year, although the EC is pressing for earlier implementation than that, and
- the introduction in 2 years' time by the General Data Protection Regulation of fines of up to 4% annual worldwide turnover/ 20million euros for data protection breaches and other consequences for betting operators and their affiliates.

It featured a four-part story about "George" a young habitual gambler from north London who, in addition to his online gambling, regularly spends heavily at betting shops (in which he is seen playing, and sometimes damaging, FOBTs and exchanging large sums of cash with other young men). He also frequents a central London casino where he is regarded as a VIP. His gambling spend is out of all proportion to his job as a waiter in a local restaurant. Sadly for George, the final chapter of the story sees him convicted for theft and for supplying Class A drugs. During his trial it emerges that he has a serious gambling problem, has accumulated substantial gambling losses online and, having breached his casino self-exclusion, has found it easier to use betting shops.

As intended, this catalogue of events provoked a lot of debate about the AML and social responsibility obligations that arose from the story. This included active participation in the session from an audience that ranged from new start-ups, through compliance and AML managers of major operators to senior executive level.

Day 1 of BOS coincided with publication of HM Treasury's consultation on transposition of the 4th Money Laundering Directive. There was unanimous agreement by presenters and audience alike that the betting



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industry will find itself drawn within the ambit of the Money Laundering Regulations next year, which one compliance manager described as introducing the biggest change the retail betting sector will have ever experienced.

The consultation can be accessed at <http://cliftondavies.com/consultation-transposition-4th-money> It poses 87 questions, the following seven of which relate solely to the gambling industry:

- Q26: Do you think that the government should consider exempting proven low risk providers of gambling services from the Regulations based on the gambling activity or by a complete sector or both? Please explain the reasons behind your response.
- Q27: Which gambling providers or activities do you think should be classified as having 'proven' low risk and therefore should be exempt from the Regulations? Please provide credible, cogent and open-source evidence to support your response.
- Q28: Should CDD requirements for the gambling providers or activities take place: (i) on the wagering of a stake; (ii) on the collection of winnings; (iii) on the collection of winnings and the wagering of a stake; or (iv) or whichever is the latter? Please explain the reasons behind your response.
- Q29: What do you think constitutes a 'linked transaction' for different types of gambling? Do you think 'linked transaction' should be defined in legislation?
- Q30: If covered by the Regulations, what costs and impacts would be incurred by the providers of the gambling services? Please provide sources for your data and suitable evidence. In particular, the government is keen to know what your initial transition costs would be, how much you would need to spend on staff training and how much it would cost to apply CDD measures.
- Q31: What advantages would there be for increasing the coverage of the Regulations to more than just casinos in the gambling industry?
- Q32: Do you believe that measures could be taken by the Gambling Commission under the Act that might have a bearing on whether you view a sector or activity as being proven low risk?

Responses to the consultation (which closes at 11.45pm on 10 November 2016) may be sent by email to aml@hmtreasury.gsi.gov.uk or by letter to Sanctions and Illicit Finance Team, 1 Blue, HM Treasury, 1 Horse Guards Road, London SW1A 2HQ.

In addition to providing advice on relevant licensing, regulatory and compliance matters, Clifton Davies Consultancy and Extrayard are jointly offering tailor-made workshops on the subjects of *Money Laundering, Data Protection & Responsible Gambling* for betting operators and anyone interested should contact David Clifton at dc@cliftondavies.com

Content provided by David Clifton – Director – Clifton Davies Consultancy Limited



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