



INSTRUCTION (No.7) TO LICENSEES AND CERTIFICATE HOLDERS

RISK

Instruction made under Section 22(3)(b) of the Alderney eGambling Ordinance, 2009.

This instruction repeals and replaces Instruction 5 issued on 6th June 2016.

1. Background

The Alderney Gambling Control Commission (“AGCC”) is committed to meeting established international standards on Anti Money Laundering and Counter Terrorist Financing (“AML/CFT”).

2. Risk Review

The AGCC has recently completed a review and re-assessment of its previous risk review following the publication of the Bailiwick of Guernsey’s National Risk Assessment in January 2020, a review of the AGCC’s experiences as a regulator, a call for Alderney eGambling operators to identify issues of concern to them in their operations made in January 2021, a review of Suspicious Transaction Reports (“STR”) and a detailed consideration of authoritative reports with other source material.

This has identified that the areas considered by the AGCC to pose *the greatest risk of Money Laundering and Terrorist Financing (“ML/TF”) are:-*

- 1 Ownership and control of Casinos. This encompasses not only the acquisition and management of eCasinos but also some aspects of their operational performance including staff probity and training issues and also assumes part of the risk of OCG (“organised crime group”) infiltration.
- 2 Use of third parties. This encompasses the use of rented identities and takes into account smurfing and potential OCG infiltration.
- 3 Poor/inadequate KYC. This encompasses customer non-compliance with CDD, failure to complete CDD or ID fraud and the risks allied to high risk customers such as PEPs and those on the sanctions list.
- 4 Customers who are criminals. This includes OCG infiltration and lifestyle spending by criminals.
- 5 Payment risk/card fraud. This can include the risk of stolen or cloned cards.

In addition, eCasinos should demonstrate heightened vigilance in the areas of illegal gambling (which can have issues relating to Event Based Wagering, under-age gambling and gambling where unlawful) as well as jurisdiction risks although it is

noted that there are jurisdictional risks within risk 3 above and the ability of the operator to perform CDD.

The AGCC further notes that a number of eGambling operators are aware of their obligations under Regulations 4(n), 6(o), 8(k) and 60(l) of the Alderney eGambling Regulations, 2009 (“the Regulations”) and have previously filed reports of their concerns relating to Event Based Wagering with the Guernsey FIS and the Commission.

3. Action to be taken

The Board of each relevant person (defined in Schedule 4 of the Alderney eGambling Ordinance, 2009 as an eGambling licensee, a Category 1 associate certificate holder or a Category 2 associate certificate holder) must as soon as reasonably practicable:-

- a) Consider the risks posed to their business by the issues raised in this Instruction,
- b) Ensure that their Business Risk Assessments accurately reflect any such risks by making any necessary changes, and seeking approval from the AGCC for any such relevant changes to their approved Internal Control System, and
- c) Ensure that, where a Suspicious Activity or Transaction Report is filed in any operating jurisdiction, consideration is given to obligations under the Disclosure Law and Terrorism Law to file a STR with the Guernsey FIS.

The action taken by each eGambling operator under this Instruction will be reviewed during on-site inspections and by other means as necessary.

17th August, 2021