



## Administrative Measure Publication Notice

This Notice is being published by the Financial Intelligence Analysis Unit (the FIAU) in terms of Article 13C of the Prevention of Money Laundering Act (the PMLA) and in accordance with the policies and procedures on the publication of AML/CFT administrative measures established by the Board of Governors of the FIAU.

The Notice provides select information from the FIAU's decision imposing the respective administrative measure and is not a reproduction of the actual decision.

### **DATE OF IMPOSITION OF THE ADMINISTRATIVE MEASURE:**

15 May 2025

### **RELEVANT ACTIVITY CARRIED OUT:**

Remote Gaming Operator

### **SUPERVISORY ACTION:**

Compliance review carried out in 2022

### **DETAILS OF THE ADMINISTRATIVE MEASURE IMPOSED:**

Remediation Directive in terms of Regulation 21 of the Prevention of Money Laundering and Funding of Terrorism Regulations (PMLFTR).

### **LEGAL PROVISIONS BREACHED:**

- Regulations 7(1)(c) and 9(1) of the PMLFTR, Section 4.4.2 of the Implementing Procedures (IPs) Part I and Sections 3.2 and 3.3.2 of the IPs Part II for the Remote Gaming sector;
- Regulation 5(5) of the PMLFTR, Section 3.5 of the IPs Part I and Sections 2.1.2, 2.2.1 and 2.2.2 of the IPs Part II for the Remote Gaming sector;
- Regulations 5(5)(a) and 11(5) of the PMLFTR and Section 3.4 of the IPs Part II for the Remote Gaming sector.

### **REASONS LEADING TO THE IMPOSITION OF THE ADMINISTRATIVE MEASURE:**

No information obtained on the customer's source of wealth – Regulations 7(1)(c) and 9(1) of the PMLFTR, Section 4.4.2 of the IPs Part I and Sections 3.2 and 3.3.2 of the IPs Part II

The Company failed to request source of wealth information or conduct any open-source checks to establish a comprehensive customer business and risk profile for 20% of the player profiles reviewed as part of the compliance review. The Company was obliged to compile an adequate player profile to ascertain that the customer's wealth had been accumulated legally and that the transactions undertaken throughout the business relationship were in line with the established profile.

The remedial efforts undertaken and commitment to enhance its position in terms of AML/CFT through the introduction of a new system focusing on statistical data, including obtaining information on the customers income was positively welcomed.

Customer Risk Assessment - Regulation 5(5) of the PMLFTR, Section 3.5 of the IPs Part I and Sections 2.1.2, 2.2.1 and 2.2.2 of the IPs Part II

*The Customer Risk Assessment was carried out late*

While positively acknowledging that the Company's procedures highlight that a CRA is to be carried out once a player reaches the €2,000 deposit threshold over the previous 180 days, during the compliance review the Company was found to have carried out 20% of the CRAs late, since such CRAs were carried out after surpassing the €2,000 deposit threshold. The Company thus embarked on business relationships without first identifying and assessing the ML/FT risks which ultimately distorted its ability to apply adequate CDD measures to mitigate the risks related to such relationships.

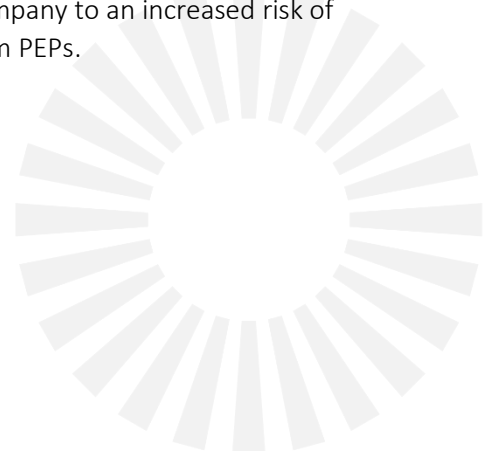
*Inadequate Customer Risk Assessment Policy and Procedure*

The Company's CRA methodology adopted at the time of the compliance review failed to consider all four risk pillars, with interface and jurisdictional risks being omitted from the CRA. Furthermore, when assessing the customer risk as part of its CRA, it failed to consider all the necessary key risk drivers required to adequately assess such risk, including an assessment of the customers' source of wealth or economic portfolio and due consideration of the ML/FT exposure cumulatively attributed by a customer making use of multiple accounts across the different brands serviced by the Company. This thus impeded the Company from building a sufficient understanding of its customers' ML/FT risk exposure.

The proactive enhancements taken by the Company since the compliance review have been positively acknowledged, including implementing developments to its automated CRA system to include all risk pillars and in implementing additional risk factors. This to ensure that it is adequately capturing the potential ML/FT risks emanating from its customers.

Politically Exposed Persons (PEPs) - Regulations 5(5)(a) and 11(5) of the PMLFTR and Section 3.4 of the IPs Part II

The Company failed to conduct PEP checks within 30 days of reaching the €2,000 deposit threshold for 24% of the files reviewed. More specifically, PEP checks were carried out over three months after the threshold was reached by these customers. This could have potentially exposed the Company to an increased risk of ML/FT by failing to apply the required controls to mitigate risk emanating from PEPs.



## **ADMINISTRATIVE MEASURES TAKEN BY THE FIAU'S COMPLIANCE MONITORING COMMITTEE (CMC):**

In view of the breaches identified, the Committee proceeded to serve the Subject Person with a Remediation Directive in terms of Regulation 21(4)(c) of the PMLFTR. The aim of this administrative measure is to direct the Subject Person to take the necessary remedial action to ensure that it understands the risks surrounding its operations and that the Subject Person has implemented sufficient controls to mitigate such identified risks.

In arriving at its decision regarding the administrative measure(s) to impose, the Committee took into consideration all the information made available by the Subject Person, both during the compliance examination, as well as in the representations submitted. The Committee must ascertain that the administrative measure(s) imposed are effective, dissuasive, and proportionate to the seriousness of the failures identified. In doing so, the Committee took into consideration the importance of the obligations breached, the level of seriousness of the findings identified, and the extent of potential ML risk such failures could lead to. The Committee also considered the subject person's size and level of cooperation portrayed. Lastly, the Committee took note of the subject person's commitment towards updating and enhancing specific AML/CFT processes.

The aim of the Directive is for the FIAU to ensure that the Company enhances its AML/CFT safeguards and that it becomes fully compliant with the obligations imposed in terms of the PMLFTR and the FIAU's IPs. In virtue of this Directive, the Company is expected to indicate the remedial actions that it has carried out and implemented since the compliance examination to ensure compliance following the identified breaches, this including but not limited to:

- Ensuring that it updates its procedures with respect to obtaining information on the customer's expected level of activity and the collection of source of wealth information and documentation. To also provide an explanation as to the statistical models it shall be using and the procedure which shall be followed in relation to the same.
- Ensuring it implements a robust CRA methodology which highlights the shortcomings identified pertaining to the CRA. More specifically, the Company shall ensure that the updated CRA encapsulates all four main risk pillars, and considers all accounts used by the player in a holistic and consolidated manner.
- Ensuring the implementation of its policies and procedures pertaining to PEPs and considering conducting quality control checks to ascertain that PEP screenings are indeed being carried out once its customers reach the €2,000 deposit threshold.

The Directive served on the Subject Person shall ascertain that sufficient and tangible progress is achieved on the adoption and implementation of all the procedures and measures referred to above. In the event that the requested information and/or supporting documentation are not made available within the stipulated timeframes, or the Subject Person falls short of its obligations in terms of this Directive, the subject person's default will be communicated to the Committee for its eventual actions, including the possibility of the imposition of an administrative penalty in terms of the FIAU's powers under Regulation 21(1) of the PMLFTR.

### Key Takeaways

- Subject persons are to remember that the main purpose for collecting information and/or documentation on the player's nature of employment and source of wealth is so that they can establish a business and risk profile and eventually scrutinise transactions in line with such profile. The availability of the said information (and documentation, where the risk is higher) is key to detect any unusual activity in the course of the business relationship.
- The CRA is one of the pillars of a sound AML/CFT compliance program where all the risk criteria are exhaustively considered, and an understanding of risk is obtained. Therefore, subject persons are to ensure that the risk factors identified as part of their customer risk understanding are being considered for the purpose of understanding the level of controls necessary and the measures which are better suited to effectively manage the risks identified.
- When dealing with multiple client accounts, the Subject Person is to ensure that these are indeed being considered holistically from a CRA perspective to ensure that the customer risk rating attributed to its customers is reflecting the actual ML/FT risk posed by the business relationship. Not doing so would in turn result in the application of the incorrect level of due diligence. Such linkage is also indispensable to monitor all customer activity in general and in line with the subject person's ongoing monitoring obligations particularly in identifying activity that significantly deviates from that expected or that is otherwise anomalous or suspicious.
- PEPs pose a high risk of ML/FT due to the position they occupy and the influence they may exercise through their prominent public function. Risks include those of being involved in corrupt practices, accepting bribes, or abusing or misappropriating public funds. The failure to carry out timely checks to determine whether a customer and/or BO is politically exposed or otherwise exposes a subject person to a heightened risk of ML/FT without the necessary mitigating measures being employed.

15 May 2025

