

JERSEY GAMBLING COMMISSION



Code of Conduct for Anti-Money Laundering by Licensed Bookmakers

INTRODUCTION

1. This Code of Conduct explains the action to be taken by all licenced bookmakers when they receive money which is either known or suspected to be the proceeds of crime, for example, derived from drug trafficking, theft and robbery.
2. It is important to understand that the Proceeds of Crime Law (PoCL) covers attempts by criminals to conceal the true origin of their criminal activities and the use or disposal of the proceeds of crime. It is also important to remember that PoCL makes it a legal requirement for any person to report suspicions obtained in the course of their employment in relation to suspected or actual money laundering and use of monies believed to be the proceeds of crime.
 - Money laundering is a process whereby criminals attempt to conceal the true origin of their criminal activities by making their proceeds appear legitimate. In essence they endeavour to “launder dirty money” to make it look “clean” or spend monies they acquired through criminal activity. A significant majority of a bookmaker’s customers are law abiding; they are not betting as a means of laundering dirty money. However, bookmakers should be alert to this possible reason for bets being placed, particularly if they encounter any of the examples illustrated in paragraph 16 below.
 - Some criminals like to have a bet, not necessarily to launder money, but to gamble money obtained through their criminal lifestyle. In a situation where the customer is known or suspected to have been found guilty of a criminal offences, or is simply betting way above what local knowledge indicates that he or she can afford, then a Suspicious Activity Report (SAR) should be completed.
3. PoCL applies equally to laundering dirty money and the spending of criminally obtained monies in the pursuit of leisure activities such as betting. The law does not make any distinction between spending and laundering criminal proceeds. The action a bookmaker should take, and the penalties for not taking action are the same for both of these criminal activities e.g. it is an offence to identify and fail to report any suspicion in relation to either activity.
4. While PoCL places responsibilities on staff, the legislation also gives them protection if they report suspicious activity. The rule should be: **‘if in doubt, report it’**.

OFFENCES

5. PoCL creates a number of criminal offences that apply to all industries, including bookmaking, regarding money obtained by unlawful behaviour and money laundering. Jersey bookmakers are not within what is referred to as the “regulated sector” e.g. banks and investment firms but as already referred to in paragraph 2 above, they nevertheless have a legal requirement to report

suspicious activity. A key part of the legislation is still applicable to all bookmaking activities, namely the basic offences of concealing, arranging, acquiring, using and possessing criminal property.

6. In respect of the bookmaking industry, we are generally referring to the taking of cash, cheque, debit or credit card payments from persons in the form of a bet or holding money on account for the purposes of gambling.

DISCLOSURE

7. The Joint Financial Crimes Unit (JFCU) is the body responsible for the analysis of SARs in order to counter and combat money laundering.
8. In all instances where betting funds are known or suspected of having criminal origins, a disclosure must be made to the JFCU at the earliest opportunity using the prescribed form (see Annex A).
9. If a person carries out any action falling under the basic offences, then failure to make a disclosure to the JFCU may result in a criminal offence. These offences can be committed by any person within a company or individual LBO. However, a person is deemed not to have committed an offence if the proper disclosure was made and, in certain circumstances, *consent* (see paragraph 17 below) was obtained from the JFCU.

ESTABLISH INTERNAL REPORTING PROCEDURES

10. LBOs need to establish written internal reporting procedures. Staff need to know how to report suspicious transactions and who should receive these suspicions. In establishing a reporting chain the appointment of a Money Laundering Reporting Officer ("MLRO") or nominated person (see below) is required. This person will have the responsibility of receiving internal reports and determining whether a SAR should be submitted to the JFCU. The MLRO must have access to all relevant information and take into account the grounds for the suspicion. If, after assessment, they conclude the suspicion is valid, a SAR should be completed and promptly sent to the JFCU.

NOMINATED PERSON

11. This person needs to be someone with a suitable level of seniority and experience in the betting industry, and in many firms he or she is typically a director, partner, or principal. A sole trader is not required to employ an MLRO; this is not exclusion, rather they must adopt the MLRO role themselves. All bookmakers employ some staff and the sole trader must make employees aware of the responsibilities outlined in this Code.
12. The MLRO must maintain a register recording certain minimum information. If they decide not to make a report, they should record the reasons for this decision. The MLRO is personally liable if he or she has received reports of money laundering that should have been passed on to JFCU and this was not done.

All disclosures to the JFCU are to be kept confidential. The MLRO should retain records for both those suspicions they rejected and the disclosures they made for a period of 5 years from the date the record was made.

13. Any person who informs another person who is not in the established reporting chain or an officer of the JFCU, that a disclosure has been made may commit an offence of “tipping off” and the penalty for this offence is severe. Similarly, a person can commit an offence by doing anything else that could prejudice an investigation, before or after a disclosure being made.
14. The MLRO can delegate a number of anti-money laundering duties to other people in the employ of the operator, but should keep control of the individual processes in the company. They should also set up alternative deputising procedures to cover any significant periods when they are away from work. The MLRO and anyone else working in this area needs to be adequately trained for the job, and be provided with appropriate resources to perform their duties.

Training & Awareness

15. Apart from the responsibility for reporting suspicious activity, the MLRO must also provide appropriate training for employees to educate them on a regular basis about money laundering techniques, their obligations under the law, the internal procedures to forestall and prevent money laundering, and the procedures to follow where money laundering is known or suspected.

SUSPICION

16. There are many things that can make someone either know or suspect that they are dealing with money laundering or a criminal lifestyle. The following examples are illustrative and should not be understood to be the only activities to arouse suspicion:

- A client who is known to the operator is betting above their means.
- The client regularly bets using £50 notes.
- Unusual betting patterns.
- Money is deposited or held over a period and withdrawn without being used for gambling.
- Large amounts of money deposited in gaming machines with little play.
- Local knowledge combined with otherwise unremarkable betting activity.

LATE SUSPICION

17. Suspicion may arise after bets have been taken. When money has been received and either held on account or a return is due but not yet paid, and a bookmaker suspects betting is associated with money laundering and/or a criminal lifestyle, the law provides a course of action to be followed which prevents a bookmaker from committing a criminal offence in handing money

back to the client. In such circumstances the MLRO must inform the JFCU as soon as possible and seek consent to pay the customer. The JFCU normally respond within 48 hours but will consider more urgent responses dependant on the circumstances prevailing.

18. The JFCU recognise that the withholding of consent to continue with a transaction or the handling of funds would place the bookmaker in a difficult position and where this is necessary, it will work closely with the bookmaker to manage the situation.
19. It may be that in some circumstances it is not appropriate or practical to seek police consent before handling a transaction (for example owing to the real-time face-to-face client interactions encountered during over the counter or on track betting, the potential for tipping-off by stalling, and importantly: personal safety concerns). In these circumstances, payment(s) can be made subject to an immediate disclosure to the JFCU who will always advise on this aspect and any other matter concerning disclosure.
20. The JFCU is ready to offer advice and can be contacted during normal working hours on the general office number: 01534 612250. SARs should be faxed to 01534 870537 or posted to Joint Financial Crimes Unit, States of Jersey Police, PO Box 789, St Helier, Jersey, JE4 8ZD.

SPECIAL PRECAUTIONS

21. When issuing cheques to unknown customers, staff are to ask for acceptable ID e.g. passport, driving license or utility bill to confirm that the person receiving the cheque is the person to whom the cheque is made out to.
22. Anyone wishing to set up an account through a betting shop must provide acceptable ID, copies of which should be made and retained.

Annex A
SUSPICIOUS ACTIVITY REPORT

Disclosure Type : Proceeds of Crime
Drug Trafficking
Terrorism

<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

To: Joint Financial Crimes Unit. Fax: 870537

Date: _____ JFCU Reference number:- _____

From : - Disclosing Institution

Name of institution :

Address :

Sort code :

Contact name :

Direct Telephone No: _____ Fax: _____

Reference number :

Subject(s) of disclosure

Full name :

Date & place of birth:

Full address :

Telephone No : (Work)_____ (Home) _____
(Mobile)_____ (Fax) _____

Occupation : _____

Identification details : _____
(passport etc.)

Company name :

Full address :

Telephone No :

Beneficial owner(s) :

Other associated persons or companies, full details (please add sheet if necessary):- _____

Details of introducer/intermediary:-

Account number :

Date opened :

Assets held:

REASONS FOR SUSPICION

Please describe any activity that prompted the report, giving reason for your suspicion and any steps that have already been taken. Please add continuation sheets as necessary.

You are asked to assist with completing the attached statistical analysis, which will help us to give you feedback – THANK YOU!

When submitting this report, please append any additional material that you may consider suitable and which may be of assistance to the JFCU, i.e. bank statements, correspondence, vouchers, transfers, account opening and identification documents, etc.

STATISTICAL INFORMATION

Nature of Institution	Please tick	Grounds For Disclosure? Please tick all that apply	Please tick
Bank		Media / Publicity	
Fund Managers		Internet Research	
Bureaux Des Changes		Group Information	
Stockbrokers		3rd Party Information	
Financial Advisors		Service of Production Order	
Insurance Companies		Service of Investigation of Fraud Order	
Trust Company		Police enquiry	
Company Service Provider		Account Activity Not in Keeping with KYC	
Lawyers		Evidence of Forged Documentation	
Accountants		Cash Transactions	
Local Regulator		Transitory Accounts - Immediate Layering	
Other Regulator		High Risk Jurisdictions	
Other (specify)		Unusual Forex Transactions	
		Purchase and Surrender of Insurance Policy	
Trends?		Repeat disclosures	
Involving at least one intermediary		Failure to comply with due diligence/checks	
Long Standing Customer (pre 01/07/99)		Other (specify)	
New Customer (since 01/07/99)			
Declined Transaction / Business		What currency was involved?	
Electronic Banking		GBP	
EURO Transaction		USD	
		EUR	
Criminality Suspected		ESP	
Drugs		GMD	
Terrorism		ITL	
Fraud		FRF	
Tax fraud		IEP	
Revenue Fraud		SEK	
Insider Dealing		CHF	
Corruption		OTHER	
Unknown / undetermined			
Regulatory Matters			
Other			

Jersey Gambling Commission

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St. Helier, Jersey, JE2 3RG

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Web: <http://www.jgc.je>