

<b><u>Meeting</u></b> <b>Licensing Sub-Committee</b>
<b><u>Date and time</u></b> <b>Monday 31st July, 2023</b> <b>At 10.30 am</b>
<b><u>Venue</u></b> <b>Hendon Town Hall, The Burroughs, London NW4 4BQ</b>

Dear Councillors,

Please find enclosed additional papers relating to the following items for the above mentioned meeting which were not available at the time of collation of the agenda.

Item No	Title of Report	Pages
5	Adult Gaming Centre Application: Little Vegas 214 Station Road Edgware HA8 7AR	3 - 176

Governance Service [governanceservice@barnet.gov.uk](mailto:governanceservice@barnet.gov.uk)

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**APPLICATION FOR AN ADULT GAMING CENTRE PREMISES LICENCE  
GAMBLING ACT 2005** **AGENDA ITEM 5**  
**Little Vegas 214 Station Road, Edgware, HA8 7AR**

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**CASE OUTLINE**

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**INTRODUCTION**

1. Chongie Entertainment Limited make an application for a Gambling Act premises licence for an Adult Gaming Centre at 214 Station Road, Edgware, HA8 7AR. The company has an operating licence issued by the Gambling Commission - 057549-N-333196-001. All due diligence being carried out by the Gambling Commission, the operating licence is a benchmark of fitness and propriety to operate premises of this nature. This also deals with the licensing objective of “ensuring that gambling is conducted in a fair and open way.”
  
2. The applicant has had Gambling Act premises licences granted for:
  - Unit 1, Broadgate, The Broadway, Crawley, RH10 1HD
  
  - 17 High Road, Wood Green, N22 6BH;
  
  - 134/135 Friar Street, Reading, RG1 1EX
  
  - 7-8 Park Street, Luton, Bedfordshire, LU1 3EP
  
  - 3-5 Wardour Street, London, W1D 6PB
  
  - 574 High Road, Wembley, HA0 2AA
  
  - 16 Broadway, Peterborough, PE1 1RS
  
  - 9-10 George Street, Croydon, CR0 1PA
  
  - 29a Union Street, Aldershot, GU11 1EP
  
  - 370-372 Green Street, Upton Park, London, E13 9AP

- Part of Ground Floor & Basement, Nos 1/5 (odd) and Nos 2/6 (even) Bath Road, Hounslow, TW3 3HJ
- 320 Station Rd, Harrow HA1 2DX
- 842-844 High Rd, Leyton E10
- 36 King Street, Thetford, IP24 2AP
- 45 Market Place, Doncaster, DN1 1NJ
- 9 High St Boston PE21 8SH
- 2 Market Place, Wisbech PE13 1DT
- 133 High St Walthamstow E17 7DB
- 73 High Street, Bedford, MK40 1NE
- 141-143 King Street, London W6 9JG
- 172-174 High Road, Ilford IG1 1LL
- 78 Week Street, Maidstone ME14 1RJ
- 58-58a Abington Street, Northampton NN1 2AP

3. **Every premises licence application has been granted (many against strenuous opposition). There have been no regulatory concerns at any of the premises since they have opened.**

4. Joanne Craig fulfils the compliance role at Chongie. She has significant experience in the sector. After working for Mecca Bingo Limited for 14 years, Jo was a compliance manager at the Gambling Commission for 9 years, gaining extensive knowledge of the Gambling Act 2005 and the regulators function. During this period, she offered advice to co-regulators and licensed operators to enable a quick and efficient solution to gambling related issues. She visited licensed operators on behalf of the Commission to carry out audits of compliance policies and procedures and to advise or carry out enforcement actions as and where was necessary. For the last 6 years, Jo has

successfully established an independent gambling consultancy company. She has provided positive compliance solutions to the gambling industry either through advice, risk assessments, staff training or full compliance policies and procedures.

5. She has reviewed, amended and updated the policies provided to the authority. She has conducted audits at Chongie's premises and provides training on all gambling related issues. She prepared the Local Area Risk Assessment for this application.

## **THE LAW**

6. As an experienced licensing sub-committee with legal advice will be aware, the Gambling Act sets out a different approach to the question of grant than the Licensing Act 2003. The approach relevant to gambling is detailed at Section 153 of the Gambling Act 2005:

*“In exercising their functions under this Part, a licensing authority **shall aim to permit** the use of premises for gambling in so far as the authority thinks it:*

*(a) in accordance with any relevant code of practice [issued by the Gambling Commission]*

*(b) in accordance with any relevant guidance issued by the Commission*

*(c) reasonably consistent with the licensing objectives (subject to (a) and (b))*

*(d) in accordance with the [authority's statement of licensing policy] (subject to (a) to (c)).”*

7. The following points should be noted:
  - a. The test is mandatory: *“a licensing authority shall ....”*
  - b. The obligation to *“aim to permit”* where (a) – (d) are satisfied is described by the Gambling Commission in its Guidance as *“the licensing authority's primary obligation”*
8. The Gambling Commission Guidance says:

*“Licensing authorities should not turn down applications for premises licences where relevant objections can be dealt with through use of conditions”*

- Conditions should only be added where it is necessary to do so, and even then such conditions need to be proportionate to the circumstances requiring a response, relevant, directly related, fair and reasonable.
- As the Guidance states: *“Any refusal should be for reasons which demonstrate that the licensing objectives will not or are unlikely to be met”*. That means demonstrate by evidence.
- Conversely, the following considerations are legally irrelevant to the determination of an application for a premises licence:
  - i. A dislike of gambling.
  - ii. A general notion that it is undesirable to allow gambling premises in an area.
  - iii. Moral or ethical objections to gambling.
  - iv. The demand for gambling premises (see s 153 Gambling Act 2005). As such, objections which state that there are enough gambling establishments in a locality may be relevant to planning, but they are irrelevant to licensing.
  - v. Planning considerations (see section 210 Gambling Act 2005).
  - vi. Nuisance (see Guidance by Gambling Commission).

## **BACKGROUND - AGC**

9. AGC premises are subject to a high degree of regulation to ensure they promote the licensing objectives.

- Premises and their management and operation are subject to the Gambling Commission's extensive Licence Conditions and Codes of Practice applicable to adult gaming centre operating licences.
- Premises licences are subject to mandatory conditions which are deemed as being appropriate for premises of this nature.
- The operation - stake and prize limits of machines - are strictly regulated through the Gambling Act 2005 and subsequent regulations. At least 80% of the machines in AGCs have the same stake and prize limits as pub fruit machines, with 20% having the same limits as high street bingo premises.

10. Chongie will ensure compliance through:

- Robust policies (attached).
- Training of all staff.
- Independent age verification testing.
- Mystery shopping.
- Venue audits.

## **AGC PREMISES AND THE LICENSING OBJECTIVES**

### Licensing Objectives under the Gambling Act 2005

11. In this Act a reference to the licensing objectives is a reference to the objectives of—
- (a) preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime,
  - (b) ensuring that gambling is conducted in a fair and open way, and
  - (c) protecting children and other vulnerable persons from being harmed or exploited by gambling.

### Crime and Disorder

12. Gambling on the high street is principally dominated by betting offices, with a ratio of 5:1 betting offices to AGCs. Occasionally betting shops can bring with them anti-social

problems including street drinking, disorder and loitering. AGCs do not experience these issues which occasionally are found at betting premises.

13. The style of operation between betting shops and AGCs are very different. There are no TV screens showing sports and therefore not football matches to watch live within them. As a result there is no communal seating area and no reason to gather or loiter at the premises.
14. The demographic who use an AGC is far more mixed than betting offices.
15. The physical layout of the premises are significantly different with staff walking the floor and greeting/supervising customers. They are not positioned behind a counter.

#### Children

16. No under 18s are permitted. There will be prominent Think 25 signage in the premises and those appearing under 25 will be requested to provide a valid ID. In addition, there will be periodic mystery shopping and venue audits to ensure that underage policies are being complied with.

#### Vulnerable people.

17. The applicant is sensitive to the presence of vulnerable people in the area. The applicant will ensure that alcohol/drugs/intoxication is not permitted on the premises. Sufficient staff will be at the premises to provide oversight of customers and gambling. They will engage with the customers. Drug and alcohol awareness and conflict management training will take place. There will be CCTV throughout the premises and social responsibility messaging. Significant information will be provided to help with problem gambling and liaison with gambling care providers. There will not be an ATM at the premises. The Local Area Risk Assessment will regularly be updated to incorporate any changes in local risk.

### **CONCLUSIONS**

18. As a result of the above, it is argued on behalf of the applicant that:



- The applicant has significant experience in gambling regulation, is licensed by the Gambling Commission, and trades in many other jurisdictions in the AGC sector without issue.
- The operator has an operating licence and is regulated by the Gambling Commission.
- The applicant has fully assessed the local risks (as seen in the Local Area Risk Assessment attached), they are happy to engage with community representatives.
- There are no representations from any of the Responsible Authorities. They have never had issues with crime associated with the gambling at any of their premises.
- The applicant will ensure vulnerable people are protected through staffing levels and training and social responsibility measures.
- The applicant has produced an extensive due diligence and compliance documentation.

19. For all of the above reasons, it is submitted that the licence can be granted under Section 153 of the Gambling Act 2005. Accordingly, the Sub-Committee is requested to grant the application as asked.

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## Customer interaction – formal guidance for premises based operators

### Formal guidance note under SR Code 3.4.1

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#### 1 Introduction

- Your regulatory responsibilities
- How to use this guidance
- How the Commission will use this guidance

#### 2 Identify

##### **Identify – what we expect you to do**

- Identifying the right customers
- Understanding the impact of gambling harms
- Using the right indicators for your business
- Affordability and a customer's personal circumstances
- Vulnerability
- Spotting harmful gambling
- The role of staff

##### **Identify – questions to consider**

#### 3 Interact

##### **Interact – what we expect you to do**

- Interacting with the customer
- Tailoring messages for your customers
- Offering help and support
- The role of staff
- Keeping records

##### **Interact – questions to consider**

#### 4 Evaluate

##### **Evaluate – what we expect you to do**

- Understanding the impact of individual interactions
- Evaluating the effectiveness of the approach
- The role of staff

##### **Evaluate – questions to consider**

#### 5 Summary of research and information

## 1 Introduction

### Your regulatory responsibilities

- 1.1** All licensees are required to interact with customers in a way which minimises the risk of customers experiencing harms associated with gambling, as set out in Social Responsibility Code 3.4.1 of the Licence Conditions and Codes of Practice (LCCP).

#### **Social responsibility code provision 3.4.1 (From 31 October 2019) Customer interaction**

*All licences, except non-remote lottery, gaming machine technical, gambling software and host licences*

1. Licensees must interact with customers in a way which minimises the risk of customers experiencing harms associated with gambling. This must include:
  - a. identifying customers who may be at risk of or experiencing harms associated with gambling.
  - b. interacting with customers who may be at risk of or experiencing harms associated with gambling.
  - c. understanding the impact of the interaction on the customer, and the effectiveness of the Licensee's actions and approach.
2. Licensees must take into account the Commission's guidance on customer interaction.

- 1.2** A requirement to LCCP with effect from 31 October 2019 requires licensees to take into account the Commission's guidance on customer interaction. This guidance is structured along the three key outcomes operators will be expected to meet: to **identify – interact – evaluate**.
- 1.3** This guidance sets out why customer interaction is a requirement, makes our expectations clear, and suggests ways you could meet them. This includes learnings from research and some ways that gambling operators have found worked for them and their customers.

### How to use this guidance

- 1.4** The purpose of this guidance is to share knowledge based on research, current practice and lessons learned in order to support licensees in determining how they can meet the outcomes. It sets out why customer interaction is important and makes our expectations clear. Not all of the content of the guidance will be relevant to all operators, but licensees must take it into account and be able to demonstrate how they have done so.
- 1.5** Following the guidance is no guarantee that all customers experiencing or at risk of harm will be identified. The guidance is not the only source of information which operators should use to help them develop their own

processes, and licensees should also keep up to date with published research and other sources.

### **How the Commission will use guidance**

- 1.6** For compliance and enforcement purposes, we will expect licensees to demonstrate how their policies, procedures and practices meet the required outcomes. This can be through implementing relevant parts of the guidance or demonstrating how and why implementing alternative solutions equally meet the outcomes.
- 1.7** Our understanding of gambling harms and how they manifest is constantly evolving, so for the purposes of raising standards, protecting consumer interests, and preventing harm to consumers, we will update and re-issue guidance where new evidence or risks emerge which may have a meaningful impact on how the outcomes can be met.

## **2 Identify**

### **Identifying the right customers**

- 2.1** You need to know:
  - the types of markers and behaviours that could indicate harm relevant to the type of gambling you offer, the product and the place, and
  - how to spot when those indicators should trigger an interaction.
- 2.2** You need to put together what you know about the customer, with the relevant indicators of harm, to decide whether you need to interact. More knowledge about what to look for, with effective processes for monitoring customer behaviour, can mean quicker and better-informed decisions.
- 2.3** Some indicators of harm, such as high staking behaviour, can look similar to VIP and high-value customer activity. Even if you think the customer can afford it, they may still be experiencing gambling harms. Your enhanced contact with your VIPs or monitored customers means you have many opportunities to get to know them well and make better informed decisions.

#### **Identify – what we expect you to do**

- Use a range of indicators relevant to your business that you can observe and monitor. Do not rely on financial indicators alone. Where trigger points or thresholds are used, they should be realistic, and remember that not every customer who is experiencing or at risk of harm will trigger every indicator.
- Monitor customer activity and behaviour so that you are able to interact early and quickly. Invest in appropriate systems and staff to manage your customer interaction process effectively.
- Make sure your process keeps pace with any increase in demand – through general growth or seasonal, promotional or other variations which might mean you are busier than usual.

- Train your staff to know their roles and responsibilities, and ensure they are supported and given the tools and skills they need to be able to act promptly when they spot or are alerted to indicators of harm, including those among your VIP and monitored customers.
- Ensure that your customers are not put at any greater risk of harm as a result of your premises being busier or quieter than usual. You need to protect your customers regardless of these factors.
- Think about the protection of new customers – you know less about them, so you may not know what their regular gambling pattern looks like. This means that alternative measures must be applied.
- Take safer gambling seriously for *all* customers including VIPs and not let commercial considerations override customer protection.
- Make meaningful records of all interactions with customers. Make these records available to staff and use them to aid decision-making. This should also take place in circumstances where an interaction has been ruled out e.g. because the customer is displaying signs of agitation.
- Even if you think your sector is “lower risk”, *all* forms of gambling present risks and you should understand the prevalence of gambling harms for the type of gambling products you offer and implement appropriate processes.
- Actively promote tools such as voluntary machine alerts, and ensure all your customers have access to information about safer gambling and the support available.

### Understanding the impact of gambling harms

- 2.4** In 2018 the Gambling Commission published [research \(Wardle et al 2018\)](#) on understanding the full range of gambling harms and the impact this can have on society. This research defined gambling harms as the ‘*adverse impacts from gambling on the health and wellbeing of individuals, families, communities and society*’. This can include loss of employment, debt and crime – gambling harms can also have detrimental impacts on physical and mental health and relationships, and at its worst, gambling can contribute to loss of life through suicide.
- 2.5** Gambling harms cannot be solely measured in terms of finance and resources. This is why we expect you to use a range of indicators in order to identify customers who may be experiencing harms.

### Using the right indicators for your business

- 2.6** Change compared with previous gambling activity is a general trigger for customer interaction. Building up your knowledge of your regular customers is key to helping you spot changes in their behaviour.
- 2.7** You should use a range of indicators. This is not an exhaustive list, but your indicators should include:

### *Formal guidance under SR Code 3.4.1: customer interaction in gambling premises*

- a. Time indicators:** amount of time spent gambling, visit frequency or length of stay on the premises, leaving and then returning to the premises.
- b. Spend:** amount and frequency of deposits, large losses, using multiple or more expensive payment methods, declined payments, appearing to spend more than they originally intended.
- c. Behaviour or appearance:** such as signs of distress, agitation, or changes which could be an indication that gambling is having a negative impact on a customer's wellbeing.
- d. Use of gambling management tools:** previous self-exclusions or previous customer interactions, or playing through machine alerts.
- e. Customer-led contact:** information or hints from the customer, frequent complaints about not winning, or talking about the negative impacts of their gambling.
- f. Play indicators:** chasing losses, erratic betting patterns and gambling on higher risk products, or unusual markets or outcomes on which the customer is unlikely to have been able to make an informed choice. People who bet in-play may place a higher number of bets in a shorter time period than people who bet in other ways, as in-play betting offers more opportunities to bet ([Gambling Commission, In play betting position paper 2016](#)). Some studies have shown that placing a high number of in-play bets can be an indication that a customer is at an increased risk of harm from gambling.
- g. A 'big win' or a windfall:** [research shows](#) (Parke and Parke 2017) high staking following a win could hide or even lead to harmful behaviour. Suddenly having more money than usual can lead to increasing staking, which can lead to harms not associated with wealth or resources.

### **Affordability and a customer's personal circumstances**

- 2.8** Historically, gambling operators have not systematically considered customer affordability when developing their customer interaction policies. Many have used deposit or loss thresholds as a main or sole prompt for a customer interaction, but these have often been set at levels that were inappropriately high, in comparison to the average amount of money that the majority of people have available to spend on leisure activities. This has led to a number of examples of customers spending more than they could afford, and this not being identified sufficiently early, as seen in much of the Commission's compliance and enforcement [casework](#) since 2017.
- 2.9** Operators should aim to identify those experiencing or at risk of harm and intervene to try to reduce harm at the earliest opportunity. Reliance on deposit or loss thresholds that are set too high will result in failing to detect some customers who may be experiencing significant harms associated with their gambling. It is therefore imperative that threshold levels are set appropriately.

- 2.10** Open source data exists which can help operators assess affordability for their GB customer base and improve their risk assessment for customer interactions. Thresholds should be realistic, based on average available income for your customers. This should include the [Office of National Statistics publications](#) on levels of household income.
- 2.11** In considering these thresholds, you should be aware of the difference between 'disposable income' and 'discretionary income' which refers to the amount left *after* living costs are taken into account, but it does still include many other unavoidable costs. Most people would consider it harmful if they were spending a significant amount of their discretionary income on gambling.

### **Vulnerability**

- 2.12** Life events or changes to an individual customer's circumstances may mean that a person becomes more or less vulnerable to experiencing gambling harms. Those circumstances could include bereavement, loss of income or other factors (see below). It will not always be obvious or clear to an operator when such events have occurred, but knowing your customers, and ensuring staff ask questions when there are potential signs of vulnerability, will help to determine whether those individual circumstances present an increased risk.
- 2.13** As part of 'know your customer' and developing customer interaction policies and procedures, operators should consider the factors that might make an individual more vulnerable to experiencing gambling related harms. Factors include:
- **Personal and demographic:** if the individual is experiencing poor physical or mental health, physical or cognitive impairment, suffering side effects from a brain injury or medication, or has an addiction.
  - **Situational:** if the individual is experiencing financial difficulties, is homeless, is suffering from domestic or financial abuse, has caring responsibilities, experiences a life change or sudden change in circumstances.
  - **Behavioural:** if an individual has a higher than standard level of trust or high appetite for risk.
  - **Market related:** if an individual is engaged in an activity which is highly complex; that they have a lack of knowledge and/or experience of the market.
  - **Access:** if an individual has difficulty accessing information because of poor literacy or numeracy skills, knowledge, dyslexia.
- 2.14** We have seen examples through our casework of customers who should have received some interaction but did not, including customers who were particularly vulnerable, and more susceptible to experiencing gambling harms.



## **Spotting harmful gambling**

- 2.15** How you monitor activity depends on your business. For some very small operators, manual monitoring may work. Larger operators will need comprehensive systems, which could include a mix of automated and manual processes and should draw on all available sources of data to give a comprehensive picture of the customer's gambling. Options for spotting harmful gambling include:
- Reports on activity where relevant e.g. from observation or loyalty carded play, particularly if the play is linked to online play.
  - Sharing of information by staff about concerns.
  - Customer interaction forms, day diary with flags.
  - Utilising back office systems and alerts where they exist.
- 2.16** The right information can mean better and quicker decisions. The customer interaction records you keep should give staff a more complete picture of the customer's previous activity, which will help to inform decisions.
- 2.17** Your customers should not be at more risk because your premises are either busier or quieter than usual. You should ensure you have appropriate levels of well-trained staff on duty to meet the licensing objectives.
- 2.18** Because VIP customers can also experience harm, it is good practice to carry out a safer gambling check when upgrading customers to VIP status and keep this under review. You should also use these opportunities to carry out checks for AML. This could also help you to support customers who have had major wins.

## **The role of staff**

- 2.19** It is important that all staff receive training so that they are aware of the signs that could indicate that a customer may be experiencing harms associated with gambling. This is not an exhaustive list, but you should ensure that:
- a. Staff are trained to identify the signs of harm and refer back to documents that include the types of behaviour that may trigger customer interaction at an appropriate moment. Staff should know how to escalate a situation if they are unsure or require support.
  - b. Staff understand how indicators of harm could be displayed differently in VIP or 'high-value' customers and know how to spot the signs.
  - c. As a minimum, staff receive training at induction as well as refresher training.

#### Identify – questions to consider

- *Are you curious about your customers?*
- *Are your indicators relevant to your gambling facilities and customers?*
- *How do you decide the right level of your thresholds?*
- *Do all appropriate staff have access to customer interaction records?*
- *How do you assess the risks posed by new and unfamiliar customers?*
- *Is staff training on customer interaction meaningful and engaging?*
- *Do you take into account all relevant information and act quickly?*
- *Does the structure and layout of your premises help or hinder identifying customers you need to interact with?*
- *Do you have any blind spots which mean that you are unable to monitor all customer activity?*
- *Is spend monitored across different products for individual customers?*
- *Do you offer the same level of protection for all your customers, no matter how long they have been a customer, or whether they are VIPs?*

### 3 Interact

- 3.1** When you are concerned that a customer may be experiencing harm, acting early and quickly could help stop or prevent the harm worsening. It is important in a premises environment that you interact with the customer in a timely manner whilst the opportunity presents itself.
- 3.2** For some customers, making them aware of why you are concerned may be enough to prompt them to think and make a change. Some customers will need more support or advice.
- 3.3** Your interactions should have an outcome. Knowing what impact your interaction has had will help you support the customer and help to keep improving your approach. To achieve this, it is vital to keep good records and make them available to staff to inform decisions.

#### Interact – what we expect you to do

- We expect you to be curious, and if you spot behaviour that could indicate harm, to act on it.
- Ensure your staff have access to the information and support they need, such as customer interaction records, so that they are able to make decisions about how to interact and can do so discreetly.
- Interact in a way that is appropriate to the severity of the potential harm. You should trial and evaluate different approaches to achieve this. **Importantly, this may include refusing service or ending the business relationship.**
- Think about what information you should give the customer to help them understand why you are interacting with them, such as describing the type of behaviour they display or practical help or support where appropriate.

## **Interacting with the customer**

**3.4** In gambling premises, many of your interactions are likely to be face-to-face, so it is important for staff to be prepared in advance of carrying out a customer interaction. You should consider:

- a.** What do you need to know from the customer and what do you already know about them?
- b.** What information do you want to give them?
- c.** How many times have you already interacted with the customer?
- d.** What outcome do you want to achieve?
- e.** Is the customer behaving in a way which might inhibit an interaction at this point?

**3.5** A customer interaction has three parts:

- **Observation** – behaviour or activity you have spotted or something the customer tells you.
- **Action** – contact to prompt the customer to think about their gambling, for you to find out more, and an opportunity for you to offer information or support.
- **Outcome** – what you or the customer did next. In some cases, you may need to monitor the customer's gambling to spot any change which may prompt further action.

## **Offering help and support**

**3.6** Encourage customers to think about their gambling. Their responses will help you work out the right kind of help and support to offer.

**3.7** You will need to direct some customers to information about safer gambling and/or suggest appropriate gambling management tools. You might need to signpost them to sources of help and specialist support from organisations which deal with advice and treatment for problem gambling.

**3.8** You must also make information about safer gambling readily available to customers, as well as information about problem gambling.

**3.9** You will need to interact with some customers a number of times. Your records of previous interactions with customers will help you decide how to provide the right help and support.

**3.10** Feedback from consumers shows that they often respond better to being informed about their behaviour and why, rather than being "told" what to do. But for some customers, and particularly if the behaviour continues to cause concern, you may need to take a more proactive approach. In some cases, you may need to take action for the customer, which could mean refusing service.

## **The role of staff**

### **3.11** You should ensure that your staff:

- a.** understand the types of interaction that could take place and how to interact appropriately e.g. they may only need a brief intervention.
- b.** know the type of help or support to offer, such as information, signposting customers to specialist support or the gambling management tools which are available. These may be the minimum required under the LCCP or tools you offer which go beyond minimum requirements.
- c.** know the circumstances and process for refusing service to customers, such as requesting a customer to leave or barring a customer.
- d.** understand their respective responsibilities and who is designated to carry out customer interactions, if only certain staff members are authorised to interact.
- e.** are advised how to deal with situations where customers demonstrate signs of agitation, distress, intimidation, aggression or other behaviours that may inhibit customer interaction, and what to do if the interaction does not take place at that time.

### **3.12** Whilst training on the legislative framework is important, staff also need to be trained on the skills and techniques they need to help them carry out customer interactions.

## **Keeping records**

### **3.13** Good record keeping allows you to demonstrate when and why you have interacted with customers and helps with ongoing monitoring of customers. You should:

- a.** Keep records of all customer interactions and, where an interaction has been ruled out, the reasons for this. Where an interaction has taken place at a later date, this should also be recorded.
- b.** Make use of all relevant sources of information to guide and deliver effective customer interactions, including your records of previous interactions.

### **3.14** Good records should include:

- a.** the behaviour or activity before the interaction.
- b.** the change in behaviour or prompt for the interaction.
- c.** how you interacted and what was said or done, for example advice or suggestions to help the customer manage their gambling, or to take a break from their gambling, and
- d.** what happened next.

### **3.15** You should also record situations where an interaction was prompted but did not take place, and how you followed that up.

- 3.16** In some cases, you will need to monitor the customer's gambling to spot behaviours which could indicate further harm.

**Interact – questions to consider**

- *Where concerns arise, are you able to intervene early and engage with a customer at the right time?*
- *How do you ensure your staff are prepared and able to carry out interactions?*
- *Are your staff able to carry out customer interactions discreetly?*
- *Are your staff aware of and trained to carry out different levels of interaction?*
- *Have you allocated the right level and kind of resources to be able to interact with customers effectively when you have concerns?*

## **4 Evaluate**

- 4.1** By evaluate we mean to understand *impact* and *effectiveness*, in two ways: did an individual customer interaction have a positive outcome for the customer, and does your overall approach to customer interaction work? To help with the latter, the Responsible Gambling Strategy Board (now known as the Advisory Board for Safer Gambling) published an evaluation protocol in 2016 for the industry to use when designing evaluations. More information on evaluation and links to the evaluation protocol and other resources can be found via the [National Strategy to Reduce Gambling Harms](#) website.

**Evaluate – what we expect you to do**

- Understand the impact of individual interactions on a consumer's behaviour and whether/ what further action is needed.
- Evaluate the effectiveness of your approach by trialling and measuring impact.
- Embed lessons learned and best practice across the business and collaborate to share across the industry.

### **Understanding the impact of individual interactions**

- 4.2** In this context, by impact we mean *a change in the customer's gambling activity* which could be attributed to the interaction. An important part of this is whether the customer has understood the information or advice you gave.
- 4.3** Not every customer who receives an interaction will require active follow up, but many will. In these cases, follow up activity should be proportionate to the severity or extent of the harm being displayed. This approach will help you target your resources where they are most needed.
- 4.4** Understanding the impact of the interaction on the customer includes being able to look at and compare:
- the behaviour before the interaction.
  - the change in behaviour or prompt for the interaction.

### *Formal guidance under SR Code 3.4.1: customer interaction in gambling premises*

- how you interacted – what was said or done, and
- what happened next.

#### **4.5** Some ways to work out impact include:

- a. Did the customer start using gambling management tools independently or following your advice?
- b. If you use email, did the customer click through to safer gambling information from your tracked links?
- c. Was there a positive change in behaviour? Did the customer's gambling seem to change after the interaction?
- d. You could also follow up and ask the customer whether they found the interaction helpful or not.
- e. Is there a need for further or follow up action?

#### **4.6** You may already quality assure individual customer interactions by spot-checking records. As well as checking that customers are getting the right support, this can also identify staff development needs and highlight good practice that you can share across your business and across the industry.

### **Evaluating the effectiveness of the approach**

#### **4.7** Records of interactions can provide useful evidence of what types of indicators, methods of interacting and options for providing support work well for customers. They will help to inform an evaluation of the effectiveness of your overall approach to customer interaction. Good evaluation helps you to understand which aspects of your approach are the most effective at identifying the right customers, and the types of tools or support that work well to help customers manage their gambling in a way that works for them. The following measures could help to work out whether your approach is working well:

- Customer retention.
- Reduction in complaints.
- The appropriate number of customer interactions in relation to the size of your customer base or footfall, and the type of gambling you offer (see below).

#### **4.8** You should know and understand the prevalence of at-risk gambling among your customer base. A starting point is the [combined health surveys of England, Scotland and Wales \(Gambling Commission 2018\)](#). This data is broken down to gambling activity type, and by region. However, rates will vary significantly between geographical areas and localities, and research shows that problem gambling rates in urban areas are likely to be higher than the national average. Further information on this topic can be found in the Research Report [Problem Gambling in Leeds](#) (Kenyon et al 2016). When looking at the potential percentage of your customers who may be

*Formal guidance under SR Code 3.4.1: customer interaction in gambling premises*

experiencing harm, remember to consider the percentage of gamblers participating in that activity and not the percentage of the adult population.

- 4.9** Currently the only industry-wide quantitative measure of identifying and interacting with customers who may be experiencing harms associated with gambling is data on the numbers of customers who received an interaction, submitted to the Commission as part of regulatory returns. We have clarified the definitions in [regulatory returns](#) to offer guidance on what should be included in a customer interaction (incident) log and make clearer what should be recorded.
- 4.10** Your log should include as a minimum:
- the identity or other identifier of the customer involved
  - the behaviour or activity that prompted the interaction
  - the advice or support given, and
  - the outcome of the interaction.
- 4.11** Keeping your policies and procedures under review and up to date by taking into account research and industry best practice will help you to identify customers you should be interacting with, which will help you target your resources where they are most needed, in ways which may lead to better outcomes. You should also review your internal controls following the publication of a regulatory settlement, to address any similar weaknesses which could exist in your own processes.

**The role of staff**

- 4.12** Your staff have an important role to play to understand whether your approach works, and as a minimum, you should:
- a.** Ensure that records of all customer interactions are made by staff and used to aid decision making. Such records should be used for evaluation purposes e.g. dip sampling for quality assurance purposes or to assess whether a customer changed their behaviour as the result of an interaction.
  - b.** Train staff to recognise when follow-up activity to an interaction is required.
  - c.** Ensure that staff use customer interaction records as a decision-making tool.
  - d.** Ensure that staff are properly supported in carrying out effective interventions.

**Evaluate – questions to consider**

- *Do you know how many of your customers may be experiencing some level of harm associated with gambling?*
- *How do you know you are delivering positive outcomes for your customers?*
- *How could you improve on your policies and procedures?*
- *How could you share your good practice with the industry?*

## 5 Summary of research and information

[A framework for measuring gambling related harms](#) (Gambling Commission, RGSB, GambleAware, 2018)

[Gambling Behaviour in Great Britain in 2016](#) (NatCen, 2018)

[Responsible Gambling: Collaborative Innovation](#) (Revealing Reality, 2017)

[Getting Grounded in Problematic Play](#) (Jonathan Parke and Adrian Parke, 2017)

[Remote Gambling Research](#) (PWC, 2017)

[Testing normative and self-appraisal feedback in an online slot-machine pop-up in a real-world setting](#) (Auer and Griffiths, 2015)

[Office for National Statistics household income data](#) (ONS, 2017)

Further information on research to inform action will be made available on [www.reducinggamblingharms.org](http://www.reducinggamblingharms.org)

July 2019

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Making gambling fairer and safer

[www.gamblingcommission.gov.uk](http://www.gamblingcommission.gov.uk)



**Premises:** 214 Station Road, Edgware. HA8 7AR

**Premises Licence Number:**

**Company Details:** Chongie Entertainment Limited,

3-5 Wardour St, London

**Operating Licence Number:** 000-057549-N-333196-001

**Date Assessment:** February 2023

**Assessor:** Joanne Craig

**Sources Utilised:** London Borough of Barnet Gambling

Statement of Principles.

Police Crime Mapping, relevant guidance

from the Gambling Commission, Open source

**Area Profile:**

Edgware is a suburban town in northern Greater London, mostly in the London Borough of Barnet but with small parts falling in the London Borough of Harrow and in the London Borough of Brent.<sup>[2]</sup> Edgware is centred 9.5 miles (15.3 km) north-northwest of Charing Cross and has its own commercial centre.



In the 2011 census the population of Edgware was **16,728** and is made up of approximately 51% females and 49% males. The average age of people in Edgware is 37, while the median age is lower at 35. 61.2% of people living in Edgware were born in England.

**The machine mix is to be determined and will be supplied by a company licensed by the Gambling Commission.**

Local Area				
Licensing Objective		Risks	Existing Control Measures	Level of Risk of Occurrence / Manageability
1.1	<b>Protecting children and other vulnerable persons from being harmed or exploited by gambling</b>	<p><b>LOCALITY</b></p> <ul style="list-style-type: none"> <li>Edgware Primary School, Heming Road. HA8 9AB</li> <li>Beis Chinuch Edgware Jewish Girls Primary School, 296 Hale Lane. HA8 8NP</li> </ul> <p><b>OTHER:</b></p> <p><b><u>Student accommodation:</u></b></p> <p>There are no student accommodation buildings within a mile radius.</p> <p><b><u>Family Services</u></b></p> <p>There are no Family service facilities within a mile radius</p> <p><b><u>Job / Recruitment Agencies</u></b></p> <ul style="list-style-type: none"> <li>Prospects Staff Bureau Ltd, Berkeley House, 18-24 High St. HA8 7RP</li> <li>Together Recruitment Agency, Middlesex House, High St. HA8 7UU</li> <li>New Dawn Recruitment, 112 Station Road. HA8 7BJ</li> </ul>	<p><b>The Premises:</b></p> <ul style="list-style-type: none"> <li>Signage &amp; window display not to attract under 18s, and advice under 18's access is prohibited.</li> <li>Staff stationed near to the main entrance to prevent under 18s entry.</li> <li>Regular patrols of the premises, to identify any vulnerable and children</li> <li>Posters, 'Stay in Control' leaflets and GamCare leaflets will be on display (near toilets as well as in the main trading area)</li> <li>Staff will ensure a stock of leaflets (stay in control, self-exclusion &amp; Gamcare) through weekly checks of stock</li> <li>GamCare notices with contact number clearly displayed on machines</li> <li>Self-exclusion system in place provided by BACTA</li> <li>Photo equipment available for self-exclusions</li> <li>CCTV coverage of all public areas, all entry and exit points to and from the</li> </ul>	<p>High of Occurrence Initially / Low of not Managing</p>

		<ul style="list-style-type: none"> <li>• iRec2Rec Ltd, 1 Equity House 128, 136 High St. HA8 7EL</li> </ul> <p><b><u>Community centres</u></b></p> <ul style="list-style-type: none"> <li>• Pearl Community Centre, HA8 9XF</li> </ul> <p><b><u>Youth Centres</u></b></p> <p>There are no Youth centres within a mile radius</p> <p><b><u>Fast food</u></b></p> <ul style="list-style-type: none"> <li>• Slamburger Edgware, 212 Station Road, HA8 7AR</li> <li>• Subway, 87 Station Road. HA8 7JG</li> <li>• KFC, 138 Station Road. HA8 7AA</li> <li>• Selekt Chicken, 15-17 Station Road. HA8 7JE</li> <li>• Chicken Valley, Edgware. HA8 7EJ</li> <li>• The Greenman Fish and Chips, 214 Station Road. HA8 7AR</li> </ul> <p><b><u>Café</u></b></p> <ul style="list-style-type: none"> <li>• Liam’s Coffee House, 238 Station Road. HA8 7AU</li> <li>• Barista Coffee House, 5 Station Forecourt, Station Rd. HA8 7AW</li> <li>• Caffe Nero, 67-70 Station Road. HA8 7BD</li> <li>• 3 Fratelli Caffe, 290 Hale Lane. HA8 8NP</li> <li>• Café Olive, Unit 1-2 Station Road. HA8 7AW</li> <li>• Starbucks, 81-83 Station Road. HA8 7JG</li> </ul>	<p>premises enabling frontal identification of every person entering under any light conditions with ability for management to review remotely online.</p> <ul style="list-style-type: none"> <li>• Premises laid out to avoid blind spots</li> <li>• Entrance readily visible from throughout the premises to allow customer monitoring</li> <li>• Monitoring customers as they leave the premises</li> <li>• Machines to be properly labelled</li> </ul> <p><b>The Operation:</b></p> <ul style="list-style-type: none"> <li>• Staff will patrol and supervise the whole of the premises, with particular care in identifying vulnerable</li> <li>• Regular Test Purchasing</li> <li>• “Know Your Customer” in place, developing customer interaction policies &amp; procedures ( importance of behaviour, time and spend limits)</li> <li>• Staff monitors customer activity and behaviour to interact early to recognise customer with potential gambling issues.</li> <li>• Staff to be aware of the importance of social responsibility, the causes and consequences of gambling</li> <li>• Adequate staffing levels to be maintained at all times</li> </ul>	
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		<p><b><u>Banks/Building Society</u></b></p> <ul style="list-style-type: none"> <li>Nationwide Building Society, 9/10 The Promenade. HA8 7LQ</li> <li>ATM – Tesco Bank, Tesco Express, Hale Lane. HA8 8NP</li> <li>NatWest, 317 Hale Lane. HA8 7AX</li> <li>Santander, 115 Station Road, HA8 7JG</li> <li>Lloyds, 105-109 Station Road. HA8 7JL</li> <li>HSBC, 103 Station Road. HA8 7JJ</li> <li>Metro Bank, Unit 1, The Mall. HA8 7BD</li> <li>ATM – Sainsbury’s Bank, Broadwalk Shopping Centre. HA8 7BQ</li> <li>Halifax, 51/53 Station Road. HA8 7JA</li> <li>Barclays Bank, 126 Station Road. HA8 7RY</li> </ul> <p><b><u>Leisure, Sports Centres, cinemas, bowling alleys</u></b></p> <ul style="list-style-type: none"> <li>Pure Gym London Edgware, 67-79 Station Road. HA8 7JG</li> </ul> <p><b><u>Care Homes:</u></b></p> <ul style="list-style-type: none"> <li>Knights Court Care Home, 107 High St. Edgware HA8 7DB</li> </ul> <p><b><u>Hospitals</u></b></p> <ul style="list-style-type: none"> <li>Edgware Community Hospital, Burnt Oak Broadway. HA8 0AD</li> </ul> <p><b><u>GP/Medical Centres</u></b></p> <ul style="list-style-type: none"> <li>Dr N Gandhi, 39 Penshurst Gardens, HA8 9TN</li> <li>Medicspot Clinic, 98 High St. HA8 7HF</li> </ul>	<ul style="list-style-type: none"> <li>Return the stake/retain the prize</li> <li>Staff will review self-excluded data to ensure continued exclusion</li> <li>Sharing of information by staff regarding concerns about customers</li> <li>Mystery shopper tests by BACTA</li> </ul> <p><b>Age Verification procedures:</b></p> <ul style="list-style-type: none"> <li>Implementation of the BACTA Toolkit Policies &amp; Procedures including Think / Challenge 25</li> <li>Anyone reluctant in providing identification or demonstrating suspicious behaviour will trigger further investigation. Incident to be logged and customer removed from the area.</li> <li>Age verification incident report (log) maintained on licensed premises and reviewed on regular basis by team staff members &amp; Compliance Manager</li> </ul> <p><b>Staff Training:</b></p> <ul style="list-style-type: none"> <li>Training of staff with 6 monthly refreshers/ local area profile/licence conditions</li> </ul>	
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		<ul style="list-style-type: none"> <li>• Lane End Medical Group, 2 Peshurst Gardens. HA8 9GJ</li> </ul> <p><b><u>Mental Health:</u></b></p> <ul style="list-style-type: none"> <li>• Various facilities, Edgware Community Hospital, Burnt Oak Broadway. HA8 0AD</li> </ul> <p><b><u>Addiction/Recovery Centres</u></b></p> <p>There are no addiction or recovery centres within a one mile radius</p> <p><b><u>Hostels/Shelters</u></b></p> <ul style="list-style-type: none"> <li>• True Care Foundation, Unit 9 Spring Villa Park, Spring Villa Road. HA8 7EB</li> </ul> <p><b><u>Food banks</u></b></p> <p>There are no food banks within a one mile radius</p> <p><b><u>Loan Shops, Pawn Brokers</u></b></p> <ul style="list-style-type: none"> <li>• H&amp;T Pawnbrokers, 125-127 Station Road, HA8 7JG</li> <li>• Cash Converters, 151-153 Station Road. HA8 7JS</li> </ul> <p><b><u>Parks/Playgrounds</u></b></p> <ul style="list-style-type: none"> <li>• Chandos Recreation Ground, 114 Merlin Crescent. HA8 6JD</li> <li>• Stonegrove Park, Edgware.</li> </ul>	<ul style="list-style-type: none"> <li>• Training and guidance is provided to staff members regarding customer interaction and the implementation of the ID verification procedure.</li> <li>• Staff to be trained in Safeguarding Policy</li> <li>• Staff to be aware of refusing customers entry due to alcohol or drugs</li> <li>• Staff to be trained on Anti Money Laundering, Proceeds of Crime and Suspicious Behaviour</li> <li>• Staff to be trained to look out for signs of aggressive behaviour or problem play</li> </ul>	
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		<p><b><u>Religious buildings</u></b></p> <ul style="list-style-type: none"> <li>• St Margarets, 1 Station Road. HA8 7JE</li> <li>• Emmanuel Edgware Church, 4 Manor Park Crescent, HA8 7NN</li> <li>• St Anthony of Padua, 5 Garratt Road. HA8 9AN</li> <li>• Edgware Methodist Church, Garratt Road. HA8 9AW</li> <li>• Kol Nefesh Masorti Synagogue, Rectory Lane. HA8 7LF</li> <li>• Ahavat Yisrael, Gideon Close, HA8 4RY</li> <li>• Yeshurun Federation Synagogue, Fernhurst Gardens, HA8 7PH</li> <li>• Taiba Welfare Foundation, Pride House, Rectory Lane. HA8 7LG</li> <li>• Edgware Central Mosque, 48 High Street. HA8 7EJ</li> </ul> <p><b><u>New Development or Shopping centres</u></b></p> <ul style="list-style-type: none"> <li>• The Broadwalk Shopping Centre, Station Road. HA8 7BD</li> </ul>		
<p><b>1.2</b></p>	<p><b>Preventing Gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime</b></p>	<p><b>LOCALITY</b></p> <p>Gambling Licensed Premises:</p> <ul style="list-style-type: none"> <li>• William Hill, 218-220 Station Road, HA8 7AU</li> <li>• Betfred, 200 Station Road. HA8 7AR</li> <li>• Paddy Power, 192 Station Road. HA8 7AR</li> <li>• William Hill, 83 High Street. HA8 7DB</li> <li>• Paddy Power, 5-7 Lanson House, Whitchurch Lane. HA8 6NL</li> </ul>	<p><b>The Premises</b></p> <ul style="list-style-type: none"> <li>• CCTV coverage of all public areas, all entry and exit points to and from the premises enabling frontal identification of every person entering under any light conditions with ability for management to review remotely online.</li> <li>• Toughened/laminated glass to front window</li> </ul>	

		<p><u>Alcohol Licensed Premises</u></p> <ul style="list-style-type: none"> <li>• Zanzi Bar, 113 High St, HA8 7DB</li> <li>• The Three Wishes, 122-126 High St. HA8 7EL</li> <li>•</li> </ul> <p><b>LOCAL AREA PROFILE</b></p> <p>Population</p> <ul style="list-style-type: none"> <li>• Approximately <b>16,728</b> ( census 2011) residents</li> </ul> <p>Deprivation</p> <ul style="list-style-type: none"> <li>• London Borough of Barnet has an above average score on the level of overall deprivation taken from the English Indices of Deprivation (2019).</li> <li>• The Borough scores particularly well on education and training and health.</li> </ul> <p>Unemployment</p> <ul style="list-style-type: none"> <li>• In 2021 the percentage of the population unemployed was 3.6%</li> </ul> <p>Crime</p> <p>Edgware’s reported crimes in the past 3 months consist of mainly crimes against the person – violence and sexual offences being the most reported, with anti-social behaviour, theft and burglary are lower down the list.</p> <p><b>TRANSPORT &amp; CAR PARK FACILITIES</b></p>	<p><b>The Operation</b></p> <ul style="list-style-type: none"> <li>• Machine door opening keys only available to management</li> <li>• Log visits by Police, Local Authority and Gambling Commission officers</li> <li>• Review unusual patterns of play (as per PoCA), ‘non-regular’ players and consider exclusion/reporting</li> <li>• Exclude badly behaved customers and look out for problem behaviour or aggression</li> <li>• Maintain contact with local traders and Police, including working with police to combat local issues</li> <li>• Limited staff floats</li> <li>• CCTV coverage over all cash transactions</li> <li>• Full machine audit on all machines on a weekly basis – ad hoc spot-check in case of any suspicion</li> <li>• Gaming machines are supplied and maintained by businesses licensed by the Gambling Commission</li> <li>• Company registered to receive crime bulletins from BACTA.</li> </ul> <p><b>Staff Training</b></p>	<p>Medium of Occurrence Initially / Low of not Managing</p>
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		<p>The premises are on transport routes and there are several bus stops nearby as well as a tube station.</p> <p>There are also several car parks within a 200m radius, which predominantly serve the shopping areas and the station for commuters.</p> <p>During the visit there were some young teens in school uniform on the road – heading for bus stops and the tube station.</p>	<ul style="list-style-type: none"> <li>• Social Responsibility training and incident recording logs available to all staff.</li> <li>• Staff trained to look out for unusual/dyed notes</li> <li>• Staff &amp; management to be alert to customers exchanging large volumes of paper notes for alternative denominations</li> <li>• Staff to be alert to customer redeeming stake with little or no play</li> <li>• Staff trained about AML basics, strange transaction behaviour</li> <li>• Extra Training and guidance is provided to staff members regarding Anti-Social Behaviour</li> <li>• Staff fully trained how to deal with homeless people seeking refuge</li> <li>• Staff to be trained on local area risk assessment</li> </ul> <p><b>Customer Interaction and Monitoring</b></p> <ul style="list-style-type: none"> <li>• Suspicious activity to be written down in the log</li> <li>• Customer interaction may provide knowledge of criminal background and/or association leading to closer security and monitoring of such a customer.</li> </ul>	
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			<ul style="list-style-type: none"> <li>Customers are efficiently monitored throughout the time they are on the premises to ensure prevention of machine related crime (money laundering).</li> <li>Knowledge activity to be handed over to Nominated Officer who will then report to NCA</li> </ul>	
1.3	Ensuring that gambling is conducted in a fair and open way	<p><b>EQUIPMENT</b></p> <ul style="list-style-type: none"> <li>Information must be clearly displayed</li> <li>Maintenance to reduce potential issues</li> <li>Compliance</li> </ul> <p><b>PREMISES</b></p> <ul style="list-style-type: none"> <li>Promotions</li> <li>Advertising</li> </ul> <p><b>CUSTOMERS</b></p> <ul style="list-style-type: none"> <li>Treatment of customers</li> <li>Complaints</li> </ul>	<p><b>Equipment</b></p> <ul style="list-style-type: none"> <li>Machines only obtained from licensed suppliers</li> <li>Machines to be properly labelled</li> <li>Implementation of the BACTA Toolkit policies</li> <li>Machines to be maintained/serviced regularly / turned off if a fault occurs</li> <li>Procedure for making refunds</li> <li>Details of machine operation and winning combinations to be clearly shown on machines</li> </ul> <p><b>Premises</b></p> <ul style="list-style-type: none"> <li>Clear terms &amp; conditions provided within the licensed premises.</li> </ul>	Low / Low

			<ul style="list-style-type: none"> <li>Any promotions or advertising to be ASA and LCCP compliant</li> </ul> <p><b>Staff Training</b></p> <ul style="list-style-type: none"> <li>Training of staff with 6 monthly refreshers</li> <li>Staff to have full understanding of stakes and prizes, and odds associated with each machine.</li> </ul> <p><b>Customers</b></p> <ul style="list-style-type: none"> <li>Review advertising material and promotions for compliance with LCCP</li> <li>Complaints policy visibly displayed for customer information. All complaints to be fully investigated in accordance with policy and referred to nominated ADR 3rd party as required</li> <li>Suitable public liability Insurance</li> <li>Council conditions openly displayed</li> <li>Regular Compliance Audits</li> </ul>	
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Gambling Operation and Physical Design (Internal and External)				
Licensing Objective		Risks	Existing Control Measures	Level of Risk of Occurrence / Manageability
2.1	Protecting children and other vulnerable persons from being	<p><b>CUSTOMERS</b></p> <ul style="list-style-type: none"> <li>U18s entering</li> <li>Problem Gambling</li> <li>Providing Information</li> </ul>	<p><b>Equipment and Operation</b></p> <ul style="list-style-type: none"> <li>Machines to be properly labelled</li> </ul>	

	<p><b>harmed or exploited by gambling</b></p>	<ul style="list-style-type: none"> <li>• Administering self-exclusion</li> <li>• Signage</li> </ul> <p><b>PREMISES</b></p> <ul style="list-style-type: none"> <li>• Consider ‘blind spots’</li> <li>• Visibility of the entrance</li> <li>• Signage</li> <li>• Presentation of premises (signage/window display)</li> </ul>	<ul style="list-style-type: none"> <li>• Staffing levels will be risk assessed to ensure they reflect any risk to staff, customers and promotion of the licensing objectives</li> <li>• There would be no advertising locally. As part of the Licence Conditions and Codes of Practice issued by the Gambling Commission - Any Media displayed on the premises will comply with LCCP: Social responsibility code 5.1.6 (Compliance with advertising codes) The advertising of gambling products and services must be undertaken in a socially responsible manner and we must comply with the UK Advertising Codes issued by the Committees of Advertising Practice (CAP) and administered by the Advertising Standards Authority (ASA). Advertising on the premises will not differ from that of any other Adult Gaming Centre premises in Hammersmith.</li> </ul> <p><b>Premises</b></p> <ul style="list-style-type: none"> <li>• CCTV coverage of all public areas, all entry and exit points to and from the premises enabling frontal identification of every person entering under any light conditions with ability for management to review remotely online.</li> <li>• Premises laid out to avoid blind spots</li> </ul>	<p>Low/Low considering design features</p>
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			<ul style="list-style-type: none"> <li>• Ensure entrance readily visible from throughout the premises</li> <li>• Signage &amp; window display not to attract under 18s, and advise under 18's access is prohibited.</li> <li>• The entrance layout to enable staff to monitor those entering the premises</li> </ul>	
<p><b>2.2</b></p>	<p><b>Preventing Gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime</b></p>	<p><b>CUSTOMERS</b> Customer behaviour</p> <p><b>PREMISES</b> Layout to be considered:</p> <ul style="list-style-type: none"> <li>• Consider 'blind spots'</li> <li>• Visibility of the entrance</li> <li>• Design out crime</li> </ul> <p><b>STAFF</b></p> <ul style="list-style-type: none"> <li>• Personal protection</li> <li>• Security</li> <li>• Staff behaviour</li> </ul> <p><b>Money Laundering</b></p> <ul style="list-style-type: none"> <li>- Customer behaviour</li> <li>- Staff monitoring</li> </ul>	<p><b>Staff Training</b> Full Staff training on Money Laundering and the Proceeds of Crime Act as well as customer behaviour, particularly suspicious or aggressive customers</p> <p><b>Premises and Operation</b></p> <ul style="list-style-type: none"> <li>• CCTV coverage of all public areas, all entry and exit points to and from the premises enabling frontal identification of every person entering under any light conditions with ability for management to review remotely online.</li> <li>• Regular patrols of the premises, including external areas to identify any vulnerable and children</li> <li>• Monitoring of customers as they leave the premises</li> <li>• Design out crime to be implemented</li> <li>• Toughened/laminated glass to front window</li> <li>• Mag Lock on front door</li> </ul>	<p>Low/Low considering design features</p>

			<ul style="list-style-type: none"> <li>Intruder alarm installed and regularly serviced</li> <li>Panic Button linked to Police</li> </ul>	
2.3	Ensuring that gambling is conducted in a fair and open way	<p><b>PREMISES</b></p> <ul style="list-style-type: none"> <li>Promotions</li> <li>Advertising</li> </ul> <p><b>EQUIPMENT</b></p> <ul style="list-style-type: none"> <li>Information clearly displayed</li> <li>Maintenance</li> <li>Compliance</li> </ul>	<p><b>Premises</b></p> <ul style="list-style-type: none"> <li>CCTV coverage of all public areas, office, frontage and rear door with recording device and ability for management to review remotely online</li> <li>Clear terms &amp; conditions provided within the licensed premises.</li> </ul> <p><b>Equipment</b></p> <ul style="list-style-type: none"> <li>Machines only obtained from licensed suppliers</li> <li>Machines to be properly labelled</li> <li>Implementation of the BACTA Toolkit policies</li> <li>Machines to be maintained/serviced regularly</li> <li>Machines to be turned off should a fault occur</li> <li>Procedure for making refunds</li> <li>Details of machine operation and winning combinations to be clearly shown on machines</li> </ul>	Low / Low

			<p><b>Customers</b></p> <ul style="list-style-type: none"><li>• Complaints policy visibly displayed for customer information. All complaints to be fully investigated in accordance with policy and referred to nominated ADR 3rd party as required</li><li>• Suitable public liability Insurance</li><li>• Council conditions openly displayed</li><li>• Regular Compliance Audits</li></ul>	
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**Money Laundering & Terrorist Financing Risk  
Assessment**



## **1 RISK ASSESSMENT PURPOSE**

The purpose of this document is to establish a separate Money Laundering and Terrorist Financing (“ML TF”) risk assessment for Chongie Entertainment Limited (“CEL”). This risk assessment will be implemented to ensure that sufficient focus is given to ML TF risk. It is noted that in section 17 of the Proceeds of Crime and Anti-Money Laundering policy, reference is made to ML risk assessment, and this document is intended to be read in conjunction with the Proceeds of Crime and Anti-Money Laundering policy whilst operating as a standalone document.

## **2 GUIDANCE DOCUMENTS: DUTIES & RESPONSIBILITIES UNDER THE PROCEEDS OF CRIME ACT**

An addendum to this document is the Gambling Commission guidance advice to operators dated November 2020 ‘Duties and Responsibilities under the Proceeds of Crime Act 2002’. All gambling staff at CEL will be trained on this document, and its importance in terms of applying the ML TF risk assessment. A risk based approach will be adopted by CEL, as set out at section 18 of the guidance document, and a number of steps will be established to assess the most proportionate way to manage and mitigate the money laundering risks faced by CEL.

The possibility of gambling facilities being used by criminals to assist in money laundering poses many risks for operators. These include criminal and regulatory sanctions for operators and their employees, civil action against the operator and damage to the reputation of the operator leading to a potential loss of business.

All gambling staff must continually identify, assess and manage these risks, assess the level of risk in the context of how their business is structured and operated, and put in place controls to minimise the risk posed to businesses by money launderers.

This money laundering risk assessment is based on methodology and sets out attempts to identify, analyse and understand money laundering risks. It serves as the first step in addressing the risks, and involves making judgements about threats, vulnerability and consequences.

This document will be reviewed every 12 months during an audit of policies, procedures and all internal documents, or as a result of any changes in circumstances, including for example operational changes or changes to the LCCP.

## **3 IDENTIFYING AND ASSESSING THE RISKS**

This section of the document sets out potential risks and the assessment of the risk posed to this particular business.

The risk assessment is conducted by identifying the potential risk (denoted below as ‘Risk’) and then an analysis of the potential risk to the operator and an evaluation of how any potential risk will be dealt with (denoted below as ‘Assessment’).

The operator carries the following risk profile which has been considered for each of the below risks identified:





- The operator has a non-remote Adult Gaming Centre operating licence issued by the UK Gambling Commission
- The operator contracts directly with customers and has a number of customer facing staff
- The operator utilises experienced individuals in the industry to advise on their operations, particularly for regulatory and compliance matters

As a consequence of the above profile this risk assessment is appropriate to the nature of the operator's business.

### Operator Control

*Risk:* Operators failing to comply with prevention of money laundering and terrorist financing legislation and guidance

*Assessment:* CEL has a robust set of policies and procedures based on the legislation and guidance which are continuously monitored and updated by senior management. Staff training occurs on induction and at a minimum of 12 monthly intervals. The risk of non-compliance with policies is low.

*Risk:* Arcade businesses being acquired by organised crime to launder criminal proceeds

*Assessment:* CEL is approved and regulated by the UK Gambling Commission. Any change in ownership would require a Change of Corporate Control.

*Risk:* Lack of competency of key personnel and licence holders which can then be exploited by criminals seeking to launder the proceeds of crime

*Assessment:* CEL is careful to train staff on induction and at regular intervals. It engages the services of an experienced individual within the industry to advise on its regulatory and compliance matters as well as regularly works with a specialist law firm on a variety of matters. Key personnel are all PML holders.

### Customers

*Risk:* What risk is posed by the business profile and the profile of customers using the gambling facilities? Is there a risk of anonymous customers laundering proceeds of crime through gaming machines?

*Assessment:* CEL's premises generally attract less than 10 individuals at any one time, any more than 8 people at a time would be classed as busy. The customer profile is normally evenly split between male and female and tends to be middle aged. The staff are trained to interact with all customers entering the premises and the risk of anonymous customers is low- medium.

*Risk:* Is the business local with regular and generally well-known customers? Is there any concerns relating to country/geographical risk?

*Assessment:* CEL operates small shops in specific localities. The staff in each venue get to know their regular customers. Staff do not sit behind a screen or a desk, but walk the shop floor and interact with every customer who enters the shop. There are no concerns relating to country of geographical risk,



in any venues with a high proportion of non-English speakers signage (including Terms and Conditions and GamCare) will be in the most commonly used languages.

*Risk:* Is the business high volume consisting of many low spending consumers? Is the business low volume with high spending consumers?

*Assessment:* CEL operates Adult Gaming Centres which tend to be low stake high volume. There are usually machines in the venue with stakes ranging 10p to a maximum of £2, with jackpots of upto £500. Customers tend to spend short periods of time in the venue.

*Risk:* Is the business a mixed portfolio? That is, consumers are a mix of high spenders and lower spenders and/or a mix of regular and occasional consumers?

*Assessment:* CEL generally has customers who are low spenders due to the nature of the machines.

### Products

*Risk:* Are automated ticket redemption (ATR) machines used to facilitate the laundering of criminally derived funds?

*Assessment:* ATR machines are used and staff are carefully trained on the specific risks of these machines and monitor their use to minimise the risk of them being abused.

*Risk:* What risk is posed by the products generally on offer to the customers?

*Assessment:* Generally low risk, the products on offer are low stakes. The stake and prize limits of machines are strictly regulated through the Gambling Act 2005 and subsequent regulations. At least 80% of the machines in AGCs have the same stake and prize limits as pub fruit machines, with 20% having the same limits as high street bingo premises. The maximum stake is £2.

*Risk:* Are gaming machines, particularly category B3, being used to launder criminally derived funds?

*Assessment:* The premises are all designed to ensure staff, and CCTV, have full view of the premises. The staff also walk the floor continuously and are not sat behind screens, meaning they interact with all customers. The risk is therefore low.

*Risk:* Are Privacy booths available?

*Assessment:* No, CEL does not have any privacy booths. The premises are designed to ensure there are no blind spots.

*Risk:* Ticket-in-ticket-out (TITO) facilities used to launder funds when used in conjunction with ATR machines

*Assessment:* Staff are trained on the risks of TITO machines and they are careful to monitor any use of them. The Local Area Risk Assessment also deal with any such risks, particular in terms of the physical design of the premises and the CCTV layout.



### Means of Payment

*Risk:* Are there likely to be situations where the source of funds cannot easily be established or explained by the customer?

*Assessment:* The customers of CEL are individuals who walk into the shop and CEL has a Customer Due Diligence/KYC policy and Operations Manual to ensure they know everyone who uses their products. The risk of anonymous customers is low-medium.

*Risk:* Are there a large proportion of over-seas consumers using foreign currency or over-seas based bank cheques or debit cards?

*Assessment:* This does not tend to be the case in CEL premises. Low risk.

*Risk:* Are consumers likely to be engaged in a business which involves significant amounts of cash?

*Assessment:* This will vary from customer to customer and premises to premises, as to what their consumer base will look like. CEL will risk assess each customer individually and will operate a risk based approach.

### Other Risks

*Risk:* Inadequate/lack of due diligence checks on any third party providers (e.g., machine providers).

*Assessment:* CEL will carry out due diligence checks on any third party providers of gambling product, and only those licensed by the UK Gambling Commission will be used to provide facilities for gambling. Low risk.

*Risk:* Are procedures in place to monitor consumer transactions across outlets, products and platforms to mitigate any money laundering potential? Is there a potential transaction risk?

*Assessment:* CEL does not operate remotely, it only operates Adult Gaming Centres. They are monitored by central management as well as venue managers and floor staff. All staff are regularly trained and continuously supported. There is a Customer Due Diligence/KYC policy in place which ensures all staff know how to communicate with customers, minimising any potential transaction risk. TiTo tickets cannot be redeemed across venues, they must always be redeemed in the venue from which they have been issued.

## **4 CUSTOMER RISK**

The following are categories of potential CEL customers whose activities may indicate a higher risk:

- Unknown or anonymous customers
- High spending customers
- Disproportionate spenders
- Casual customers
- Regular customers with changing or unusual spending patterns



In assessing the risk of the above posed to this particular business, the main risk would appear to be unknown or anonymous customers or casual customers. However, CEL operates a Social Responsibility and Customer Due Diligence/KYC policy which all staff are trained on and implement. This helps to minimise this risk.

## **5 TRANSACTION RISKS**

The following are potential transaction risks:

- Proceeds of crime
- Cash
- Transfers between customers/in particular customers borrowing money from other customers

CEL does not operate account based play and staff are trained to identify and manage any such transactional risks, as well as adherence to the relevant policies and procedures which are updated as necessary with the relevance of any transactional risks to the products it operates.

There are also risks surrounding dyed notes within Adult Gaming Centres and staff are trained to look out for any such occurrences and are aware of the SAR procedure.

## **6 PRODUCT RISK**

Product risks particularly relate to the potential for a money launderer to place funds anonymously such as by using third parties.

Staff at CEL are trained to look out for warning signs of any fraudulent activity taking place in its premises, for example money lending.

These risks have been considered as part of the assessment and have not been identified as being present risks. They are also analysed and monitored as part of the Local Area Risk Assessments carried out for each individual premises.

A potential emerging risk for Adult Gaming Centres is 'Bring Your Own Devices'. CEL's Customer Due Diligence/KYC policy is designed to minimise any such risks due to the presence of and communication with staff.



## 7 SUMMARY OF ASSESSMENT OF RISK AT CEL

The AML risks of CEL are limited to the customers visiting its premises. CEL keeps a set of robust and viable policies and procedures which are designed to support and guide its staff in dealing with any potential situations which may arise. This includes any situation which may involve money laundering or terrorist financing.

The overall risk rating to money laundering and terrorist financing is low-medium.

This is corroborated by the Gambling Commission money laundering and terrorist financing risks within the British gambling industry which states Adult Gaming Centres are medium risk.

### Document review:

Date Reviewed	Reviewed by
21.02.2022	Woods Whur/Dobromir Baltadzhiev
10.03.22	Joanne Craig
29.03.23	Joanne Craig
31.03.2023	Dobromir Baltadzhiev
12.04.2023	Woods Whur



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# Duties and responsibilities under the Proceeds of Crime Act 2002

This advice explains how operators can make sure they and their employees comply with their obligations under The Proceeds of Crime Act 2002 (POCA).

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# Introduction and summary of the advice

## Purpose of the advice

All gambling operators have a responsibility to keep financial crime out of gambling. The Proceeds of Crime Act 2002 (POCA) ([link opens in a new window](#)) places an obligation on gambling operators to be alert to attempts by customers to gamble money acquired unlawfully, either to obtain legitimate or 'clean' money in return (and, in doing so, attempting to disguise the criminal source of the funds) or simply using criminal proceeds to fund gambling. Both modes of operation are described as money laundering.

This advice document explains how operators can make sure they and their employees comply with their obligations under POCA. It sets out a number of matters operators need to be aware of and explains their duties and responsibilities under POCA.

While the advice focuses primarily on the relationship between operators and their customers, and the money laundering risks presented by transactions with customers, operators should also give due consideration to the money laundering risks posed by their business-to-business relationships, including any third parties they contract with. (See code provision 1.1.2)

## Who is this intended for?

This advice is directed at all holders of operating licences issued by the Gambling Commission (the Commission), excluding non-remote and remote casino operating licence holders who are provided with separate guidance in relation to anti-money laundering (AML) and counter terrorist financing.

The advice is detailed and aimed primarily at operators with a number of employees, either full time or part time. However, operators with few or no employees are still required to understand and comply with the requirements of POCA.

## The role of gambling operators

Operators have a responsibility to uphold the three licensing objectives set out in the Gambling Act 2005 (the Act)([opens in a new tab](#)). The first of those licensing objectives is to prevent gambling from being a source of crime or disorder, being associated with crime and disorder, or being used to support crime.

As described in Purpose of the advice, money laundering in the gambling sector takes two main forms:

- exchanging money, assets, goods and property that were acquired criminally for money or assets that appear to be legitimate or 'clean' (so called classic money laundering). This is frequently



achieved by transferring or passing the funds through some form of legitimate business transaction or structure

- the use of criminal proceeds to fund gambling as a leisure activity (so called criminal or 'lifestyle' spend).

In order to avoid committing offences under POCA, operators should report instances of known or suspected money laundering by customers to the National Crime Agency (the NCA) and, where a defence (appropriate consent) is requested, wait for such defence (consent) to deal with a transaction or an arrangement involving the customer, or wait until a set period has elapsed before proceeding.

Operators should be aware that there is no minimum financial threshold for the management and reporting of known or suspected money laundering activity.

## The role of the Gambling Commission

The Commission requires operators to prevent gambling being a source of crime or disorder, being associated with crime and disorder, or being used to support crime. This advice document is an important frame of reference to help operators meet that objective. Whilst potential breaches of POCA will normally be reported to the NCA and fall to the police to investigate, the Commission, in its role as the gambling regulator, seeks assurance that risks to the licensing objectives posed by money laundering activity are effectively managed, and this advice will assist operators to meet their obligations under POCA, where appropriate.

The Commission adopts a risk-based approach to its role. We focus our attention on circumstances where the processing of criminal funds or criminal spend indicates serious failures in an operator's arrangements for the management of risk and compliance with POCA, or makes a reasonably significant contribution to the financial performance of the business, particularly concerning their continued suitability to hold a licence. See the public statements ([opens in a new tab](#)).

Where an operator fails to uphold the licensing objectives, for example by being ineffective in applying AML controls or ignoring their responsibilities under POCA, or breaches an applicable licence condition, the Commission will consider reviewing the operating licence under section 116 ([opens in a new tab](#)) of the Act. This could result in the suspension or revocation of the operator's licence under sections 118 ([opens in a new tab](#)) and 119 ([opens in a new tab](#)) of the Act. The Commission may also consider imposing a financial penalty where a licence condition has been breached, in accordance with section 121 ([opens in a new tab](#)) of the Act.

The Commission and other agencies or authorities that have the appropriate authorisation under POCA in England and Wales (see [The Proceeds of Crime Act 2002 \(References to Financial Investigators\) \(England and Wales\) Order 2015](#)) ([opens in a new tab](#)) can, in certain circumstances, apply for orders and warrants in relation to money laundering, for the purpose of, for example:

- requiring a specified person to produce certain material
- permitting the search of and seizure of material from specified premises
- requiring a financial institution to provide customer information relating to a specified person.

## Licence conditions and codes of practice

Operators are required to comply with the applicable Licence Conditions and Codes of Practice and should read this advice in conjunction with the conditions and codes. Should operators breach the licence conditions or not follow the code provisions, the Commission may consider reviewing the operating licence in accordance with section 116 (opens in a new tab) of the Act.

This could result in the suspension or revocation of the operator's licence under sections 118 (opens in a new tab) and 119 (opens in a new tab) of the Act. The Commission may also consider imposing a financial penalty where we think that a licence condition has been breached, in accordance with section 121 (opens in a new tab) of the Act.

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## Operators should take note of the following licence conditions and codes of practice, in particular:

Licence condition 12.1.1, which requires operators to:

- Conduct an assessment of the risks of their business being used for money laundering and terrorist financing.
- Have appropriate policies, procedures and controls to prevent money laundering and terrorist financing.
- Ensure that such policies, procedures and controls are implemented effectively, kept under review, revised appropriately to ensure that they remain effective, and take into account any applicable learning or guidelines published by the Gambling Commission from time to time.
- Licence condition 15.2.1 (4c), which requires operators to report the appointment of a person to a position where the holder of which has overall responsibility for the licensee's AML/CTF compliance and/or for the reporting of known or suspected money laundering or terrorist financing activity.
- Licence condition 15.2.2 (1d), which requires operators to report any actual or potential breaches by the licensee of the requirements imposed by or under Parts 7 (link opens in a new window) or 8 (opens in a new tab) of the Proceeds of Crime Act 2002, or Part III (opens in a new tab) of the Terrorism Act 2000.
- Ordinary code 2.1.1, which requires operators to act in accordance with the Commission's advice on POCA.

## The Proceeds of Crime Act 2002

POCA defines criminal property as property which constitutes a person's benefit from criminal conduct or represents such a benefit, in whole or in part, whether directly or indirectly, and the alleged offender knows or suspects it constitutes or represents such a benefit.

Criminal conduct is defined as conduct which constitutes an offence in any part of the United Kingdom or would constitute an offence in any part of the United Kingdom if it occurred there.

A person benefits from criminal conduct if they obtain property as a result of or in connection with the conduct. If a person benefits from criminal conduct, their benefit is the property obtained as a result of, or in connection with, the conduct. Property is gained by a person if they obtain an interest in it.

POCA creates several principal offences that apply to everyone and criminalise any involvement in the proceeds of any crime if the person knows or suspects that the property is criminal property (Section 327 (opens in a new tab), 328 (opens in a new tab) and 329 (opens in a new tab) of POCA).

These offences relate to the concealing, disguising, converting, transferring, acquisition, use and possession of criminal property, as well as an arrangement which facilitates the acquisition, retention, use or control of criminal property. For example, in the gambling industry, this may involve the taking of cash, cheque, or card payments, based on funds which are the proceeds of crime, in the form of a bet or wager, or holding money on account for a customer for the purposes of gambling.

POCA and the offences under POCA are discussed in The Proceeds of Crime Act 2002 and Offences under the Proceeds of Crime Act 2002 of this advice.

## Risk-based approach

A risk-based approach focuses effort where it is most needed and will have most impact. It requires the full commitment and support of senior management, and the active co-operation of all employees.

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**A risk-based approach involves a number of steps to assess the most proportionate way to manage and mitigate the risks faced by the operator:**

- identifying the money laundering risks relevant to the operator
- designing and implementing policies, procedures and controls to manage and mitigate the risks
- monitoring and improving the effective operation of these controls

- recording what has been done, and why.

The possibility of gambling being used by criminals to assist in money laundering poses many risks for operators. These include criminal and regulatory sanctions for operators and their employees (including the potential loss of licences), civil action against the operator, damage to the reputation of the operator leading to a loss of business, and inflated or false business performance.

Operators need to continually identify, assess and prevent these risks, just like any other business risk. Operators should assess the level of risk in the context of how their business is structured and operated, and the controls in place to minimise the risks posed to their business by money launderers, including those engaged in criminal spend.

The risk-based approach is discussed in Risk-based approach of this advice.

## Customer relationships

Operators should be mindful that some risk indicators (for example, a pattern of increasing spend, spend inconsistent with apparent source of income or unusual patterns of play) could be indicative of money laundering, but also equally of problem gambling, or both (or, possibly, neither).

Given that operators have the responsibility to prevent gambling from being associated with crime and disorder and protecting vulnerable people from being harmed by gambling, they should carry out appropriate enquiries and assessments which help them in fulfilling that role. It is important that the operator is able to continually access and understand information relating to gambling activity by the same customer in different parts of the business so that the operator has a fuller picture of the risks to which they are exposed.

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## Customer relationships consist of the following three aspects:

- the establishment of the business relationship with the customer
- the monitoring of customer activity, including account deposits and withdrawals
- the termination of the business relationship with the customer.

In all instances of the relationship it is necessary to consider whether the customer is engaging in money laundering, including criminal spend, and to report suspicious activity and seek a defence (appropriate consent) where appropriate, as well as considering any risk to the licensing objectives.

Customer relationships are discussed in Customer relationships of this advice.

## Duties under the Proceeds of Crime Act 2002

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### **POCA imposes duties on all operators to:**

- disclose instances where operators know or suspect that another person is engaged in money laundering
- make disclosures in the prescribed form and manner
- obtain a defence (appropriate consent) to do a prohibited act, where appropriate.

If a person carries out any action contemplated under the principal money laundering offences, the person can potentially commit one or more of the principal offences, except if an authorised disclosure is made prior to carrying out the action. The principal offences can be committed by any employee of the operator, except if a report is made to the NCA and, where applicable, a defence (appropriate consent) is obtained from the NCA. Therefore, in all instances where customers' funds are known or suspected to have criminal origins, a report must be made to the NCA at the earliest opportunity.

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### **Nominated officer**

Whilst it is only incumbent upon those companies in the regulated sector (which, in the gambling industry, currently includes non-remote and remote casinos) to appoint nominated officers, the Commission recommends that operators in the non-regulated sector also consider appointing a nominated officer, as this will help them meet their obligations under POCA more effectively.

Where a nominated officer is appointed, they will normally be responsible for ensuring that, when appropriate, information or any other matter leading to knowledge or suspicion of money laundering is properly disclosed to the NCA. The decision to report or not to report suspicious activity is the responsibility of the nominated officer.

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## The nominated officer will:

- receive internal disclosures under Part 7 of POCA (opens in a new tab)
- decide whether these disclosures should be reported to the NCA
- if appropriate, make such external reports to the NCA
- ensure that a defence (appropriate consent) is applied for, as necessary.

The nominated officer should record all decisions made in this regard.

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## Suspicious activity reporting

All operators are required to make a report in respect of information that comes to them within the course of their business:

- where they know
- where they suspect

that a person is engaged in money laundering, including criminal spend.

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## In order to provide a framework within which suspicious activity reports (SARs) may be raised and considered:

- each operator should ensure that employees make reports to the operator's nominated officer, or an employee in a managerial capacity, where they know or suspect that a person is engaged in money laundering

- the nominated officer, or the manager, should consider each report, and determine whether it warrants the submission of a SAR
- operators should ensure that employees are appropriately trained.

Knowledge means actual knowledge. Having knowledge means actually knowing something to be true. In a criminal court, it must be proved that the individual in fact knew that a person was engaged in money laundering.

Whether you hold suspicion or not is a subjective test. Being suspicious of a transaction does not require knowledge of the exact nature of the criminal offence or that the funds are definitely those arising from the crime.

In order for a disclosure to the NCA to be made, it is not necessary to know or to establish the exact nature of any underlying criminal offence, or that the particular funds or property were definitely those arising from a crime. Furthermore, it is not necessary to await conviction of a customer for money laundering or other criminal offences in order to generate suspicion that money laundering has taken place.

If operators handle any proceeds of crime, they may commit a principal money laundering offence. However, if the operator submits a SAR to the NCA, this may provide a defence. There is a statutory mechanism which allows the NCA either to grant or refuse the 'prohibited act' going ahead. This statutory mechanism is called 'appropriate consent' and is referred to by the NCA as 'requesting a defence from the NCA under POCA and TACT'.

A defence (appropriate consent) is granted by the NCA's United Kingdom Financial Intelligence Unit (UKFIU) Consent Desk, who carry out the necessary internal enquiries, and will contact the appropriate law enforcement agency, where necessary, for a defence (consent) recommendation. Once the NCA's decision has been reached, the disclosing operator will be informed of the decision by telephone, and be given a reference number, which should be recorded, along with the operator's record of decisions made.

Operators duties under POCA, the status and role of the nominated officer, suspicious activity and reporting, and requesting a defence (appropriate consent) are discussed in Duties under the Proceeds of Crime Act 2002 of this advice.

## Failing to report (nominated officer)

POCA creates an offence of failing to report suspicious activity (failure to disclose). Where a person nominated by the operator to receive disclosures fails to comply with the obligation to make a report to the NCA as soon as practicable after the information is received, that person is open to criminal prosecution.

**! Warning The criminal sanction under POCA is a prison term of up to five years and/or a fine.**

The offence of failing to report is discussed in Failing to report (nominated officer) of this advice.

## After a report has been made

When an enquiry is under investigation, the investigating officer may contact the operator to ensure that they have all the relevant information which supports the original disclosure.

The investigating officer will work closely with the operator, who will normally receive direct feedback on the stage reached in the investigation.

This is discussed in more detail in after a report has been made.

## Prejudicing an investigation

Where a confiscation investigation, a civil recovery investigation or a money laundering investigation is being, or is about to be, conducted, it is a criminal offence for anyone to release information which is likely to prejudice the investigation. It is also a criminal offence to falsify, conceal, destroy or otherwise dispose of documents which are relevant to the investigation (or to cause or permit these offences).

There are a number of defences to the offence, including that the person did not know or suspect that the disclosure is likely to prejudice the investigation. The offence of prejudicing an investigation can be committed before or after a disclosure has been made.

Reasonable enquiries of a customer regarding the background to a transaction or activity that is inconsistent with the normal pattern of activity, and may be driven by social responsibility concerns, should not result in the offence of prejudicing an investigation, unless you know or suspect that an investigation is current or impending and, importantly, make the enquiries in a way that it discloses those facts.

The prejudicing an investigation offence is discussed in Prejudicing an investigation of this advice.

## Training

Under POCA, employees face criminal penalties if they are involved in money laundering, unless they make a report of known or suspected money laundering activity. It is important, therefore, that employees are made aware of their legal obligations and how to correctly discharge them.

Operators should also take reasonable steps to ensure that employees are aware of the money laundering risks faced by the operator, the operator's procedures for managing those risks, the identity and responsibilities of the person responsible for making reports to the NCA, and the potential effect of a breach of POCA on the operator and its employees.

Training is discussed further in Part 2 - the advice in this guide.

## Terrorist financing

The Terrorism Act 2000 (opens in a new tab) establishes several offences about engaging in or facilitating terrorism, as well as raising or possessing funds for terrorist purposes. The Terrorism Act also contains defences to the principal terrorist property offences, in a similar way to POCA. Operators should report instances of suspected terrorist financing to the NCA using the same methods as those for the reporting of known or suspected money laundering activity.



Terrorist financing is discussed in Terrorist financing of this advice.

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# The advice

## What is meant by the proceeds of crime and money laundering?

Broadly, the term 'proceeds of crime' or 'criminal proceeds' refers to all property from which a person benefits directly or indirectly, by being party to criminal conduct, for example, money from drug dealing or stolen in a burglary or robbery (this is commonly referred to as criminal property). It also includes property that a person gains by spending the proceeds of criminal conduct, for example, if a person uses money earned from drug dealing to buy a car or a house, or spends money gained in a bank robbery to gamble.

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## Typically, classic money laundering consists of a number of stages:

- placement
- layering
- integration.

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### 1. Placement

Placement is the first stage in the money laundering cycle. The laundering of criminal proceeds is often required because of the cash-intensive nature of the underlying crime (for example, drug dealing where payments take the form of cash, often in small denominations). The monies are placed into the financial system or retail market, or are smuggled to another country. The aim of the money

launderer is to avoid detection by the authorities and to then transform the criminal proceeds into other assets.

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## 2. Layering

Layering is the next stage and is an attempt to conceal or disguise the source and ownership of the criminal proceeds by creating complex layers of financial transactions which obscure the audit trail and provide anonymity. The purpose of layering is to disassociate the criminal proceeds from the criminal activity which generated them. Typically, layers are created by moving monies in and out of various accounts and using electronic fund transfers.

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## 3. Integration

Integration is the final stage in the process. It involves integrating the criminal proceeds into the legitimate economic and financial system, and assimilating it with other assets in the system. Integration of the 'clean' money into the economy is accomplished by the money launderer making it appear to have been legally earned.

## **There is potential for the money launderer to use gambling at every stage of the process.**

The land-based gambling industry is particularly vulnerable during the placement stage as the use of cash is prevalent and the provenance of such cash is not easy to determine. Although the remote gambling industry might appear less vulnerable as electronic transfers are required for placements, identify theft and identify fraud can enable the money launderer to move criminal proceeds with anonymity. Furthermore, the use of multiple internet transactions can facilitate the layering stage of money laundering.

Operators should be mindful that the offence of money laundering also includes simple criminal spend (the use of criminal proceeds to fund gambling as a leisure activity), and may not include all the typical stages of the laundering process (if any at all).

## **The Proceeds of Crime Act 2002**

In section 340 of POCA ([opens in a new tab](#)), criminal property is defined as property which:

- constitutes a person's benefit from criminal conduct or represents such a benefit, in whole or in part, and whether directly or indirectly
- and the alleged offender knows or suspects it constitutes or represents such a benefit.

It is immaterial who carried out the criminal conduct, who benefited from it and whether the conduct occurred before or after the passing of POCA.

## **Criminal conduct, in turn, is defined as conduct which:**

- constitutes an offence in any part of the United Kingdom
- or would constitute an offence in any part of the United Kingdom if it occurred there.

This means that offences from which the proceeds of crime are generated are relevant for these purposes even if the principal offence was committed abroad, so long as the principal offence would also be a crime if it was committed in the United Kingdom.

A person benefits from conduct if they obtain property as a result of or in connection with the conduct. If a person benefits from criminal conduct, their benefit is the property obtained as a result of, or in connection with, the conduct. Property includes money, all forms of property, real (for example, land and buildings) or personal (for example, cars, furniture and clothing), inherited or moveable (for example, machinery and livestock), and intangible property (for example, trademarks, copyrights and patents). Property is obtained by a person if he obtains an interest in it. Property is 'criminal property' if it is a person's benefit from criminal conduct or it represents such benefit, either directly or indirectly, as long as the alleged offender knows or suspects that it constitutes or represents such a benefit.

If a person gains a financial advantage as a result of, or in connection, with criminal conduct, he is to be taken to have obtained a sum of money equal to the value of the financial advantage.

The principal money laundering offences specified within POCA criminalise a person's dealings with criminal property, subject to certain exceptions. The principal offences and the exceptions are discussed next.

## **Offences under the Proceeds of Crime Act 2002**

The criminal offences of money laundering were first introduced in the United Kingdom in the Criminal Justice Act 1988 ([opens in a new tab](#)) and the Drug Trafficking Offences Act 1986 ([opens in a new tab](#)). POCA consolidated, updated and reformed the criminal law relating to money laundering to include any

dealing in criminal property, which is defined widely as the proceeds of any type of crime, however small the amount.

POCA applies to everyone, although certain offences relating to the failure to report (except in relation to a nominated officer) and 'tipping off' only apply to those operating in the regulated sector. The businesses that fall within the regulated sector are specified in Schedule 9 of POCA (opens in a new tab), and include credit institutions, financial institutions, auditors, insolvency practitioners, external accountants, tax advisers, independent legal professionals, trust or company service providers, estate agents, high value dealers and casino operators.

POCA creates several principal offences that apply to everyone and criminalise any involvement in the proceeds of any crime if the person knows or suspects that the property is criminal property (Sections 327 (opens in a new tab), 328 (opens in a new tab) and 329 (opens in a new tab) of POCA). These offences relate to the concealing, disguising, converting, transferring, acquisition, use and possession of criminal property, as well as an arrangement which facilitates the acquisition, retention, use or control of criminal property. For example, in the gambling industry, this may involve the taking of cash, cheque or card payments, based on funds which are the proceeds of crime, in the form of a bet or wager, or holding money on account for a customer for the purposes of gambling.

Section 327 (opens in a new tab) of POCA provides that a person commits an offence if they:

- conceal criminal property (for example, by depositing funds obtained through criminal activity into a gambling account)
- disguise criminal property (for example, by placing funds obtained through criminal activity into a gambling account and then withdrawing them at a later date)
- convert criminal property (for example, by placing bets in a gambling establishment and then cashing in the winnings)
- transfer criminal property (for example, by transferring property to another person or to a gambling operator)
- remove criminal property from the United Kingdom (for example, by taking their winnings overseas).

Concealing or disguising property includes concealing or disguising its nature, source, location, disposition, movement or ownership, or any rights with respect to it. Whilst 'converting' criminal property is not defined in POCA, it is suggested that this be given its conventional legal meaning, that is that the 'converter' has dealt with the property in a manner inconsistent with the rights of the true owner of the property. For example, a criminal steals cash in a bank robbery and then uses that cash to open a gambling account and place bets.

Section 328 (opens in a new tab) of POCA provides that a person commits an offence if they enter into or become concerned in an arrangement which they know or suspect facilitates, by whatever means, the acquisition, retention, use or control of criminal property by or on behalf of another person. An example of this in the gambling industry would be for an operator knowingly to accept stakes that are the proceeds of criminal activity.

Section 329(1) (opens in a new tab) of POCA provides that a person commits an offence if they:

- acquire criminal property
- use criminal property
- have possession of criminal property (for example, via stakes).

Acquisition, use and possession under section 329(1) (opens in a new tab) includes, for example, when a person carries, holds or looks after criminal property or acquires criminal property for 'inadequate consideration'. This means when a person buys or exchanges something which is significantly below market value (inadequate consideration). However, a person does not commit such an offence if they acquire or use or have possession of the property for adequate consideration.

The principal money laundering offences are wide and can be committed by anyone, including, for example, an employee of an operator, who has knowledge or suspicion that a customer is using the proceeds of crime, or has possession of the proceeds of criminal activity.

The offence of money laundering and the duty to report under POCA apply in relation to the proceeds of any criminal activity, wherever conducted, including abroad, that would constitute an offence if it took place in the United Kingdom. However, a person does not commit an offence of money laundering where it is known or believed, on reasonable grounds, that the relevant criminal conduct occurred outside the United Kingdom and the relevant conduct was not criminal in the country where it took place and is not of a description prescribed by an order made by the Secretary of State (Section 327(2A) (opens in a new tab) of POCA).

The money laundering offences assume that a criminal offence has occurred in order to generate the criminal property which is now being laundered. This is often known as a predicate offence. No conviction for the predicate offence is necessary for a person to be prosecuted for a money laundering offence (note that, following the decision in relation to R v Anwoir [2008] 2 Cr. App. R. 36, the Prosecution does not need to prove a specific criminal offence, but can instead show that it derived from conduct of a specific kind or kinds and that conduct of that kind or those kinds was unlawful, and by evidence of the circumstances in which the property had been handled, which were such as to give rise to the irresistible inference that it could only have been derived from crime).

While POCA places responsibilities on operators, the legislation also gives them protection if they report suspicious activity. Operators will have a defence to the principal money laundering offences in sections 327 (opens in a new tab), 328 (opens in a new tab) or 329 (opens in a new tab) of POCA if they:

- make an authorised disclosure under section 338 (opens in a new tab) of POCA prior to the offence being committed and obtain a defence (appropriate consent) under section 335 (opens in a new tab) of POCA (the consent defence)
- intended to make an authorised disclosure but had a reasonable excuse for not doing so (the reasonable excuse defence).

Authorised disclosures and requesting a defence (appropriate consent) are discussed in Duties under the Proceeds of Crime Act 2002 of this advice.

**! Warning The penalty for conviction on indictment for an offence under sections 327 (opens in a new tab), 328 (opens in a new tab) or 329 (opens in a new tab) of POCA is imprisonment for a term not exceeding 14 years, a fine, or both (Section 334 (opens in a new tab) of POCA).**

In addition, POCA contains provisions for the recovery of the proceeds of crime and forfeiture can be granted, regardless of whether a conviction for any offence has been obtained or is intended to be obtained. Under certain circumstances, criminal property can be recoverable even if it is disposed of to another person (Section 304 (opens in a new tab) of POCA).

## Risk-based approach

A risk-based approach involves a number of discrete steps to assess the most proportionate way to manage and mitigate the money laundering risks faced by the operator. These steps require the operator to:

- identify the money laundering risks that are relevant to the operator
- design and implement policies, procedures and controls to manage and mitigate these assessed risks
- monitor and improve the effective operation of these controls
- record what has been done, and why.

The possibility of gambling facilities being used by criminals to assist in money laundering poses many risks for operators. These include criminal and regulatory sanctions for operators and their employees, civil action against the operator and damage to the reputation of the operator, leading to a potential loss of business.

Operators need to continually identify, assess and manage these risks, just like any other business risk. They should assess the level of risk in the context of how their business is structured and operated, and the controls in place to minimise the risks posed to their business by money launderers, including those engaged in criminal spend. The risk-based approach means that operators focus their resources on the areas which represent the greatest risk. The benefits of this approach include a more efficient and effective use of resources, minimising compliance costs and the flexibility to respond to new risks as money laundering methods change.

Most operators manage their commercial or business risks and measure the effectiveness of the policies, procedures and controls they have put in place to manage those risks. A similar approach is appropriate to managing the operator's regulatory risks, including money laundering risks. Existing risk management systems should, therefore, address the regulatory and money laundering risks, or a separate system should be in place for that purpose. The detail and complexity of these systems will depend on the operator's size and the complexity of their business.

Even though operators outside the regulated sector (clarified in Offences under the Proceeds of Crime Act 2002 are not obliged to have systems and procedures in place under AML legislation, the Commission nonetheless expects AML systems and procedures to be in place in accordance with the relevant licence conditions and codes of practice. Also, POCA imposes obligations on all operators that must be satisfied, as a breach can constitute a criminal offence (Sections 327 (opens in a new tab) to 332 (opens in a new tab) of POCA). Systems and procedures assist operators in complying with these obligations, particularly in relation to reporting suspicious activity.

In order to detect customer activity that may be suspicious, it is necessary to monitor all transactions or activity. The monitoring of customer activity should be carried out using a risk-based approach. Higher risk customers should be subjected to a frequency and depth of scrutiny greater than may be appropriate for lower risk customers. Operators should be aware that the level of risk attributed to customers may not correspond to their commercial value to the business.

Where a customer is assessed as presenting a higher risk, additional information in respect of that customer should be collected. This will help the operator judge whether the higher risk that the customer is perceived to present is likely to materialise, and provide grounds for proportionate and recorded decisions. Such additional information should include an understanding of where the customer's funds and wealth have come from. The need to 'know your customer' (KYC) is particularly relevant here. While the Commission recognises that some relationships with customers will be transient or temporary in nature, operators still need to give consideration to this issue in relation to all customers.

Operators should satisfy themselves that the sources of information employed to carry out KYC checks are suitable to mitigate the full range of risks to which they might be exposed, and these include money laundering and social responsibility risks. For example, local or open source information, such as press reports, may be particularly helpful in carrying out these checks.

Deciding that a customer presents a higher risk of money laundering does not automatically mean that the person is a criminal or is laundering money. Similarly, identifying a customer as having a low risk of money laundering does not mean that the customer is definitely not laundering money or engaging in criminal spend. Operators, therefore, need to remain vigilant and use their experience and judgement in applying their risk-based criteria and rules.

No system of checks will detect and prevent all money laundering activity. A risk-based approach will, however, serve to balance the burden placed on operators and their customers with a realistic assessment of the threat of the operator being involved, albeit unintentionally, in money laundering. It focuses the effort where it is most needed and will have the most impact. It is not a blanket, one size fits all approach, and therefore operators have a degree of flexibility in the methods they employ.

A risk-based approach requires the full commitment and support of senior management, and the active co-operation of all employees. It should be part of the operator's philosophy and be reflected in an operator's policies, procedures and controls. There needs to be clear communication of the policies, procedures and controls to all employees, along with robust mechanisms to ensure that they are carried out effectively, weaknesses are identified and improvements are made, wherever necessary. Where the operator forms part of a larger group of companies, there needs to be sufficient senior management oversight of the management of risk.

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## Identifying and assessing the risks

The operator should assess its risks in the context of how it is most likely to be involved in money laundering and criminal spend. Assessment of risk is based on a number of questions, including:

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### Questions

- What risk is posed by the business profile and the profile of customers using the gambling facilities?
- Is the business high volume, consisting of many low spending customers?
- Is the business low volume, with high spending customers?



- Is the business a mixed portfolio, that is, customers are a mix of high spenders and lower spenders and/or a mix of regular and occasional customers?
- Are procedures in place to monitor customer transactions across outlets, products and platforms and mitigate any money laundering potential?
- Is the business local with regular and generally well known customers?
- Are there a large proportion of overseas customers using foreign currency or overseas based bank cheques or debit cards?
- Are customers likely to be engaged in a business which involves significant amounts of cash?
- Are there likely to be situations where the source of funds cannot be easily established or explained by the customer?
- Is the majority of business conducted through customer accounts or some other contractual arrangement?
- Is there a local clustering of gambling outlets which makes it easier for a person to launder criminal proceeds over multiple venues and products?
- Does the customer have multiple or continually changing sources of funds (for example, multiple bank accounts and cash, particularly where this is in different currencies or uncommon bank notes)?
- Are patterns of play or a high spend profile linked to specific sporting events?
- In relation to remote gaming, does the customer use shared internet protocol addresses, dormant accounts or virtual private network (VPN) connections (amongst other things, this could indicate that a group of people are using the same device or location to gamble for the purposes of committing fraud)?

As noted in Purpose of the advice, operators should also give due consideration to the money laundering risks posed by their business-to-business relationships, including any third parties they contract with. The assessment of these risks is based, among other things, on the risks posed to the operator by transactions and arrangements with business associates and third party suppliers such as payment providers and processors, including their beneficial ownership and source of funds. Effective management of third party relationships should assure operators that the relationship is a legitimate one, and that they can evidence why their confidence is justified.

The World Economic Forum provide an example (opens in a new tab) of good practice guidelines on conducting third party due diligence.

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## Risk assessments

A money laundering risk assessment is a product or process based on a methodology, agreed by the parties involved, that attempts to identify, analyse and understand money laundering risks. It serves as the first step in addressing the risks and, ideally, involves making judgments about threats, vulnerabilities and consequences.

Risk, therefore, is a function of three factors:

- **threats** – which are persons, or groups of people, objects or activities with the potential to cause harm, including criminals, terrorist groups and their facilitators, their funds, as well as past, present and future money laundering activities
- **vulnerabilities** – which are those things that can be exploited by the threat or that may support or facilitate its activities and means focussing on the factors that represent weaknesses in AML systems or controls or certain features of a country, particular sector, financial product or type of service that make them attractive for money laundering
- **consequences** – which refers to the impact or harm that money laundering may cause, including the effect of the underlying criminal and terrorist activity on financial systems and institutions, the economy and society more generally.

The key to any risk assessment is that it adopts an approach that attempts to distinguish the extent of different risks to assist with prioritising mitigation efforts. The risk assessment process should consist of the following standard stages:

- identification
- analysis
- evaluation.

The identification process begins by developing an initial list of potential risks or risk factors when combating money laundering. Risk factors are the specific threats or vulnerabilities that are the causes, sources or drivers of money laundering risks. This list will be drawn from known or suspected threats or vulnerabilities. The identification process should be as comprehensive as possible, although newly identified or previously unidentified risks may also be considered at any stage in the process.

Analysis involves consideration of the nature, sources, likelihood, impact and consequences of the identified risks or risk factors. The aim of this stage is to gain a comprehensive understanding of each of the risks, as a combination of threat, vulnerability and consequence, in order to assign a relative value or importance to each of them. Risk analysis can be undertaken with varying degrees of detail, depending on the type of risk, the purpose of the risk assessment, and the information, data and resources available.

The evaluation stage involves assessing the risks analysed during the previous stage to determine priorities for addressing them, taking into account the purpose established at the beginning of the assessment process. These priorities can then contribute to development of a strategy for the mitigation of the risks.

Money laundering risks may be measured using a number of factors. Application of risk categories to customers and situations can provide a strategy for managing potential risks by enabling operators to subject customers to proportionate controls and monitoring. The risk categories which should be considered are as follows:

- country or geographic risk
- customer risk
- transaction risk
- product risk.

The risk categories used by the Commission in **Money laundering and terrorist financing risk within the British gambling industry** are customer, product and means of payment.

## Country/geographic risk

Some countries pose an inherently higher money laundering risk than others. In addition to considering their own experiences, operators (particularly those who operate in a remote environment) should take into account a variety of other credible sources of information identifying countries with risk factors in order to determine that a country and customers from that country pose a higher risk. Operators may wish to assess information available from non-governmental organisations which can provide a useful guide to perceptions relating to corruption in the majority of countries.

Customers that are associated with higher risk countries, as a result of their citizenship, country of business or country of residence may present a higher money laundering risk, taking into account all other relevant factors. Remote operators should check customer location because of the additional risks which arise from cross-border operations.

The country/geographic risk can also be considered in conjunction with the customer risk.

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## Customer risk

Determining the potential money laundering risks posed by a customer, or category of customers, is critical to the development and implementation of an overall risk-based framework. Based on their own criteria, operators should seek to determine whether a particular customer poses a higher risk and the potential impact of any mitigating factors on that assessment. Application of risk variables may mitigate or exacerbate the risk assessment. Categories of customers whose activities may indicate a higher risk include:

- unknown or anonymous customers
- high spenders – the level of spending which will be considered to be high for an individual customer will vary among operators, and among premises managed by the same operator
- disproportionate spenders – where appropriate, operators should obtain information about customers' financial resources so that they can determine whether customers' spending is proportionate to their income or wealth
- casual customers – this includes tourists and local customers who are infrequent visitors
- regular customers with changing or unusual spending patterns
- customers using forged or stolen identities to remain anonymous
- customers from high risk or non-cooperative jurisdictions (see, in particular a list of high risk and non-cooperative jurisdictions (opens in a new tab) )
- customers who appear on international sanctions lists (see, in particular consolidated list of financial sanctions targets (opens in a new tab))
- customers who are citizens or residents of, or associated with, countries assessed by non-government organisations as high risk for corruption and financial crime (for example, Transparency

International (link opens in a new tab) and Global Witness (opens in a new tab).

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## Transaction risk (including means of payment)

Operators should consider operational aspects (products, services, games, accounts and account activities) that can be used to facilitate money laundering. In addition, operators have the following potential transaction risks:

- proceeds of crime – there is a risk that the money used by a customer has been gained through criminal activity, so greater monitoring of high spenders will help to mitigate the risk
  - cash – customers may use gambling premises to exchange large amounts of criminal proceeds, or may deposit criminal proceeds into an internet gambling account at gambling premises, including tracks
  - transfers between customers – customers may borrow money from unconventional sources, including other customers, which can offer criminals an opportunity to introduce criminal proceeds into the legitimate financial system through the gambling operator
  - depositing into accounts – criminals may use accounts to deposit criminal proceeds and then withdraw funds with little or no play
  - redemption of tickets for cash or cheque, particularly after minimal or no play
  - multiple gambling accounts or wallets – customers may open multiple accounts or wallets with an operator in order to obscure their spending levels or to avoid CDD threshold checks
  - changes to bank accounts – customers may hold a number of bank accounts and regularly change the bank account they use for gambling purposes
  - identity fraud – details of bank accounts may be stolen and used on, for example, remote gambling websites, or stolen identities may be used to open bank accounts or gambling accounts
  - pre-paid cards – these cards pose the same risks as cash as operators normally cannot perform the same level of checks on the cards as they can on bank accounts
  - e-wallets – some e-wallets accept cash on deposit or digital currencies, which pose a higher risk, and some customers may use e-wallets to disguise their gambling.
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## Product risk

Product risk includes the consideration of the vulnerabilities associated with the particular products offered by the gambling operator. In non-remote premises there are a number of gambling opportunities that offer the potential for a money launderer to place funds anonymously and generate winnings, or withdraw funds after minimal play. These are more fully discussed below, and include the use of cash and automated

ticket redemption facilities where there is little or no interaction with staff. Remote gambling products present a heightened money laundering risk as the customers who use the products are not present.

## Examples of products which may pose a money laundering risk therefore include:

- gaming machines, which can be used to launder stained or fraudulent bank notes/coins
- the use of automated ticket redemption machines, which allow a customer to avoid interaction with staff
- scratchcards (in the lottery sector)
- interactive win games and draw-based games (in the lottery sector).

The risk categories or factors described above are not intended to be prescriptive or comprehensive. They will not apply universally to all operators and, even when they are present, there may be different risk outcomes for different operators and premises, depending upon a host of other factors. However, the factors are intended as a guide to help operators conduct their own risk assessments, and to devise AML/CTF policies, procedures and controls which accurately and proportionately reflect those assessments.

The weight given to the risk factors used by the operator in assessing the overall risk of money laundering, both individually or in combination, may vary from one operator or premises to another, depending on their respective circumstances. Consequently, operators also have to make their own determination as to the weight given to risk factors.

Risk levels may be impacted by a number of variables, which will also have an impact on the preventative measures necessary to tackle the risks in a proportionate manner. These variables include:

- whether the operator's business model is focused on:
  - attracting a large number of customers who gamble relatively small amounts
  - attracting a small number of customers who gamble relatively large amounts
- speed and volume of business
- for non-remote operators, the size of the premises
- the customer profile, for example whether:
  - the majority of customers are regular visitors or are members
  - the operator relies on passing trade, including tourists
- types of financial services offered to customers
- types of customer payments and payment methods
- types of gambling products offered
- the customers' gambling habits
- staffing levels, and staff experience and turnover
- the type and effectiveness of existing gambling supervision measures and mechanisms

- whether the operator:
- owns or manages other gambling establishments
- offers different types of gambling
- has other internet gambling websites
- whether the premises are standalone or integrated with other leisure facilities
- whether the operator is based in one country or has a gambling presence in multiple countries.

Many customers carry a lower risk of money laundering. These might include customers who are regularly employed or who have a regular source of income from a known source which supports the activity being undertaken (this applies equally to pensioners, benefit recipients or to those whose income originates from their partner's employment or income).

Conversely, many customers carry a higher risk of money laundering. These may include known criminals, customers who are not regularly employed or who do not have a regular source of income from a known source which supports the level of activity being undertaken, or problem gamblers.

### **Examples**

A drug dealer, whose only legitimate source of income for ten years was > state benefits, spent more than £1million in various gambling establishments over the course of two years, and lost some £200,000. All the transactions appeared to involve cash.

A grandparent with no previous gambling history, on a state pension, began to make weekly bets of about £100. Investigations later revealed that the grandparent was placing the bets on behalf of a grandson, a known criminal, and that the money spent was the proceeds of his criminal activity.

An individual was in receipt of state benefits with no other apparent form of income, but then gambled significant amounts through a licensed operator. Deposits of over £2million were made to an online gambling account over the course of about two years from a multiple of sources, such as debit card and credit card, and various e-money and e-wallet services. Investigations revealed that their gambling was funded by criminal activity.

Over an extended period of time, an individual who claimed to be a gambling addict stole equipment worth a substantial amount of money from their employer and resold it for their own gain. They then used most of these criminal proceeds to gamble, depositing almost £6million into an online gambling account and losing almost £5million, involving about 40,000 individual gambling transactions. The individual remained in employment throughout this period.

Operators are best placed to identify and mitigate risks involved in their business activity. A crucial element of this is to ensure that systems are in place to identify and link player activity, and for senior management to oversee risk management and determine whether their policies and procedures are effective in design and application. Reliance on third parties to conduct risk assessment and management does not relieve the operator of its ultimate responsibility to assess and manage its own risks (in accordance with licence condition 12.1.1).

A money laundering risk assessment is not a one-off exercise. The relevant licence condition requires operators to review their money laundering risk assessments at least annually, but they must be reviewed as necessary in the light of any changes of circumstances, including the introduction of new products or technology, new methods of payment by customers, changes in the customer demographic or any other material changes.

Operators should ensure that their policies, procedures and controls for managing money laundering risks, including the detection of criminal spend, are kept under regular review. For example, industry innovation may expose operators to new risks and an appropriate assessment of the risk is recommended before implementing any new product, system, control, process or improvement.

## Customer relationships

Operators should be mindful that some risk indicators (for example, a pattern of increasing spend or spend inconsistent with apparent source of income) could be indicative of money laundering, but also equally of problem gambling, or both. There may also be patterns of play (for example, chasing losses) that appear to be indicative of problem gambling that could also be considered to indicate other risks (for example, spend that is inconsistent with the individual's apparent legitimate income could be the proceeds of crime). While patterns of play may be one indicator of risk, operators should satisfy themselves that they have asked, or are prepared to ask, the necessary questions of customers when deciding whether to establish a business relationship, maintain the relationship or terminate the relationship. In summary, it is perfectly plausible that an individual attempting to spend criminal proceeds or launder money could also be a problem gambler, but one does not necessarily follow the other. The responsibility is on the operator to be in a position to understand these dynamics and mitigate any risks to the licensing objectives.

Operators are subject to both certain provisions of POCA and the Act (and the relevant licence conditions and codes of practice). Operators have the responsibility to comply with the licensing objectives and, therefore, they should carry out appropriate enquiries and assessments to ensure that they do so. While the conclusions drawn and actions taken may differ according to whether money laundering and/or social responsibility risks are identified, the effective identification and management of these risks rests upon the ability of operators to have a comprehensive knowledge of their customer relationships and for managers to be clear on their responsibilities.

It is also important that the operator is able to reconcile information relating to customers' gambling activities in different parts of the business so that they have a more complete picture of the risks posed by the activities of individual customers.

Commercial and business information should be considered for AML as well as social responsibility purposes when transacting with an individual. This should include arrangements for the monitoring of customers with whom a business relationship has been established. For example, information about customer spend can be used by the operator to proactively monitor high risk customers in relation to their money laundering risk.

Customer relationships need to be managed proficiently and records should be maintained as to what information was communicated to the customer, why it was communicated and what considerations were made. If players expect that customer interaction is likely should they play with large amounts of money, or for lengthy periods, and such interaction is consistently applied, there would be less reason for customers to question or become suspicious of the motives of these interactions. Operators may find it helpful to provide their customers with a leaflet which explains why they are being asked questions about their game play.

The Commission recognises that some operators may find their obligations under POCA challenging, particularly in relation to the management of customer relationships, but it is incumbent on operators to have policies, procedures and controls in place to ensure that they comply with all relevant provisions of POCA (and the Act and the relevant licence conditions and codes of practice), in particular in relation to

the reporting of money laundering activity by customers and the obtaining of a defence (appropriate consent) where necessary.

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## **Customer relationships for AML purposes consist of three aspects:**

- the establishment of the business relationship with the customer
- the monitoring of customer activity, including account deposits and withdrawals
- the termination of the business relationship with the customer.

At all stages of the relationship it is necessary to consider whether the customer is engaging in money laundering (including criminal spend); whether there is a need to report suspicious activity and seek a defence (appropriate consent); and any risks posed to the licensing objectives.

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## **Establishment of business relationship**

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### **The establishment of a business relationship with a customer is likely to occur when, for example, the customer:**

- places a wager or bet with the operator using cash or cheque, or pays using a bank or similar card
- opens a gambling account with the operator or joins a membership scheme (where one is offered by the operator)



- places money on account with the operator.

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## When establishing a business relationship, operators will need to give consideration to the following:

- the potential money laundering risk posed by the customer
- whether it is necessary to do KYC or due diligence checks on the customer
- whether it is known or suspected that the customer may launder money (including criminal spend).

Where the operator becomes aware that the customer is attempting to use the operator to launder criminal proceeds (including criminal spend), the operator must carefully consider whether either not to establish the business relationship, or to suspend or terminate the business relationship at the earliest opportunity. In either case, it is recommended that a SAR is submitted to the NCA and, where there are funds to be returned to the customer, seek a defence (appropriate consent) to a principal money laundering offence.

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## Customer monitoring

Where, through their customer profile or known pattern of gambling activity, the customer appears to pose a risk of actual or potential money laundering, the operator should monitor the gambling activity of the customer and consider whether further due diligence measures are required. This should include a decision about whether a defence (appropriate consent) should be sought for future transactions, or whether the business relationship with the customer should be terminated where the risk of breaches of POCA are too high.

Operators should ensure that the arrangements that they have in place to monitor customers and the accounts they hold across outlets, products and platforms (remote and non-remote) are sufficient to manage the risks that the operator is exposed to. This should include the monitoring of account deposits and withdrawals. Those operators that rely heavily on gaming machines should also have practical systems in place to effectively monitor and reconcile customer spend on gaming machines. Any suspicious activity should be reported by means of a SAR to the NCA.

Once knowledge or suspicion of criminal spend is linked to a customer in one area of the business (for example, over the counter bets), operators should monitor the customer's activity in other areas of the business (for example, gaming machine play).

If the customer's patterns of gambling lead to an increasing level of suspicion of money laundering, or to actual knowledge of money laundering, operators should seriously consider whether they wish to allow the customer to continue using their gambling facilities, otherwise the operator may potentially commit one of the principal money laundering offences.

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## Termination of business relationship

As already discussed, to avoid potentially committing one of the principal money laundering offences, operators need to consider ending the business relationship with a customer in the following circumstances:

- where it is known that the customer is attempting to use the operator to launder criminal proceeds or for criminal spend
- where the risk of breaches to POCA are considered by the operator to be too high
- where the customer's gambling activity leads to a steadily increasing level of suspicion, or actual knowledge, of money laundering.

Where the operator terminates a business relationship with a customer and they know or suspect that the customer has engaged in money laundering, they should seek a defence (appropriate consent) from the NCA before paying out any winnings or returning funds to the customer.

## Duties under the Proceeds of Crime Act 2002

POCA imposes duties on all operators to:

- disclose instances where operators know or suspect that another person is engaged in money laundering
- and make disclosures in the prescribed form and manner
- and obtain a defence (appropriate consent) to do a prohibited act, where appropriate.

## Authorised disclosures

If a person carries out any action contemplated under the principal offences discussed in Offences under the Proceeds of Crime Act 2002, the person can potentially commit one or more of the principal offences, except if an authorised disclosure is made prior to carrying out the action. The principal offences can be committed by any employee of the operator, except if a report is made to the NCA and, where applicable, a defence (appropriate consent) is obtained from the NCA (Sections 327 (2) (opens in a new tab), 328 (2)

(opens in a new tab) and 329 (2) (opens in a new tab) of POCA). These authorised disclosures or reports are referred to as SARs. A SAR is submitted where someone has knowledge, suspicion or belief that another person is laundering money.

The SAR regime for money laundering is administered by the UKFIU, which is part of the NCA. The UKFIU works with UK law enforcement, government agencies, supervisors and other international financial intelligence units to prevent and disrupt money laundering. SARs submitted to the UKFIU are processed, analysed and disseminated to UK law enforcement and other government bodies, and via the international network of financial intelligence units.

In all instances where customers' funds are known or suspected to have criminal origins, a SAR must be submitted to the NCA at the earliest opportunity using the methods set out on the NCA's website.

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## **Operators should have a system clearly setting out the requirements for submitting SARs to the NCA. This system should include:**

- the circumstances in which a disclosure (SAR) is likely to be required
- how and when information is to be provided to the person responsible for making reports to the NCA
- resources which can be used to resolve difficult issues regarding a disclosure (SAR)
- how and when a SAR is to be submitted to the NCA
- how employees can manage a customer when a SAR has been submitted and a defence (appropriate consent) is awaited
- the need to be alert to circumstances which could lead to offences of prejudicing an investigation.

## **Appointment of nominated officer**

Whilst it is only incumbent upon those companies in the regulated sector (which, in the gambling industry, at the time of writing, includes non-remote and remote casinos) to appoint nominated officers, the Commission recommends that operators in the non-regulated sector also consider appointing a nominated officer, as this will help them meet their obligations under POCA more effectively. This can particularly assist in the reporting of suspicious activity to the NCA, as it is the nominated officer who will have this duty. The nominated officer can also give 'appropriate consent' to a transaction going ahead (this is discussed in more detail in the section Requesting a defence). Employees will also have protection from

prosecution because, so long as they report any known or suspected money laundering activity to the nominated officer (this is called 'internal disclosure'), they will have a defence to the principal money laundering offences under POCA, as the decision whether to report or not to report to the NCA and request a defence (appropriate consent) is the sole responsibility of the nominated officer.

In determining the status of the nominated officer and identifying the appropriate position for this officer within the overall organisational structure, operators need to ensure their independence within the business and that they have access to all relevant information to enable them to discharge their duties. Responsibilities will include objectively reviewing decisions and, on occasions, making recommendations that may conflict with, for instance, short term operational goals.

It is important to note, however, that the position of a nominated officer brings with it responsibilities and associated offences, if the nominated officer fails to take the required action, even though the operator may be outside the regulated sector. The responsibilities of the nominated officer and the associated offences are discussed below. Further details can be found in Part 7 (opens in a new tab) of POCA.

Where operators do not formally appoint a nominated officer, it is still advisable for an appropriately senior manager to take particular responsibility for complying with the operator's obligations under POCA. The appointment of an individual responsible for and well versed in identifying, assessing, monitoring and effectively managing money laundering risk in a comprehensive manner (proportionate to the scale and nature of the operator's activities), who can be held to account both within the operator and by external agencies, is a practical and transparent solution.

The Commission recognises that some operators (particularly small scale operators) may have a structure in which the nominated officer will hold other roles and responsibilities. The Commission is content, for example, that the nominated officer may take on other compliance roles and responsibilities. However, this is subject to the key principles set out here, including the ability to report directly to the board (or the head of the organisation) and the NCA, and the ability to make AML decisions independently of operational concerns.

## Role of nominated officer

The role of the nominated officer is to apply the same rigour in their approach to managing money laundering risk as the operator does in managing its commercial systems. The nominated officer should report to the board internally (or to the chief executive for small organisations), and direct to the NCA in relation to known or suspected money laundering activity (including criminal spend) and/or to request a defence (appropriate consent).

Where a nominated officer is appointed, he will normally be responsible for ensuring that, when appropriate, information or any other matter leading to knowledge or suspicion of money laundering is properly reported to the NCA. The decision to report or not to report suspicious activity is the personal responsibility of the nominated officer. The nominated officer must also liaise with the NCA or law enforcement agencies on the issue of whether to proceed with a transaction or what information may be disclosed to customers or third parties.

Where one has been appointed by an operator, the nominated officer will:

- receive internal disclosures (internal reports) under Part 7 (opens in a new tab) of POCA
- decide whether these should be reported to the NCA

- if appropriate, make such external reports to the NCA
- ensure that a defence (appropriate consent) is requested, as necessary.

The nominated officer should record all decisions made in this regard.

The nominated officer should be able to monitor the day-to-day operation of the operator's AML policies, and respond promptly to any reasonable request for information made by the Commission or law enforcement bodies. The Commission expects the nominated officer to take ultimate managerial responsibility for AML issues, but this does not diminish senior management responsibility for AML.

Where an operator's nominated officer delegates to another employee, the nominated officer remains responsible for AML issues and is likely to remain liable for the commission of any criminal offences relating to POCA. The Commission strongly recommends that, in such circumstances:

- the fact, date and time of such delegation be entered immediately in a written record
- the delegate should counter-sign by way of acceptance of responsibility
- all employees who need to be aware of the delegation should be notified immediately.

## Suspicious activities and reporting

All operators are required to make a report to the NCA in respect of information that comes to them within the course of their business:

- where they know
- or where they suspect

that a person is engaged in money laundering (including criminal spend) or attempting to launder money, if they want to avoid committing one or more of the principal offences.

Operators will only need to consider making a report if they have actual knowledge or subjective suspicion of money laundering.

In order to provide a framework within which SARs may be raised and considered:

- each operator should ensure that employees make reports to the operator's nominated officer (where one has been appointed) or an employee in a managerial capacity, where they know or suspect that a person or customer is engaged in money laundering
- the nominated officer, or the responsible manager, should consider each report, and determine whether it warrants the submission of a SAR to the NCA
- operators should ensure that employees are appropriately trained in their obligations, and the requirements for making reports to their nominated officer or the responsible manager.

If the nominated officer or responsible manager determines that a report warrants the submission of a SAR, he must report the matter to the NCA. Under POCA, the nominated officer or responsible manager is required to make a report to the NCA as soon as is practicable if he has grounds for suspicion that another person, whether or not that person is a customer, is engaged in money laundering.

## What is meant by knowledge and suspicion?

In the context of POCA, knowledge means actual knowledge. Having knowledge means actually knowing something to be true. In a criminal court, it must be proved that the individual in fact knew that a person was engaged in money laundering. Knowledge can be inferred from the surrounding circumstances, so, for example, a failure to ask obvious questions may be relied upon by a court to infer knowledge (refer to *Baden v Societe Generale pour Favouriser le Developpement du Commerce et de l'Industrie en France* [1983] BCLC 325 and [1993] 1 WLR 509). Whether knowledge is proved to the criminal standard will depend upon the exact circumstances of the case. The knowledge must, however, have come to the operator (or to an employee) in the course of business or (in the case of a nominated officer) as a consequence of a disclosure by another employee. Information that comes to the operator or employee in other circumstances does not come within the scope of the obligation to make a report. This does not preclude a report being made should the operator choose to do so. Employees may also be obliged to make a report by other parts of POCA. Further information can be found in Part 7 (opens in a new tab) of POCA.

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## **In the case of *Da Silva* [2006] EWCA Crim 1654, the Court of Appeal stated the following in relation to suspicion:**

"It seems to us that the essential element in the word 'suspect' and its affiliates, in this context, is that the defendant must think that there is a possibility, which is more than fanciful, that the relevant facts exist. A vague feeling of unease would not suffice."

There is thus no requirement for the suspicion to be clear or firmly based on specific facts, but there must be a degree of satisfaction, not necessarily amounting to belief, but at least extending beyond mere speculation, that an event has occurred or not.

Whether a person holds suspicion or not is a subjective test. If a person thinks a transaction is suspicious, they are not required to know the exact nature of the criminal offence or that particular funds are definitely those arising from the crime. The person may have noticed something unusual or unexpected and, after making enquiries, the facts do not seem normal or make commercial sense. It is not necessary to have evidence that money laundering is taking place to have suspicion. Whether a person has a suspicion is a matter for their own judgement. If they have not yet formed a suspicion but simply have cause for concern, they may choose to ask the customer or others more questions. This choice will depend on what is known about the customer and how easy it is to make enquiries.

A transaction that appears to be unusual is not necessarily suspicious. Many customers will, for perfectly legitimate reasons, have an erratic pattern of gambling transactions or account activity. Even customers with a steady and predictable gambling profile will have periodic transactions that are unusual for them. So an unusual transaction may only be the basis for further enquiry, which may in turn require judgement as to

whether the transaction or activity is suspicious. A transaction or activity may not be suspicious at the time, but if suspicions are raised later, an obligation to report the activity then arises. Likewise, if concern escalates following further enquiries, it is reasonable to conclude that the transaction is suspicious and will need to be reported to the NCA.

Unusual patterns of gambling, including the spending of unusually large amounts of money in relation to the premises or customer's profile, should receive attention, but unusual behaviour should not necessarily lead to grounds for knowledge or suspicion of money laundering, or the making of a report to the NCA. The nominated officer or the manager assigned AML duties should assess all of the circumstances and, in some cases, it may be helpful to ask the customer or others more questions. The choice depends on what is already known about the customer and the transaction, and how easy it is to make enquiries.

In order for a SAR to be made, it is not necessary to know or to establish the exact nature of any underlying criminal offence, or that the particular funds or property were definitely those arising from a crime. Furthermore, it is not necessary to await conviction of a customer for money laundering or other criminal offences in order to have suspicion that money laundering has taken place.

## What constitutes suspicious activity?

There are numerous things that can make someone either know or suspect that they are dealing with the proceeds of crime. Some examples of how suspicions may be raised are listed below, although this is not an exhaustive list and there may be other circumstances which raise suspicion.

### Examples

A man convicted of dealing in drugs is released from prison and immediately starts gambling large amounts of money. He is known to be out of work and other customers inform employees that he is supplying drugs again. This will give rise to the suspicion that he is spending the proceeds of his criminal activity.

Stakes wagered by a customer become unusually high or out of the ordinary and the customer is believed to be spending beyond his or her known means. This requires some knowledge of the customer but, nevertheless, there may be circumstances that appear very unusual and raise the suspicion that they are using money obtained unlawfully. It may be that the customer lives in low cost accommodation with no known source of income but nonetheless is spending money well above their apparent means. There is no set amount which dictates when a SAR should be made and much will depend on what is known, or suspected, about the customer.

A customer exhibits unusual gambling patterns with an almost guaranteed return or very little financial risk, including betting where the customer places bets on all possible outcomes of an event (sometimes across multiple operators). It is accepted that some customers prefer to gamble in this way but, in some instances, the actions may raise suspicion because they are different from the customer's normal gambling practices.

Money is deposited by a customer or held over a period and withdrawn by the customer without being used for gambling. For instance, suspicions should be raised by any large amounts deposited in gaming machines or gambling accounts that are then cashed or withdrawn after very little game play or gambling.

A customer regularly gambles large amounts of money and appears to find a level of losses acceptable. In this instance, the customer may be spending the proceeds of crime and sees the losses as an acceptable consequence of the process of laundering those proceeds.

A customer's spend increases over a period of time, thereby masking high spend and potential money laundering.

A customer spends little, but often, and their annual aggregate spend is high and out of kilter with his expected spend. This could indicate potential money laundering.

It is important to note that, once knowledge or suspicion of criminal spend is linked to a customer in one area of the business (for example, over the counter bets), it is good practice to monitor the customer's activity in other areas of the business (for example, gaming machine play).

## Suspicious activity reports (SARs)

The operator or operator's nominated officer (where one has been appointed) must report to the NCA any transaction or activity that, after evaluation, it is known or suspected it may be linked to money laundering. A disclosure to the NCA is made by submitting a SAR to the UKFIU. Such reports must be made as soon as is practicable after the information comes to the operator, nominated officer or responsible manager.

The NCA accepts the submission of SARs in three main ways:

### SAR online

A secure web-based reporting system for small or medium sized reporting entities with access to the internet, which allows SARs to be submitted electronically through NCA SAR Online System (opens in a new tab).

It is the NCA's preferred method of reporting. Reporters must register themselves as a source (reporting entity) on the system once, and then submit SARs by completing linked electronic screens that reflect the fields included in the paper based reports.

Requests for a defence (consent) can be submitted using SAR Online, and as long as the box for consent is checked at the start of the process, the system alerts the Consent Team automatically, ensuring swift identification and management of requests for a defence (appropriate consent). It is not necessary to send the request by fax as well as submission online.

SAR online is the NCA's preferred method for small and medium sized reporters to submit SARs. The benefit to the reporter is 24/7 reporting, an automatic acknowledgment of receipt with the ELMER reference number, an initial feedback report on the quality of the SARs submitted after six months, and investigators are able to access the information more rapidly.

### Paper-based reporting



Use the standard NCA Suspicious Activity Report Form. The NCA prefers submissions to be typed to enable them to be scanned and prevent errors in data entry. The form and guidance on using the form is available from the NCA website. Completed forms should be posted to:

*UKFIU  
PO Box 8000  
London  
SE11 5EN*

If using the form to request a defence (appropriate consent), it should be faxed immediately to 0207 238 8286, but it is not necessary to post and fax a consent request.

The paper based reporting system will not elicit an acknowledgment of receipt or an ELMER reference number for your records, and the SAR will take some time to reach investigators.

## Encrypted bulk data exchange

Used by high volume reporters, namely reporters with more than 10,000 reports a month. If an operator believes this would be the most appropriate method of reporting for their group, they should contact the UKFIU on 0207 238 8282 to discuss the matter.

Operators should include in each SAR as much relevant information about the customer, transaction or activity that it has in its records. The NCA has published a glossary of terms ([opens in a new tab](#)) which they prefer operators to use when completing SARs. This will assist in consideration of the report by the NCA.

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**Operators should ensure that they check all the facts they have about the customer and include all relevant information when submitting a SAR, which may include the following:**

- Do the staff at the local outlet know the customer's identity?
- Is a physical description of the customer available?
- Has the customer provided any records that will assist in identifying him, for example credit or debit card details?
- Has the customer ever self-excluded?

- What are the customer's product preferences and does he hold other gambling accounts (for example, prefers over the counter betting, but also uses telephone and online gambling facilities)?

In order that an informed overview of the situation may be maintained, all contact between the operator and law enforcement agencies should be controlled through, or reported back to, the nominated officer or a deputy acting in the absence of the nominated officer, or the responsible manager. The NCA may apply to the magistrates' court (or, in Scotland, the sheriff) for an order (a further information order), following the submission of a SAR, requiring the nominated officer (or reporter) to provide more information in respect of the SAR (Section 339 (opens in a new tab) of POCA). Law enforcement agencies may also apply for a disclosure order requiring any person considered to have information relevant to an investigation to answer questions, provide information or to produce documents (Sections 357 (opens in a new tab), 358 (opens in a new tab), 391 (opens in a new tab) and 392 (opens in a new tab) of POCA).

## Requesting a defence

If operators handle any proceeds of crime they may commit one of the principal money laundering offences in POCA. However, if the operator submits a SAR to the NCA, this can provide a defence. There is a statutory mechanism which allows the NCA either to grant or refuse the 'prohibited act' going ahead, or to prevent the suspected money laundering going ahead (Section 335 (opens in a new tab) of POCA). This statutory mechanism is called 'appropriate consent' and is referred to by the NCA as Requesting a defence from the NCA under POCA and TACT.

The decision whether or not to obtain a defence (appropriate consent) will arise in the following scenarios:

- concealing, disguising, converting, transferring or removing criminal property (Section 327 (opens in a new tab) of POCA)
- facilitating the acquisition, retention, use or control of criminal property by, or on behalf of, another person (Section 328 (opens in a new tab) of POCA)
- acquisition, use or possession of criminal property (Section 329 (opens in a new tab) of POCA).

These are referred to as 'prohibited acts'.

In any of these scenarios, operators will have two choices. They may choose not to go ahead with the activity in question, or they may choose to proceed. A decision to proceed will mean that the operator may be committing a money laundering offence. However, if they have made an authorised disclosure and have obtained a defence (appropriate consent), they will not be committing an offence.

Operators will need to consider how they will approach their reporting obligations and consider:

- the timing of the report(s) – particularly second or subsequent reports
- whether the operator wishes to continue to do business with the customer while awaiting a defence (appropriate consent).

A nominated officer (where one has been appointed by the operator), police constable, NCA employee or customs officer can give a person (which may include, for example, employees of the operator) actual 'appropriate consent' to a suspect transaction proceeding (Section 335(1) (opens in a new tab) of POCA). However, it should be noted that the NCA is the only body able to issue formal notification of a defence (consent) by means of an official NCA letter, which can then be retained by the operator for their records.

Alternatively, a person will be treated as having the appropriate consent if notice is given to a police constable or customs officer (but, note, not the nominated officer) and either:

- consent is not refused within seven working days (beginning with the day after the notice is given)
- if consent is refused and following such refusal, the 'moratorium period' (31 calendar days starting with the day on which the person receives notice that consent to the doing of the act is refused) has expired (Section 335(2) (opens in a new tab) of POCA).

Although notice can be given to a constable or customs officer, there is a need to ensure that the practices of all law enforcement agencies are consistent in this area. Therefore, the NCA operates as the national centre for all SARs and for the issue of decisions concerning the granting or refusal of a defence (appropriate consent). To avoid confusion requests for a defence (consent) should be routed through the NCA. See Applying for a defence for more detail.

Operators should be aware that the NCA and other authorities, such as the Financial Conduct Authority and Serious Fraud Office, can apply to the Crown Court (or, in Scotland, the sheriff) for an order to extend the moratorium period for a further 31 days. An order can be given on up to six occasions, which allows the moratorium period to be extended for a maximum period of 186 days in total.

To grant an order for an extension, in each case the Court must be satisfied that the NCA or other authority's investigation is being carried out "diligently and expeditiously", additional time is needed to complete the investigation and the extension would be reasonable in the circumstances (Section 336A (opens in a new tab) of POCA).

However, POCA provides that a nominated officer must not give the appropriate consent unless he has himself already made a disclosure to an authorised officer of the NCA and, either:

- the NCA employee has provided a defence (consented to the transaction)
- a defence (consent) is not refused within seven working days (beginning with the day after the notice is given)
- if a defence (consent) is refused and following such refusal, the 'moratorium period' (31 calendar days starting with the day on which the person receives notice that consent to the doing of the act is refused) has expired (but see Requesting a defence) (Section 336 (opens in a new tab) of POCA).

Reporting suspicious activity before or reporting after the event are not equal options which an operator can choose between, and retrospective reporting is unlikely to be seen in the same light as reporting prior to the event. A report made after money laundering has already taken place will only be a legal defence if there was a 'reasonable excuse' for failing to make the report before the money laundering took place (Section 327(2)(b) (opens in a new tab) of POCA). Where a customer request is received prior to a transaction or activity taking place, or arrangements being put in place (for example, where a customer requests the opening of a gambling account), and there is knowledge or suspicion that the transaction, arrangements, or the funds/property involved, may relate to money laundering, a SAR must be submitted to the NCA and a defence (consent) sought to proceed with that transaction or activity. In such circumstances, it is an offence for a nominated officer to agree to a transaction or activity going ahead within the seven working day notice period calculated from the working day following the date of disclosure, unless the NCA provides a defence (gives consent) (Section 336(3) (opens in a new tab) and (4) (opens in a new tab) of POCA).

The defence (consent) provisions can only apply where there is prior notice to the NCA of the transaction or activity. The NCA cannot provide a defence (consent) after the transaction or activity has occurred. A

defence (consent) request which is received after the transaction or activity has taken place will therefore be dealt with as an ordinary SAR.

In the gambling industry, business is often conducted out of normal office hours. In addition, gambling transactions may sometimes be more 'immediate' than, for example, depositing funds into a bank account where the funds may be withdrawn at a later date. In these circumstances it may sometimes not be feasible or practical to obtain a defence (appropriate consent) prior to or during a transaction. Knowledge or suspicion of money laundering may be triggered after a customer has completed all the stages of a gambling transaction. Under those circumstances, it may be reasonable to report after the transaction. However, the defence of 'reasonable excuse' when reporting after the transaction is untested by case law and should be considered on a case-by-case basis (Section 327(2)(b) (opens in a new tab) of POCA). Where the relationship with the customer is expected to have an element of duration and involve numerous transactions, it is advisable to seek a defence (consent) prior to transacting with the customer.

If knowledge or suspicion of money laundering is present, particularly if this occurs out of normal office hours, there must be a mechanism for involvement of the senior manager on duty and contact with the nominated officer (where one has been appointed) as soon as is practicable. In circumstances where this is not possible, it is advisable to report the matter to the NCA directly, where feasible.

Operators or nominated officers will need to think very carefully about whether or not to continue to do business with a customer suspected of money laundering. Relevant considerations should be the potential for criminal offences under POCA, as well as potential damage to business reputation and other commercial factors.

Operators should also note that the reporting defence is not intended to be used repeatedly in relation to the same customer. In the case of repeated SAR submissions on the same customer, it is the Commission's view that this is not a route by which operators can guarantee a reporting defence retrospectively. If patterns of gambling lead to an increasing level of suspicion of money laundering, or to actual knowledge of money laundering, operators must seriously consider whether they wish to allow the customer to continue using their gambling facilities. Operators are, of course, free to terminate their business relationships if they wish, and provided this is handled appropriately there should be no risk of prejudicing an investigation. However, operators should think about liaising with the law enforcement investigating officer to consider whether it is likely that termination of the business relationship would alert the customer or prejudice an investigation in any other way.

How customers suspected of money laundering will be dealt with is an important area of risk management for all operators. They should deal with the issue in their policies, procedures and controls. As all gambling operators are at risk of committing the principal offences, it is advisable to consider these issues carefully before they arise in practice.

For example, the operator may consider one transaction to be suspicious and reports it to the NCA as such, but the operator may be less concerned that all of an individual's future transactions are suspicious. In these circumstances, each transaction should be considered on a case-by-case basis and reports made accordingly, and a defence (appropriate consent) sought where necessary. Where subsequent reports are also made after actual or suspected money laundering has taken place or appears to have taken place, operators are encouraged to keep records about why reporting was delayed, and about why a defence (appropriate consent) was not requested before the suspected money laundering took place.

## Applying for a defence

Where SAR Online is used and a defence (appropriate consent) is needed, this can be done by ticking the 'consent requested' box. Alternatively, requests can be faxed to the NCA UKFIU Consent Desk (see the NCA (opens in a new tab) for more information). You are advised to make it explicit in your report that you are seeking a defence (consent) from the NCA.

Requests must be for a specified activity (or specified series of activities) and should not be open-ended, such as seeking a defence (consent) to 'handle all business dealings or transactions' relating to the subject of the request or the relevant account.

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## The SAR requesting a defence (appropriate consent) should set out concisely:

- who is involved
- what and where the criminal property is and its value
- when and how the circumstances arose and are planned to happen
- why you have knowledge or are suspicious.

The UKFIU Consent Desk applies the criteria set out in the **Home Office Circular 029/2008 Proceeds of Crime Act 2002: Obligations to report money laundering – the consent regime** to each request for a defence (consent), carry out the necessary internal enquiries, and will contact the appropriate law enforcement agency, where necessary, for a consent recommendation. Once the NCA's decision has been reached, the disclosing operator will be informed of the decision by telephone, and be given a consent number, which should be recorded. A formal letter from the NCA will follow.

**Home Office Circular 029/2008** contains guidance on the operation of the consent regime in POCA. It was issued to ensure consistency of practice on the part of law enforcement in considering requests for consent under Part 7 (opens in a new tab) of POCA. This was in response to concerns from the financial services industry and other sectors and professions that decisions should be taken in an effective and proportionate way, with due engagement with all participants. The circular was formulated in agreement with key partner agencies and sets out the high-level principles by which the law enforcement agencies should make decisions on consent, and how these principles should be applied.

Although POCA provides that consent can be granted by a constable (which includes authorised NCA officers) or a customs officer, there is a need to ensure that the practices of all law enforcement agencies are consistent in this area. Therefore, as a result of the circular, the NCA operates as the national centre for all authorised disclosures and also for the issue of decisions concerning the granting or refusal of a defence (consent). To avoid confusion those making requests for a defence (consent) should route requests through the NCA. The decision making process will consist of a collaborative effort between the

NCA and the other law enforcement agencies, with the latter providing a recommendation to the NCA. While the final decision will be taken by the NCA, in most cases it is likely to be based largely on the recommendation provided by the interested law enforcement agency.

All requests for a defence (consent) are dealt with by the NCA on a case-by-case basis. It may take the maximum of seven working days to deal with a defence (consent) request, however, in most cases the NCA is able to respond to requests for a defence (consent) within three days (NCA Annual Report). Operators should take this into account when deciding whether it is practical and reasonable to request a defence (consent) prior to the transaction or activity rather than making a report after the transaction or activity.

In the event that the NCA does not refuse a request for a defence (consent) within seven working days (the notice period) following the working day after the report is made, the operator may continue to transact with the customer. However, if the request for a defence (consent) is refused within that period, the NCA can prevent the transaction or activity for a further 31 calendar days (the moratorium period) from the day the request for a defence (consent) is refused.

Once a matter has been appropriately reported to the NCA, the decision to proceed or not to proceed with a transaction or arrangement remains with the operator. Even if a defence (consent) is obtained from the NCA, the operator is not obliged to proceed with the transaction or arrangement.

Operators should note that a defence (consent) only applies in relation to individual prohibited acts, and cannot provide cover to deal with a particular customer. Any subsequent activity will require separate consideration and, if necessary, separate requests for a defence from the NCA. Where a single money laundering offence consists of a course of conduct, the NCA may give consent for a series of similar transactions over a specified period. In cases where there is a range of different money laundering offences that may be committed, such as acquiring (section 329(1)(a) of POCA) and transferring (section 327(1)(d) (opens in a new tab) of POCA) criminal property, the NCA may give a single consent to that person being concerned in an arrangement to facilitate acquisition and use under section 328(1) (opens in a new tab) of POCA.

The NCA's ability to grant a defence (consent) in such circumstances will depend on having sufficient detail about the future course of activity or repeated transactions in order to make an informed decision. This is considered on a case-by-case basis. It is not possible for the NCA to give 'blanket' consent for a reporter to carry out all activity and transactions on a suspicious account, individual or arrangement.

The NCA cannot give advice to operators in relation to the specific circumstances where SARs should be submitted or the terms for requesting a defence (appropriate consent). Comprehensive guidance on requesting a defence is available on the NCA's website. Attention is drawn, in particular, to the following NCA publication: Requesting a defence from the NCA under POCA and TACT (opens in a new tab).

## Suspicious activity reporting requirements for remote operators

For the purposes of this section, 'British customer' is inferred to mean a customer who is physically located in Great Britain when they use gambling facilities provided in reliance on a remote operating licence issued by the Commission, regardless of their usual residential address.

'Non-British customer' on the other hand means a customer who is not physically located in Great Britain when they use gambling facilities provided in reliance on a remote operating licence issued by the Commission, regardless of their usual residential address.

The Commission is aware that some remote operators not physically located in Great Britain may be required by local law to report instances of known or suspected money laundering activity by British customers to the FIU of the jurisdiction in which the operator is situated, rather than the NCA.

The Commission is of the view that remote operators should report suspicious activity to the authorities in the area where the remote gambling equipment used in the specific suspicious transaction is located. However, in relation to transactions concerning British customers, it is the Commission's view that such reports should also be received by the authorities in this jurisdiction.

## Suspicious activity reporting

Where any of the remote gambling equipment used in a transaction which is known or suspected to involve money laundering is located in Great Britain (as well as equipment located in Northern Ireland), the known or suspected money laundering activity must be reported to the NCA. Operators must provide the Commission with the unique reference numbers allocated by the UKFIU of the NCA, for reports submitted by them, as soon as reasonably practicable and in any event within five working days of receipt thereof, in accordance with licence condition 15.2.1.

Where the remote gambling equipment used in a transaction which is known or suspected to involve money laundering is located outside Great Britain, but involves a British customer, and the jurisdiction in which the equipment is located is not a member of the Egmont Group (or the jurisdiction does not include gambling businesses under AML or CTF legislation, or prohibits online gambling), the known or suspected money laundering activity must be reported to the NCA. Operators must provide the Commission with the unique reference numbers allocated by the UKFIU of the NCA, for reports submitted by them, as soon as reasonably practicable and in any event within five working days of receipt thereof, in accordance with licence condition 15.2.1.

In all other cases, the known or suspected money laundering activity must be reported to the FIU of the jurisdiction in which the remote gambling equipment used in a transaction, which is known or suspected to involve money laundering, is located. The relevant report will then be shared with the NCA through the Egmont Group, where appropriate (note that in the case of operators where the remote gambling equipment used in a transaction which is known or suspected to involve money laundering is located in Gibraltar and involves a British customer, known or suspected money laundering activity must be reported to the Gibraltar FIU and the UKFIU). Where circumstances permit, operators should provide the Commission with the unique reference numbers allocated by the applicable FIU, for reports concerning British customers, within five days of receipt thereof.

These reporting requirements are summarised in the table below:

## Reporting requirements

Customer	Location of remote gambling equipment	Member of Egmont Group?	Report suspicious activity to	Unique reference numbers (URNs)
<b>British or Non-British customer*</b>	Britain** or Northern Ireland	Yes	NCA	Operators should provide the Commission with the URNs allocated by the NCA within five working days
		No		
<b>British customer*</b>	Outside Britain**	Yes, but domestic FIU does not receive gambling SARs	NCA	Operators should provide the Commission with the URNs allocated by the NCA within five working days
		Country prohibits online gambling		
<b>British or Non-British customer*</b>	Outside Britain**	Yes	Domestic FIU***	Where circumstances permit, operators should provide the Commission with the URNs allocated by the FIU, for reports concerning British customers, within five working days

- See paragraphs 20.61 and 20.62
- ◦ Britain means England, Scotland and Wales
- \*\* In the case of operators where the remote gambling equipment used in a transaction which is known or suspected to involve money laundering is located in Gibraltar and involves a British customer, known or suspected money laundering activity must be reported to the Gibraltar FIU and the UKFIU.

## Applying for a defence

Where remote operators wish to make use of the defences provided by sections 327(2)(a) (opens in a new tab), 328(2)(a) (opens in a new tab) and 329(2)(a) (opens in a new tab) of POCA where they believe that, by proceeding with a transaction with a British customer, they will be committing a prohibited act, they should apply for a defence (appropriate consent), in accordance with section 335 (opens in a new tab) of POCA, from the NCA.

## Failing to report (nominated officer)

POCA creates an offence of failing to report suspicious activity (failure to disclose). Where a person nominated by the operator to receive disclosures (the nominated officer) fails to comply with the obligation to make a report to the NCA as soon as practicable after the information is received, they are open to criminal prosecution (Section 332 (opens in a new tab) of POCA).



**! Warning The criminal sanction under POCA for conviction on indictment is a prison term of up to five years and/or a fine (Section 334 (opens in a new tab) of POCA).**

For all failure to disclose offences it will be necessary to prove that the nominated officer either:

- knows the identity of the money launderer or the whereabouts of the laundered property
- believes the information on which the suspicion was based may assist in identifying the money launderer or the whereabouts of the laundered property.

Operators and nominated officers, therefore, are strongly advised to comply with the reporting requirements imposed on them by POCA.

## After a report has been made

When an enquiry is under investigation, the investigating officer may contact the operator to ensure that he has all the relevant information which supports the original SAR. This contact may also include seeking supplementary information or documentation from the reporting operator and from other sources by way of a court order.

The investigating officer will therefore work closely with the operator, who will usually receive direct feedback on the stage reached in the investigation. There may, however, be cases when the operator cannot be informed of the state of the investigation, either because of the confidential nature of the enquiry, or because the case is currently under consideration by a court.

## Prejudicing an investigation

Under section 342 (opens in a new tab) of POCA, a person commits an offence if they:

- know or suspect that an appropriate officer or, in Scotland, a proper person is acting (or proposing to act) in connection with a confiscation investigation, a civil recovery investigation, a detained cash investigation or a money laundering investigation which is being or is about to be conducted, and
- make a disclosure which is likely to prejudice the investigation, or
- falsify, conceal, destroy or otherwise dispose of, or cause or permit the falsification, concealment, destruction or disposal of, documents which are relevant to the investigation (Section 342(1) (opens in a new tab) and (2) (opens in a new tab) of POCA).

It is, however, a defence if the person does not know or suspect that disclosure of the information is likely to prejudice the investigation, if the disclosure is made in compliance with other provisions of POCA or similar laws, or if the person does not know or suspect that the documents are relevant to the investigation or the person does not intend to conceal any facts disclosed by the documents (Section 342(3) (opens in a new tab) and (6) (opens in a new tab) POCA). The offence can be committed before or after a disclosure has been made.

Those working in the gambling sector should be aware of the provisions in relation to this offence. Reasonable enquiries of a customer, conducted in a tactful manner, regarding the background to a transaction or activity that is inconsistent with the normal pattern of activity should not result in the offence of prejudicing an investigation, unless you know or suspect that an investigation is current or impending and make the enquiries in a way that discloses those facts.

It is important to note that the offence of prejudicing an investigation is not the same as the 'tipping off' offence. The tipping off provisions are directed at the individual employed in the regulated sector (non-remote and remote casinos) who knows or suspects that a disclosure has been made, whereas the offence of prejudicing an investigation relates to any individual regarding the disclosure of the knowledge of the existence of an investigation which could prejudice the investigation.

## Interaction with customers

Normal customer enquiries will not, in the Commission's view, amount to prejudicing an investigation under POCA, unless it is known or suspected that a SAR has already been submitted and that an investigation is current or impending and make the enquiries of the customer in a way that it discloses those facts. Indeed, such customer enquiries are likely to be necessary not only in relation to money laundering but also in connection with social responsibility duties (for example, problem gambling). In regard to this offence, counter or frontline staff may not be aware that the nominated officer has submitted a SAR to the NCA. Reasonable and tactful enquiries regarding the background to a transaction or activity that is inconsistent with the customer's normal pattern of activity is good practice, forms an integral part of KYC measures (and may be driven by social responsibility concerns) and should not give rise to the prejudicing of an investigation.

If patterns of gambling lead to an increasing level of suspicion of money laundering, or even to actual knowledge of money laundering, operators should seriously consider whether they wish to allow the customer to continue using their gambling facilities. If an operator wishes to terminate a customer relationship, and provided this is handled sensitively, there will be low risk of prejudicing an investigation. However, if the decision has been made to terminate the relationship and there is a remaining suspicion of money laundering with funds to repatriate, consideration should be given to asking for a defence (appropriate consent).

In circumstances where a law enforcement agency requests an operator to continue trading with a customer as they conduct further investigations, the operator is advised to record the factors considered when agreeing or declining to do so (for example, the risks of participating in such activity, assurances provided by law enforcement, possible money laundering offences, relevant timescales provided, the gravity of the offences being investigated and the purpose of the request), and how this may change the management of risks to the licensing objectives. Given the operator's heightened exposure to risk, it is advisable for the operator to ask for confirmation in writing of such requests from law enforcement. The operator should also continue to submit SARs and/or seek a defence (consent) from the NCA if they decide to continue with a business relationship with such customers.

## Training

All operators should consider awareness training for all relevant employees so that they have an understanding of what obligations are placed upon them and what action they must take to ensure that details are forwarded to and considered immediately by the nominated officer, manager or other employee responsible for making reports to the NCA. In the case of solo operators or operators without specific AML employees, advice is available on the NCA website (opens in a new tab).

One of the most important controls over the detection and prevention of money laundering is for an operator to have employees who are alert to the risks of money laundering and who are well trained in the

identification of unusual activities or transactions which appear to be suspicious. The effective application of even the best designed control systems can be quickly compromised if the employees applying those systems are not adequately trained. The effectiveness of the training will therefore be important to the overall success of the operator's AML strategy.

Under POCA, individual employees face potential criminal penalties if they are involved in money laundering activity, unless they make a report of known or suspected money laundering activity. It is important, therefore, that employees are made aware of their legal obligations and how to correctly discharge them.

Operators should devise and implement a clear and well-articulated policy and procedure for ensuring that relevant employees are aware of their legal obligations in respect of POCA. They should also provide employees with regular training in the identification and reporting of customer activity that gives grounds for suspecting money laundering.

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## **Operators should also take reasonable steps to ensure that relevant employees are aware of:**

- their responsibilities under the operator's policies and procedures for the detection and prevention of money laundering
- the money laundering risks faced by an operator
- the operator's procedures for managing those risks
- the identity and responsibilities of the nominated officer (where one has been appointed) or the person responsible for making reports to the NCA the potential effect of a breach of POCA on the operator and its employees.

The content of any employee training, the frequency of training and the assessment of competence following training are matters for each operator to assess and decide in the light of the money laundering risks they identify. The Commission advises that such issues are covered in each operator's policies and procedures.

Where a nominated officer has been appointed, they should be actively involved in devising and managing the delivery of the training, taking particular care to ensure that systems are in place to cover all part-time or casual employees.

The NCA publishes a range of material, such as threat assessments and risk profiles, of which operators may wish to make their employees aware. The information on the NCA website could usefully be incorporated into operators' training materials.

It is also recommended that operators consult the Commission's AML hub, which has useful information and links to other AML resources.

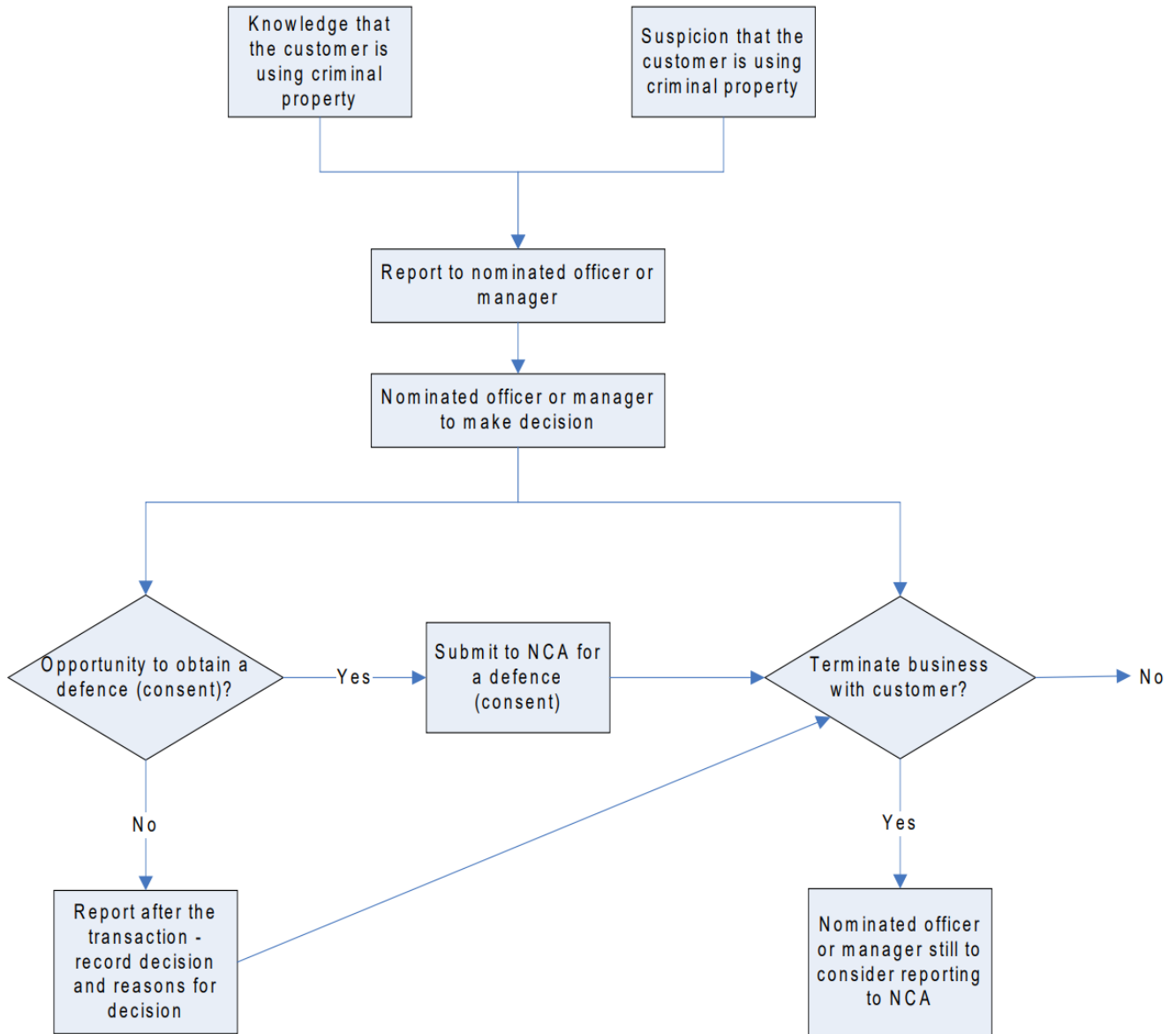
## **Terrorist financing**

The Terrorism Act establishes several offences about engaging in or facilitating terrorism, as well as raising or possessing funds for terrorist purposes. It establishes a list of proscribed organisations that are believed to be involved in terrorism. The Terrorism Act also contains defences to the principal terrorist property offences, in a similar way to POCA.

The Terrorism Act applies to all persons, and includes obligations to report suspected terrorist financing. Operators should, therefore, report instances of suspected terrorist financing to the NCA using the same methods as those for the reporting of known or suspected money laundering activity.

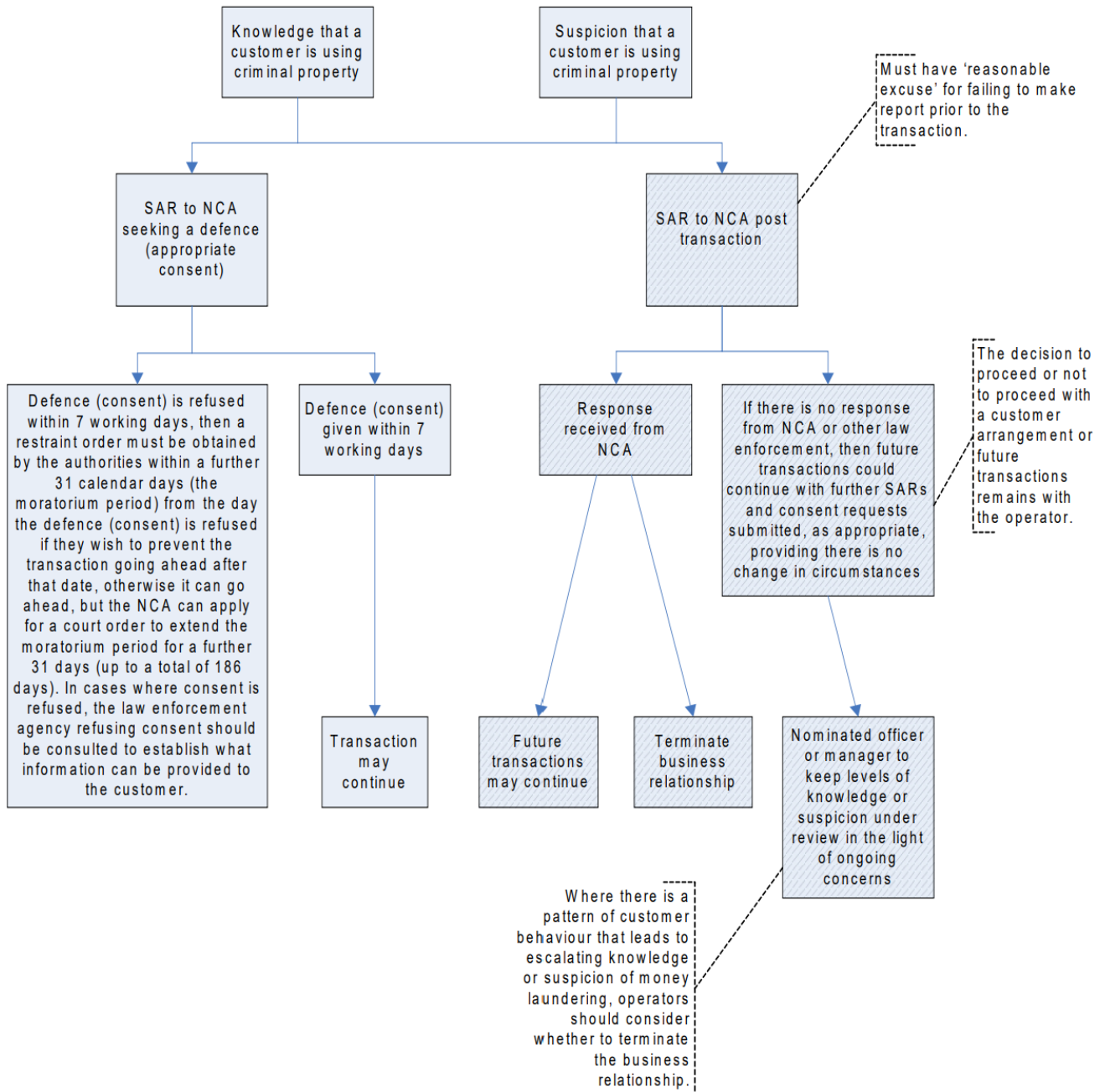
# Flowcharts

## Knowledge or suspicion of money laundering (subjective test)



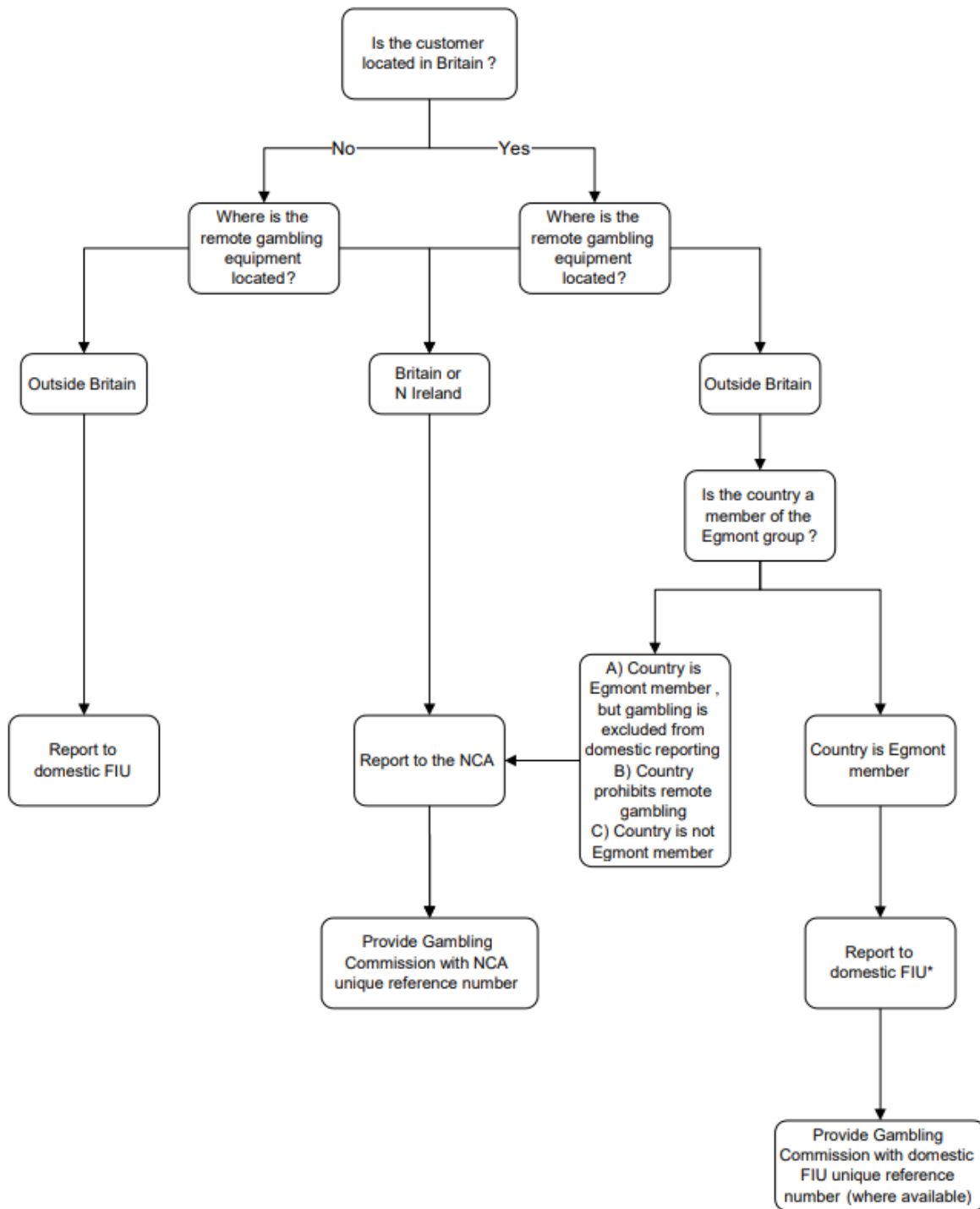
Flowchart of Knowledge or suspicion of money laundering (subjective test)

## Requesting a defence



Flowchart of requesting a defence

## Suspicious activity reporting requirements for remote operators



Flow chart of Suspicious activity reporting requirements for remote operators.

\*In the case of operators where the remote gambling equipment used in a transaction which is known or suspected to involve money laundering is located in Gibraltar and involves a British customer, known or suspected money laundering activity must be reported to the Gibraltar FIU and the UKFIU.



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# Glossary of terms

## AML

Anti-money laundering

## Beneficial ownership

Beneficial ownership is enjoyed by anyone who has the benefits of ownership of property, but does not apparently own the asset itself

## Business relationship

A business, professional or commercial relationship between an operator and a customer, which is expected to have an element of duration

## Business-to-business

A term used to describe commerce transactions between businesses, or the exchange of products, services or information between businesses. In other words, it is business which is conducted between firms, rather than between firms and consumers (or customers)

## Criminal spend

In the context of gambling, the use of the proceeds of crime to fund gambling as a leisure activity (otherwise known as lifestyle spend)

## Money laundering

The process by which criminal or 'dirty' money is legitimised or made 'clean', including any action taken to conceal, arrange, use or possess the proceeds of any criminal conduct. Defined in section 340 of POCA

## Operators

Firms holding an operating licence issued by the Commission

## POCA

The Proceeds of Crime Act 2002, which is intended to reduce money laundering and the profitability of organised crime through the use of tools such as asset recovery

## Proceeds of crime

Property from which a person benefits directly or indirectly, by being party to criminal activity, for example stolen money, money from drug dealing or property stolen in a burglary or robbery

## SAR

A suspicious activity report – the means by which suspicious activity relating to possible money laundering or the financing of terrorism is reported to the NCA under POCA or the Terrorism Act

## Source of funds

Where the funds, money or cash to finance the transaction come from

### The Act

The Gambling Act 2005

### The Commission

The Gambling Commission

### The NCA

The National Crime Agency, which became operational in October 2013, is a crime-fighting agency with national and international reach that works in partnership with other law enforcement organisations to cut serious and organised crime. The NCA is the organisation to which suspicious activity is reported

### The Terrorism Act

The Terrorism Act 2000



**CHONGIE ENTERTAINMENT LIMITED**  
**PROCEEDS OF CRIME & ANTI MONEY LAUNDERING POLICY**

- 1 POLICY PURPOSE**
- 2 PROCEEDS OF CRIME (POC) & MONEY LAUNDERING (ML)**
- 3 POCA OFFENCES & PENALTIES**
- 4 KNOWLEDGE OR SUSPICION**
- 5 RESPONSIBILITIES**
- 6 PRODUCTS & RISK MITIGATION**
- 7 RISK TRIGGERS**
- 8 CUSTOMER MONITORING**
- 9 SYSTEM CONTROLS**
- 10 PROACTIVE ANALYSIS- THRESHOLD REVIEW & REPORTS**
- 11 SUSPICIOUS ACTIVITY REPORTS (SARs)**
- 12 SAR MONITORING AND TERMINATION OF CUSTOMER RELATIONSHIPS**
- 13 PREJUDICING AN INVESTIGATION**
- 14 ADVERSE INFORMATION & POLICE INVOLVEMENT**
- 15 INTERNAL RISKS**
- 16 TRAINING AND SCREENING**
- 17 MONITORING THE POLICY**

## **1 POLICY PURPOSE**

The purpose of this document is to detail the responsibilities of the Company and its staff in relation to the Proceeds of Crime Act 2002 (POCA), Terrorism Act 2000 and to uphold the licensing objective of 'Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime' as outlined within the Gambling Act 2005.

In addition, the contents of the document will outline our Company's policies and procedures to prevent the Company being used in connection with money laundering or terrorist financing as well as our continued compliance with anti-money laundering, counter terrorist financing, licensing and legislative requirements.

Chongie Entertainment Limited is committed to ensuring that all necessary safeguards are in place in regard to the receipt of money in order to avoid it being used to launder money that may originate from the proceeds of crime.

## **2 PROCEEDS OF CRIME & MONEY LAUNDERING**

### *2.1 Proceeds of Crime*

The Proceeds of Crime can be broadly defined as property from which a person benefits directly or indirectly, by being party to criminal activity -e.g. stolen money, money from drug dealing, tax evasion or stolen property. It includes property that a person gains by spending the proceeds of criminal activity, for example, if a person used money gained in a bank robbery to gamble.

### *2.2 Money Laundering*

Money Laundering is a term used to describe the practice of converting money that has been unlawfully or criminally obtained into legitimate funds, concealing and disguising the original source of the funds.

### *2.3 Differences*

The law does not make any distinction between these two activities. The action we should take, and the penalties for not taking action are the same for both.

Staff will be trained according to their seniority and role in the business.

## **3 PROCEEDS OF CRIME ACT (POCA) OFFENCES & PENALTIES**

There are 3 key offences under the POCA that are applicable to anyone who knows or suspects that property relates to the Proceeds of Crime:

- Section 327 states that a person commits an offence if they conceal, disguise, convert, or transfer criminal property in the UK.
- Section 328 provides that a person commits an offence if he or she enters into or becomes concerned in an arrangement which he or she knows or suspects facilitates, by whatever means, the acquisition, retention, use or control of criminal property to or on behalf of another person.
- Section 329 states that a person commits an offence if he or she acquires, uses, or has possession of criminal property.

The above offences can be committed by any person, including employees who have knowledge or suspicion that a customer is using the POC. The penalty upon conviction of these sections is a maximum term of 14 years imprisonment, a fine, or both.

There is a defence available for a person to show that they made an authorised disclosure under sections 338 and 339, either for an employee to report to the Nominated Officer, and further for responsible parties in senior management to assess and report where they believe knowledge or suspicion exists to the National Crime Agency (NCA).

Once a report has been made, the Nominated Officer will consider whether they hold knowledge or suspicion based on the information provided. However, responsible parties in senior management may commit an offence under section 332 if there is a failure to report knowledge or suspicion to the NCA as soon as reasonably practicable after the information has been received. The sanction under POCA is a prison term up to 5 years, a fine, or both.

It is also an offence under section 342 to disclose knowledge of the existence of any investigation prior to or following a report which could prejudice the investigation' (this is often related to as 'tipping off'

though this is not to be confused with the actual offence of tipping off which is only an offence in the regulated sector). The penalty upon conviction is a maximum of 5 years imprisonment.

#### **4 KNOWLEDGE OR SUSPICION**

Chongie Entertainment Limited and its employees have an obligation to report when we either have knowledge or suspicion that another person is using the POC or engaged in ML.

The POCA regulations do not define knowledge or suspicion, but case law has provided guidance.

Common sense provides that if, for example, a customer confirms they are laundering money or using money from a robbery, the member of staff would in fact know rather than suspect. Courts have previously gone further and also defined knowledge to include situations where the facts would be clear to an honest and reasonable person. It could also include a member of staff turning a blind eye, for example, if staff do not make normal enquiries of a customer where they believe they already know the answer and do not want to hear it.

Suspicion is subjective and may be based on picking up something unusual or where facts do not tally up. Suspicion does not need to be based on actual facts, but there needs to be some satisfaction beyond speculation that the customer is involved in the use of the POC or ML. A feeling of unease does not amount to suspicion.

#### **5 RESPONSIBILITIES**

The POCA and AML regime within Chongie Entertainment Limited is managed by the Nominated Officer and supported by senior management.

All staff have a role to play in combatting the use of criminal proceeds and ML, and are trained to pick up triggers which may lead to concern and further suspicion or knowledge.

Staff are also trained to report general concerns or otherwise knowledge or suspicion to the Nominated Officer. Where knowledge or suspicion of money laundering is believed to exist, the Nominated Officer will determine whether a Suspicious Activity Report (SAR) should be raised with the NCA.

#### **6 PRODUCTS & RISK MITIGATION**

Chongie Entertainment Limited runs Adult Gaming Centre facilities in the UK.

To identify and manage the risks associated with the above products, Chongie Entertainment Limited applies controls in four broad ways.

*RISK TRIGGERS:* Training key staff to be aware of risk triggers which may be indicative of ML or the use of POC and how to report concerns.

*CUSTOMER MONITORING:* Providing facilities to allow Chongie Entertainment Limited to monitor customers, allowing staff to log consumer information, transactions and emerging concerns. These records are kept in the tablets on site and in the cloud.

**SYSTEM CONTROLS:** Implementing controls to mitigate areas of potential risk and highlight potential irregularities.

**PROACTIVE ANALYSIS:** Carrying out proactive analysis of purchasing activity to help detect unusual activity and risk triggers. This is supported by record keeping, monitoring and customer reviews.

Each is considered in turn below. This policy is supplemented by the Customer Due Diligence and “Know Your Customer” Procedures.

## **7 RISK TRIGGERS**

Considering the above product type, there are different types of activity or customer behaviours which could lead to cause for concern leading to the possible formulation of knowledge or suspicion that an individual is participating in gambling activity with the POC or involved in ML.

These behaviours may be identified by any employee, and are most likely to be recognised by staff working in the Adult Gaming Centres. Full training is carried out on induction and at 12 monthly refreshers. All staff are therefore fully equipped with the skills they need to identify any suspicious behaviour.

## **8 CUSTOMER MONITORING**

Chongie Entertainment Limited will record any concerns they have with its customers by using the data provided for its own internal records. This is detailed in the Compliance Pack and the Customer Due Diligence and KYC Policy. Customer interactions are recorded on the tablets on site and in the cloud.

## **9 SYSTEM CONTROLS**

General system controls exist to mitigate the risk of our products and business being used from a POC or ML perspective, and create an environment in which suspicious activity may be effectively detected.

### *Cash Handling*

Location specific operating policies and procedures may be put in place with regards to accounting practices and record keeping, in particular in respect of the following:

- Monetary stakes
- Customer refunds (due to machine malfunctions)
- Money removed from machines
- Ticket in ticket out functions

This is not an exhaustive list and the risks of each location will be analysed.

The cash at each premises will be collected and stored in a safe. The external cash collection will take place every 7-10 days . A member of senior management will be present for cash collections.

TiTo software will be installed in most machines.

## **10 PROACTIVE ANALYSIS**

Senior management is aware of potential problem areas and monitors the data recorded in case of abnormal or concerning areas arising.

## **11 SUSPICIOUS ACTIVITY REPORTS (SARs)**

POCA requires SARs to be raised to the NCA in the event of knowledge or suspicion of the use of the proceeds of crime.

A SAR will be raised with the NCA by the MLRO/Nominated Officer or appropriate deputy as soon as is reasonably practicable where suspicion is held that the customer is engaged in money laundering.

## **12 SAR MONITORING AND TERMINATION OF CUSTOMER RELATIONSHIPS**

If the level of concern leading to the SAR is maintained in future transactions or has increased thereafter, then further SARs will be considered.

Chongie Entertainment Limited understands that SAR reporting and the defence of making a disclosure under section 338 of POCA is not intended to be used repeatedly in respect of the same customer.

Wherever knowledge or suspicion exists, the Compliance Officer will make an assessment with regards to the continuation of the customer relationship. This decision is made with awareness of the potential offences under POCA if transactions are allowed to continue where knowledge or suspicion exists.

In accordance with Gambling Commission guidance, advice may be sought from the NCA around the most effective approach in respect of terminating a customer relationship.

Where a relationship is terminated, steps will be taken to uphold this as effectively as possible.

## **13 PREJUDICING AN INVESTIGATION**

Staff are trained that subsequent to a report to the Nominated Officer, or a SAR being raised with the NCA, it is a criminal offence under section 342 of POCA to release information about the knowledge of the existence of an investigation that may prejudice that investigation.

The Nominated Officer will work particularly closely with customer facing staff to ensure that investigations are not disclosed when a payment is being held pending consent, or during the process of ceasing the relationship with a customer.

## **14 ADVERSE INFORMATION & POLICE INVOLVEMENT**

### *14.1 Previous Convictions or Previous Police Involvement*

Where information is obtained which indicates previous Police interest or convictions for a financial crime or related offence, a file will be updated and steps may be taken to gather customer information from the stages above. Where concerns remain, the customer may be requested to provide proof of identity and source of funds.



#### 14.2 *Current Police Investigation*

All Police requests for information are logged and a file is created in respect of customers subject to the enquiry (where a file does not already exist), and information provided.

If Police request information in respect of a financial crime enquiry, contact will be made to understand the current status of the investigation.

Provided that the following criteria are met, and there is no overriding knowledge of laundering activity, Chongie Entertainment Limited will support and formally cooperate with the Police if there is an explicit request to continue business to preserve the case and evidence.

- The Police must submit a Data Protection Act request for information;
- A formal timeframe for engagement must be established with Police;
- Assurances must be provided by Police that there is a formal investigation, and that the case will be subject to regular review dates. RIPA authority (to provide Police with investigatory and surveillance powers) must be obtained within the first 28 days of engagement;

A Disclosure will be made to the Gambling Commission to advise.

Suspicious Activity Reports will be considered by Chongie Entertainment Limited at the point of Police engagement and at each subsequent Police review date.

This cooperative approach seeks to help to ensure that crime is kept out of gambling in the longer term.

## 15 INTERNAL RISKS

The internal risks of an Adult Gaming Centre include, but are not limited to, the following:

### **Money lending**

Chongie Entertainment recognises the risks presented by customers who may seek to transfer money to other customers or third parties or receive funds from other customers or third parties. In order to mitigate this risk, identified transfers between customers and third parties must be assessed by senior management who must satisfy themselves that systematic, organised or commercial money lending is not taking place. Staff will be trained on identifying factors to look out for.

### **Collusion**

Collusion can be the agreement between people to act together secretly or illegally in order to deceive or cheat someone. Chongie Entertainment are aware of the risks collusion present to both the premises and in the context of money laundering and proceeds of crime. All staff are trained to be aware of the signs of collusion and to report such signs to management immediately.

### **Machine Fraud**

Machine fraud is an ever present threat and all staff must be aware of the ways in which fraud can take place and what to do in the event they spot a customer defrauding a machine.

Management will ensure the venue floor is never left unattended and that customers who are not known, or with whom the staff are not familiar with, are given due consideration. Management will

ensure photos of known fraudsters are available to all members of staff. Staff must take special care to be aware of situations where large amounts of credit are being played with, machines are regularly going empty, suspicious activity such as large numbers of customers entering a venue trying to distract employees takes place and customers covering parts of machines.

In the event a machine is defrauded, floor staff must inform a manager immediately. Employees must take care not to endanger themselves when dealing with a fraudster.

## **16 CUSTOMER DUE DILIGENCE AND KYC**

### **CUSTOMER DUE DILIGENCE**

Staff must approach customers on a risk based approach. This may differ between venues and will be informed by the Money Laundering Risk Assessment which is required under LCCP 12.1.1. Generally, this will be restricted to high volume customers – determined by time or money spent on site.

The basic due diligence includes:

- Name, verified with ID such as a driving licence or passport
- Address, verified with ID as above or a utility bill no older than 3 months

This must be recorded on the AML portal on the IHL tablet

### **ENHANCED DUE DILIGENCE**

Staff must approach customers on a risk based approach. This may differ between venues and will be informed by the Money Laundering Risk Assessment which is required under LCCP 12.1.1.

A customer may require enhanced due diligence if they meet any of the thresholds deemed appropriate for that venue, or if a member of staff, having consulted with senior management, deems it appropriate in the circumstances.

This must be recorded on the AML portal on the IHL tablet.

Staff must ensure they also consider the behaviour of established customers when deciding when enhanced due diligence may be appropriate.

In the event there is increasing level of suspicion of money laundering, or even actual knowledge of money laundering, senior management must be alerted immediately and a decision made on a case by case basis whether or not the customer may be allowed to continue gambling, whether the MLRO must be notified or whether any other action is to be taken. The MLRO will then decide whether a SAR is appropriate. The MLRO is Dobromir Baltadzhiev.

### **RECORDING**

All customer due diligence and enhanced due diligence interactions must be recorded not only on the AML portal, but also the Customer interaction portal on the IHL tablet.

Further, these interactions must be monitored and reviewed monthly in order to ensure that any patterns emerging are noticed and dealt with if appropriate. This review must be conducted by senior management.

Should the customer refuse to provide the requested documents the business relationship with the customer will be terminated and the customer banned.

## 16 TRAINING AND SCREENING

Chongie Entertainment Limited are committed to ensuring that all key staff understand their responsibilities in respect of POCA and this policy, including internal risks, and in particular the triggers to be alert to and the requirement to report concerns, knowledge, or suspicion to the Operations Director immediately.

Staff are trained as follows:

All employees of Chongie Entertainment Limited are required to undertake and complete AML training and understand our policy and reporting processes.

### *Head Office*

Key customer facing head office staff, including the Nominated Officer, are required to understand and adhere to the Company's POCA & AML policy.

Training refreshers will be held every 12 months and new starters are trained upon induction.

Ad hoc training sessions may be provided to react to developing risks in particular areas.

## 17 MONITORING THE POLICY

To ensure that the policy continues to be fit for purpose:

Chongie Entertainment Limited are committed to carrying out an ongoing risk assessment of its POC & ML regime, tailoring this policy and training around new products and newly identified risks as appropriate.

In the course of day to day activities and in reaction to any POC or ML cases, Chongie Entertainment Limited will continue to seek best practices and new techniques to improve the processes and procedures in place.

This policy is subject to review following any new guidance published by the Gambling Commission.

### **Document review:**

<b>Date Reviewed</b>	<b>Reviewed by</b>
05.05.2021	Woods Whur
08.03.2022	Dobromir Baltadzhiev
10.03.22	Joanne Craig
14.03.23	Joanne Craig
31.03.2023	Dobromir Baltadzhiev
12.04.2023	Woods Whur

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**STAFF TRAINING POLICY  
(SOCIAL RESPONSIBILITY AND COMPLIANCE)**

In order to ensure a clear and coherent training structure for our employees we use a cross platform strategy including the following delivery mechanisms:

- E-Learning modules
- Written documentation
- Webinars
- In person training sessions

### **Method of Delivery**

The training criteria covered via these platforms ensures a multipurpose approach to our training and aims to provide consistent messaging and information to enable the business to operate with our social and corporate responsibilities in mind.

### **Induction of new Starters**

During the induction period of any new starter we conduct a phased approach relevant to their role and responsibilities, this is to ensure a genuine and targeted effort to be able to apply this knowledge in the best way possible. We take active efforts to not apply a “tick box” culture but to actively integrate these vital training modules to be applied in real world scenarios.

### **Gambling Act 2005 Policies Delivered**

- Money Laundering & Terrorist Financing Risk Assessment
- Social Responsibility & Compliance Pack
- Proceeds of Crime & Anti Money Laundering Policy
- CCTV Policy
- Staff Training Policy
- Privacy Notice for Employees
- Supervision Policy
- Anti-Money Laundering Risk Assessment
- Personal Alarm Policy

### **Gambling Act 2005 Additional Training Delivered**

- Access to Gambling by Children and Young Persons
- Fair and Open Practice and Dispute Resolution
- Access to Premises by the Gambling Commissions Enforcement Officers
- Information on how to Gamble responsibly and help for Gamblers with problems

- Advertising Standards and Marketing
- Money Laundering, Cash Handling and Suspicious Transactions
- Customer Interaction
- Self Exclusion
- Employment of Children and Young Persons

**Document review:**

<b>Date Reviewed</b>	<b>Reviewed by</b>
03.04.2023	Darren Hughes
07.04.2023	Dobromir Baltadzhiev
12.04.2023	Woods Whur

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**CHONGIE ENTERTAINMENT LIMITED  
SUPERVISION POLICY**



## 1. INTRODUCTION

Chongie Entertainment Limited (CEL/The Company) understands the importance of monitoring all areas of the gaming floor. Supervision and CCTV are essential tools in the prevention of crime and assisting in capturing those who have broken the law, as well as ensuring that our customers are gambling safely and enjoying their visit. CEL staff do not sit in an office or behind a counter, they constantly patrol the gaming floor and interact with the customers.

Adult Gaming Centres are a business in which cash is continuously being transferred between staff, customer and machines. It is extremely important that CCTV is in action, to protect both staff and customers and to ensure that no area of the gaming floor is not supervised by staff or CCTV cameras.

## 2. CCTV SYSTEM

Please see Chongie Entertainment's CCTV Policy for more details on its CCTV practices.

Customers will be advised of CCTV coverage through visible signage as they enter the venue.

CCTV is used as a tool to support the venue staff who regularly patrol the gaming floor and any external areas; it will cover every area of the venue.

## 3. SUPERVISION

CEL employees are required to regularly patrol all areas of the venue, this level of supervision is supported by the site CCTV coverage; however CCTV will not replace human interaction. Where there is an external area, staff must also patrol that area to ensure interaction with any customers choosing to smoke or use a machine outside.

Any interaction must be recorded in accordance with the Social Responsibility and Compliance Pack.

Signs may be placed outside to encourage customers to keep their noise levels to a minimum to minimise the risk of public nuisance if deemed appropriate by senior management.

## 4. MACHINE NOISE

Where the venue has an outside area the noise level of the machines in the outside area will be permanently at a minimum by turning the machine volume to very low, meaning there will be little to no noise escaping the outside area, in order to minimise any risks of public nuisance.

Staff will ensure the noise, both from machines and any customers, is at a minimum at all times, both when using the outside area and when entering or leaving the venue.



## 5. STAFF TRAINING

Staff will be trained as and when necessary, at a minimum annually, on the importance of appropriate supervision of the gaming area of the venue both inside and where relevant in any external areas.

Spot-checks will be conducted by senior management to ensure That staff are using an adequate level of supervision

## 6. DATA PROTECTION

Chongie Entertainment Ltd will comply with all appropriate General Data Protection Regulations prevailing at the time.

### Document review:

Date Reviewed	Reviewed by
23.12.2021	Woods Whur
08.03.2022	Dobromir Baltadzhiev
10.03.22	Joanne Craig
29.03.23	Joanne Craig
31.03.2023	Dobromir Baltadzhiev
12.04.2023	Woods Whur



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**CHONGIE ENTERTAINMENT LIMITED  
PERSONAL ALARM POLICY**

## **1. INTRODUCTION**

Chongie Entertainment Limited (CEL/The Company) is committed to protecting its employees from any harm. All employees in the Adult Gaming Centres are therefore provided with a personal alarm which is linked to a monitoring station and there is a static panic alarm system installed, in every venue, which is linked directly to the police. This system helps to deter aggressive or anti-social behaviour as well as provides staff with a way of getting help when they need it.

## **2. STAFF PERSONAL ALARM**

Staff must carry their personal alarm at all times when working.

Staff can take comfort and confidence knowing they are carrying their personal alarm and can call for assistance if and when needed.

## **3. USING THE PERSONAL ALARM**

The personal alarm should be prioritised over the panic alarm button in situations which do not require urgent police assistance. Personal alarms should be activated whenever members of staff need help. Staff must be confident to use their personal alarm whenever they feel it necessary, they must not hesitate to use them, however, they should not put themselves in danger when doing so.

All staff members are trained on how to use their personal alarm safely.

## **4. USING THE STATIC PANIC ALARM**

The panic alarm must be used when a member of staff would usually call for police assistance, for example in the face of physical violence, the threat of physical violence or a robbery. This system is linked directly to the police and must be respected.

Panic alarms should only be used when it is safe to do so, members of staff must not endanger themselves. It is a silent alarm linked directly to the police and will evoke an immediate police response.

All staff members are trained on how to use the panic alarm button.

## **5. TESTING**

Both personal and panic alarms must be tested regularly.

All staff members are trained on how to test their alarms.

**Document review:**

<b>Date Reviewed</b>	<b>Reviewed by</b>
05.05.2021	Woods Whur
08.03.2022	Dobromir Baltadzhiev
10.03.22	Joanne Craig
29.03.23	Joanne Craig
31.03.23	Dobromir Baltadzhiev
12.04.2023	Woods Whur

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**CEL Entertainment Limited**

**Social Responsibility & Compliance Pack**

## Contents

1	Introduction .....	
1.1	Gambling Act 2005	
1.2	The Licensing Objectives	
1.2	The Licensing Conditions and Codes of Practice	
1.3	Powers of the Gambling Commission and others.	
2	Social Responsibility .....	4
2.1	Promotion of Socially Responsible Gambling	
2.2	Problem Gambling and the Provision of Information	
2.3	Customer Interaction	
2.4	Self Exclusion	
3	Children and Vulnerable Persons .....	9
3.1	Access to Gambling	
3.2	Challenge 25	
3.3	Employment of Children and Young Persons	
4	Crime and Disorder .....	11
4.1	Money Laundering and Proceeds of Crime	
4.2	Suspicious Activity Reports	
4.3	Cash Handling	
4.4	Keeping Alcohol Out	
4.5	Dealing with aggressive customers	

5	Fair and Open .....	14
5.1	General Terms and Conditions	
5.2	Complaints Procedure	
5.3	Marketing and Promotional Guidelines	
6.	Recording Requirements.....	17
6.1	General Reporting Requirements	
6.2	Challenge 25 Register	
6.3	Customer Interaction Register	
6.4	Digital Self Exclusion Register	
6.5	SARs Register	
6.6	Register of Incidents Requiring Police Attendance	
6.7	Staff Training Register	
7.	Training .....	19
8.	Appendices.....	21
8.1	Management	
8.2	Self Exclusion flow chart	
8.3	Customer Interaction flow chart	
9.	Monitoring.....	24

## 1 Introduction

Chongie Entertainment Limited (CEL/The Company) and all of its employees are committed to a safer gambling experience for all customers of Little Vegas or Little Macau

These policies and procedures are designed to ensure that the Gambling Act 2005, the LCCP and all relevant guidance is understood and followed by all employees of CEL

The Social Responsibility & Compliance Pack is in addition to the following:

- The Money Laundering and Proceeds of Crime Policy
- The Customer Due Diligence and “Know Your Customer” Procedure
- The Advertising and Marketing Policy
- The Personal Alarm Policy
- The CCTV Policy
- The Machine Fraud and Ratio Check Policy
- The Gambling Risk Assessment
- Privacy Policy
- Supervision Policy

And any other policy which CEL may implement in order to uphold the Gambling Act 2005 and all additional guidance and legislation.

### 1.1 The Gambling Act 2005

Mandatory Licence Conditions implemented by the Gambling Act 2005 (“GA05”):

- A notice must be displayed at all entrances to AGCs stating that no person under the age of 18 years will be admitted to the premises.
- There can be no direct access between an AGC and any other premises licensed under the Act or premises with a family entertainment centre (FEC), club gaming, club machine or alcohol licensed premises gaming machine permit. (England and Wales only). There is no definition of ‘direct access’ in the Act or regulations, although licensing authorities may consider that there should be an area separating the premises concerned, such as a street or cafe, which the public go to for purposes other than gambling, for there to be no direct access.

- Any ATM made available for use on the premises shall be located in a place that requires any customer who wishes to use it to cease gambling at any gaming machine in order to do so.
- The consumption of alcohol in AGCs is prohibited at any time during which facilities for gambling are being provided on the premises.. A notice stating this should be displayed in a prominent place at every entrance to the premises.

## 1.2 The Licensing Objectives

- Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime
- Ensuring that gambling is conducted in a fair and open way and
- Protecting children and other vulnerable person from being harmed or exploited by gambling

## 1.3 The Licensing Conditions and Codes of Practice

The Licence conditions and codes of practice (“LCCP”) set out the requirements CEL must meet in order to hold its operating licence. Senior Management must subscribe to the Gambling Commission news updates and regularly check the website for updates.

Section 24 of the Gambling Act 2005 sets out two types of provisions:

- Social responsibility provisions

Compliance with these is a condition of licences, therefore any breach of them by an operator may lead the Commission to review the operator’s licence with a view to suspension, revocation or the imposition of a financial penalty and would also expose the operator to the risk of prosecution

- Ordinary code provisions

These do not have the status of licence conditions but are admissible in evidence in criminal or civil proceedings and must be taken into account in any case in which the court or tribunal think them relevant and by the Commission in the exercise of its functions. Any breach of ordinary code provisions by an operator may be taken into account by the Commission on a licence review, but cannot lead to the imposition of a financial penalty

These codes consist of: Financial Requirements (including Anti Money Laundering); Protection of Children & Vulnerable People; Combating Problem Gambling; Access to Gambling by

children and young persons; Information on how to gamble responsibly and help for problem gamblers; Customer Interaction; Self Exclusion; Employment of Children & Young Persons; Money lending between customers; Fair & Open provisions; Marketing; Complaints & Disputes; Gambling Licensees' staff; Information Requirements; Primary Gambling Activity

Adult Gaming Centres must comply with the relevant sections of the LCCP and all members of staff must be familiar with, and are trained on, these sections.

#### **1.4 The Powers of the Gambling Commission and others**

Members of staff are to co-operate at all times with the Commission's Compliance officers, Local Authority Licensing officers and the police in the proper performance of their compliance functions.

These individuals rights of entry to premises are contained in Part 15 of the Act which deals with inspection (Sections 303 to 326). A constable, enforcement officer or authorised person under the Act may enter premises for the purpose of assessing compliance or assessing whether an offence is being committed. A constable or enforcement officer can enter a premises if he reasonably suspects that an offence may be being committed or is about to be committed (Section 306). Entry may also be for the purpose of discovering whether facilities for gambling are being provided, to determine whether an operating licence or premises licence is held and to determine whether facilities are being provided in accordance with terms and conditions of an operating licence (Section 307).

Entry may also be made to assess the likely effects of activity when application has been made for a premises licence. A constable or enforcement officer may require the holder of an operating licence to produce, within a specified period, a copy of the authorisation (Section 316). Failure to comply without reasonable excuse to a request to produce a copy of the authorisation may result in an offence and be liable on summary conviction to a fine not exceeding level 2.

Section 317 sets out powers of the constable, enforcement office or authorised person and include inspection of any part of the premises or any machine on anything on the premises, questioning any person, access to written or electronic records, remove or retain evidence of committing an offence or breach of terms and conditions. Section 20 provides that the power of inspection must be exercised only at a reasonable time. The enforcement officer or authorised person must provide evidence of his identity and authority (Section 321). Section 323 provides that a constable, enforcement officer or authorised person may use reasonable force to enter a premises. Section 326 provides that it is an offence to obstruct a constable, enforcement officer or authorised person in carrying out their duties.

## **2 Social Responsibility**

### **2.1 Promotion of Socially Responsible Gambling**

The third objective of the Gambling Act is to protect children and other vulnerable persons from being harmed or exploited by gambling and as a condition of our Adult Gaming Centre licence we have appropriate controls in place. The need to prevent young and vulnerable persons from being able to access our products and services is of paramount importance to CEL.

### **2.2 Problem Gambling and the Provision of Information**

CEL monitors customer activity and uses a range of indicators to identify potential gambling. These include:

- Time and spend indicators: amount and frequency of time spent , time of day, large losses.
- Customer contact: information or hints from customers, frequent complaints, or signs of distress.
- Play indicators: chasing losses, erratic gaming patterns and product choice.
- A 'big win': high staking following a win could hide or even lead to harmful behaviour.

A player may give some signals that they have a gambling problem while communicating with members of staff. A problem gambler may display some of the following signs:

- Finding it hard to manage or stop gambling – customer may make a comment regarding this.
- Signs of agitation, distress or aggression: Customers may target aggression at customer support staff following a loss. Staff will be trained on how to deal with aggressive customers and how to diffuse situations.
- Player informs staff member that their main goal is to win a specific amount of money at which point they will leave.
- Customer contacts CEL management regularly to express dissatisfaction with gaming outcomes and overall gameplay.

In the event that a suspected problem gambler enters an AGC and wishes to participate in gambling:

- Staff must carry out a customer interaction, where they engage with the customer with a view to raising the behaviours they have witnessed in the conversation.

- The customer's details must be logged for the purposes of possible exclusion from future participation, should any similar incidents re-occur.
- All written and verbal communication between staff and suspected problem gamblers must be monitored and reviewed by senior management.

In the event that an existing customer is suspected of becoming a problem gambler:

- Staff must carry out a customer interaction, where they engage with the customer with a view to raising the behaviours they have witnessed in the conversation.
- The customer's details must be logged for the purposes of possible exclusion from future participation, should any similar incidents re-occur.
- All written and verbal communications between staff and the suspected problem gambler should be monitored and approved by senior management.

CEL clearly displays posters and provides leaflets for customers which detail key organisations which can help, including Gamcare.

The following organisations also provide psychological help, professional advice and assistance in dealing with gambling addiction:

- Counselling Directory
- The National Council on Problem Gambling
- GamCare/Gambleaware
- Gamblers Anonymous
- Gam-Anon UK and Ireland
- Y-Gam

### 2.3 Customer Interaction

CEL recognises its responsibilities and obligation to comply with the Licensing Objectives of the Gambling Act 2005 and the Licence Conditions and Codes of Practice listed under the Social Responsibility Code 3.4.1.

CEL follows the Identify- Interact- Evaluate framework to ensure compliance and to protect its customers.

CEL, where circumstances allow and subject to player confidentiality, shares experience and deliver good practice across the full range of social responsibility requirements for customer interaction with other operators.



### *Identify*

CEL ensures that staff have access to all relevant sources of information and policies to ensure effective decision making, in order to guide and deliver effective customer interactions, including information to assist in identifying at risk customers whom;

- may not be displaying obvious signs of, or overt behaviour associated with, problem gambling
- are designated as 'high value', 'VIP' or equivalent (although CEL do not operate a VIP scheme)
- are demonstrating signs of agitation, distress, intimidation, aggression or other behaviours that may inhibit customer interaction

CEL Entertainment Limited recognises the importance to identify any customers where there may be problems early and pro-actively reach out and offer support.

### *Interact*

Should a staff member feel that a player's behaviour may indicate problem gambling, they should engage with the customer by asking questions such as:

- Do you feel that your gambling spends are controlled?
- Do you acknowledge that your activity may result in losses and can withstand these losses?
- When you lose, do you feel you the need to return as soon as possible to win back your losses?
- Do you ever borrow to finance your gambling?

The member of staff, if they think it necessary, will explain the various management tools in place such as self-exclusion, and will provide information on GamCare.

### *Evaluate*

CEL understands that evaluation of customer interactions is important to understand the impact they have had and to help ensure customers are getting the right help and support.

The result of a customer interaction may be that the customer is allowed to continue, the customer self-excludes or uses a different tool, or the customer is barred.

A monthly review of customer interactions should be carried out with considerations to the following points:

- Did the customer start using gambling management tools?

- Did the customer read the responsible gambling information?
- Was there a positive change in behaviour? Did the customer's gambling seem to change after the interaction?

CEL keeps a record of customer interactions, and where an interaction has been ruled out, the reasons for this.

These interactions are retained on the SmartHub tablet

A flow chart of how Customer Interaction works is at section 8.3.

## 2.4 Self-Exclusion

CEL is a member of the AGC sector's multi-operator self-exclusion scheme, which prevents the self-excluded individual from gambling in any AGC venue within one mile of the venue in which they excluded. Self-exclusion is recognised by the gambling industry as a way for players who feel that their gambling is out of control and want assistance to help them stop.

CEL takes all reasonable steps to ensure that customers on the self-exclusion register are prevented from entering the premises. Whilst on the self-exclusion register, customers also have certain obligations contained in the terms and conditions that they acknowledge when joining the self-exclusion program. CEL use the IHL SmartHub tablet system to detail and record self exclusions.

### *What happens*

- When a customer has requested that they be refused entry to our premises, the customer and the appointed manager will formally acknowledge the request on the self-exclusion tablet, which links with the Multi Operator Self Exclusion Scheme (MOSES). This will be preceded by a meaningful discussion about the terms and conditions applicable to the scheme and will include other options available to assist a person having a gambling disorder, including being signposted to counselling and support services. A copy of the terms and conditions will be electronically signed by the excluder as acknowledgement of understanding and consent. Customers are given the opportunity of discussing self-exclusion in private where possible.
- Photographic identification and signature of the excluder is required for self-exclusion agreements. A photograph is taken using the SmartHub tablet.
- The Duty Manager will offer the exclusion for a minimum duration of not less than six months, nor more than twelve months; the customer thereafter may request to extend the length of the self-exclusion for one or more further periods of at least six months.
- CEL will not allow the excluder admittance to the premises during the term of the self-exclusion agreement.

- It is made clear to the customer that they may not revoke the self-exclusion during the agreed period and that if found either in the gambling area or attempting to gamble they will be asked to leave.
- Members of staff must be alert to self-excluded individuals attempting to breach agreements and instances of them getting another person to gamble on their behalf. It is a requirement that staff pay heed to the SmartHub tablet (particularly photographs) before they start work every day in order to stay alert to the identity of those excluded in the locality of the premises.

An electronic self-exclusion log is maintained on the IHL SmartHub at each premises; this shows photographs of every person in a one mile radius that has self excluded from an AGC. The tablet is GDPR compliant and accessed securely, only by staff with a password.

Those self-excluded are removed from any marketing databases held by CEL within two days of receiving the completed self-exclusion request, but we will take all reasonable steps to prevent details being knowingly sent as soon as practicable.

At the end of the self-exclusion period, the exclusion will remain in place for a further six months, unless the customer takes positive action in order to gamble again. At the end of the exclusion period, the Manager and customer will, together, review the terms of agreement either by telephone or in person. The review process is recorded on the SmartHub tablet.

Where a customer chooses not to extend the self-exclusion and makes a positive request to begin gambling again, the customer is offered a 24-hour 'cooling off' period before being allowed access to the gambling facilities.

CEL retains self-exclusion records for the length of the agreement plus a further 6 months.

### **3 Children and Vulnerable Persons**

#### **3.1 Access to Gambling**

CEL implements age verification procedures that use various methods to try and detect and deter children and young people from entering including U18 signage.

The premises themselves have been designed to ensure staff on the floor can see who is accessing the premises and floor staff must be vigilant. Specific risks have been considered in the Local Area Risk Assessment.

#### **3.2 Challenge 25**

CEL operates a challenge 25 policy which requires that all customers who appear to be under 25 are approached by a member of staff and their age verified by the production of the appropriate valid ID document as soon as entering the premises or as soon as possible thereafter but BEFORE gambling.

Acceptable forms of documentation include:

- Any ID carrying the PASS logo (e.g. Citizen Card, Connexions Card)
- Full Driving Licence with photo card.
- Provisional Driving Licence with photo card or International Passport

The staff must check to see that the ID is acceptable and then record the interaction in the appropriate section of the SmartHub tablet.

If suitable photographic ID cannot be produced, then the customer should be politely requested to leave the premises with the incident subsequently recorded on SmartHub.

Challenge 25 signage is positioned on or close to the entrance/exit door and displayed in conjunction with existing signage.

The Gambling Commission and Local Licensing Authority may conduct underage test entries to assess whether or not CEL's Adult Gaming Centre's are allowing under- 18's to enter or gamble on the premises. These agencies along with the police are permitted to use individuals under the age of 18 to carry out test purchase.

BACTA also conduct age verification checks, through an agency, who are only permitted to use individuals that look under 18.

If at any time staff are informed that they have been the subject of an underage test by the Gambling Commission and/or the Local Licensing Authority, this is immediately reported to the Operations Director and Compliance Officer.

All age verification test failures are fully investigated by the Operations Director and/or the Compliance Officer. Performance is constantly monitored and further training may be given to staff if necessary to react to developing risks in particular areas.

CEL does not deliberately provide facilities for gambling in such a way as to appeal particularly to children or young people, for example by reflecting or being associated with youth culture.

If a person over the age of 18 knowingly brings a child under the age of 18 in to the Adult Gaming Centre that person will be banned for 6 months (the names and details will be electronically recorded on the Incident Log.

This should be reported to the Premises Manager for that site, who will then complete the "ban log" and report and retain for future use/inspection.

If an employee of CEL becomes aware that a child or young person is using or has used facilities for gambling provided in reliance on the licence, they shall ensure that:

- Any money paid in respect of the use of those facilities (whether by way of fee, stake or otherwise) by the child or young person is returned as soon as is reasonably practicable; and
- Any prize must not be given to the child or young person.
- The child/young person must then leave the premise.

This should be reported to the Premises Manager for that site, who will then complete the ban log and report to the Operations Director in writing.

Any member of staff who knowingly allows access to a person under the age of 18 will be subject to disciplinary action.

### **3.3 Employment of Children and Young Persons**

Licencees who employ children and young persons should be aware that it is an offence: -

- a) to employ them to provide gambling facilities in an Adult Gaming Centre
- b) for their contract of employment to require them or permit them to perform functions in respect any gambling machine in an Adult Gaming Centre
- c) to employ a child to perform any function in an Adult Gaming Centre where facilities are being provided to play gaming machines

CEL will not employ any person under the age of 18 years

## **4 Crime and Disorder**

### **4.1 Money Laundering and Proceeds of Crime**

CEL maintains a separate ML and POCA policy which is available to all staff.

### **4.2 Suspicious Activity Reports**

All employees are aware of how and when to records suspicious activity to the Nominated officer,

POCA requires SARs to be raised to the NCA in the event of knowledge or suspicion of the use of the proceeds of crime. These will be escalated after review by the Nominated Officer..

A SAR will be raised with the NCA by the Nominated Officer as soon as is reasonably practicable where suspicion is held that the customer is engaged in money laundering.

Wherever knowledge or suspicion exists, the Nominated Officer will make an assessment with regards to the continuation of the customer relationship. This decision is made with awareness of the potential offences under POCA if transactions are allowed to continue where knowledge or suspicion exists.

In accordance with Gambling Commission guidance, advice may be sought from the NCA around the most effective approach in respect of terminating a customer relationship.

Where a relationship is terminated, steps will be taken to uphold this as effectively as possible.

Further information is contained in the ML and POCA policy.

### **4.3 Cash Handling**

All members of relevant staff are trained specifically on cash handling and in particular with regard to security, accounting practices and record keeping in respect of:

- (i) Monetary stakes introduced to machines (gross takings),
- (ii) Money introduced to re-float machines
- (iii) Customer refunds due to machine malfunctions.
- (iv) Money removed from machines (net takings)

*Sign Off Keys (needs reviewing for operational accuracy)*

No keys are to be handed to anybody who is unknown – their ID needs to be confirmed with the Operations Director.. The person who hands over the keys will be held responsible. All visiting engineers need to sign in.

#### *Cash Collection*

Cash is collected and stored in a time-delay safe. The external cash collection will take place every 7-10 days.

#### *Empty of Machines*

The full empty of machines needs to be carried out ideally when there are no customers in the unit, whilst note empties can be carried out whilst the venue is open under strict security protocols,

Once each machine/terminal has been emptied/re-floated the keys need to be locked away again in the safe.

#### *Cash Reconciliation*

The Premises Manager is responsible for this and any discrepancies / variances will be recorded as cash losses and investigated as necessary.

All accounting procedures will be recorded by senior management.

## **4.4 Keeping Alcohol Out**

CEL implements clear rules and guidelines on the consumption and influence of alcohol.

#### *Individuals under the influence of alcohol on entry*

- In all our sites individuals who are deemed to be under the influence of excessive alcohol should be prevented from entering any of our premises.
- When such a situation occurs the member of staff should politely refuse entry to the site on the grounds of being under the influence of alcohol and ask the individual to leave the premises.
- Should the individual resist or refrain from leaving the premises in the first instance the Premises Manager should be called. They should also request that the individual leave the premises immediately. If an individual fails to leave the premises or becomes a nuisance that cannot be dealt with by the staff on duty the police should be called to assist.
- All incidents should be electronically recorded on the SmartHub tablet

*Alcohol consumption on site*

- Under no circumstances should customers be served alcoholic drinks on site, nor should they bring alcoholic drinks onto the premises to be consumed.

**4.5 Dealing with Aggressive Customers**

Violence and aggression are used to show distress and dominance. Whilst there are some individuals for whom such behaviour is normal, members of staff must be extremely cautious of treating such behaviour as normal.

Staff must be aware of any signs of aggression including, but not limited to:

- Tensed muscles or sweating
- Twitching muscles, particularly in the face
- Pacing
- Changes in voice (pitch, volume)
- Language, obscenities, threats
- Facial expression
- Withdrawn or upset
- Carrying a weapon or suspected weapon

In the event a member of staff comes across a customer displaying signs of aggression or violence they should:

- Listen to the customers views or complaints
- Try to understand what their problem is and discuss it with them
- See if they can resolve the situation by taking any actions needed

Staff should be cautious in their approach and ensure they do not adopt a confrontational approach and are aware of how they can contact another member of staff if necessary.



## 5 Fair and Open

### 5.1 General Terms and Conditions

CEL utilise and comply with BACTAs general Terms and Conditions and all relevant sections of the LCCP.

### 5.2 Complaints Procedure

*CEL Entertainment Limited is committed to providing excellent levels of service and are constantly striving to meet the expectations of customers, and welcome feedback where services can be improved or where expectations have not been met.*

*Issues of concern can usually be resolved by discussing the matter with a member of the team within one of the Adult Gaming Centres. A database record will be completed at the time of the contact, detailing your contact details, which team member dealt with the issue, the nature of the complaint and how the complaint was resolved. A copy of this complaints procedure will be provided to customers upon request, or whenever they make a complaint.*

*However, we recognise that sometimes it may not be appropriate to contact us in this way, or you may feel your concerns have not been properly addressed internally after talking to the team. Where this is the case, we actively encourage our customers to use our Complaints Procedure so that issues and concerns can be raised with management and addressed appropriately. This document explains how the Complaints Procedure works, what you need to do and what you can expect.*

*There are two levels – Complaints Co-ordinator and Lead Contact of the Adult Gaming Centre.*

*Level 1 – Complaints Co-Ordinator*

*If CEL Entertainment Limited haven't reasonably met your expectations or you wish to make a complaint relating to services you should write or e-mail in the first instance to the Complaints Co-ordinator, who will be the Manager of the premises – this can done by email or by completing a 'Complaints Form' available from the venue.*

*Please put in the subject line 'FAO: Complaints Co-ordinator'.*

*In expressing concerns it is helpful to include all relevant details such as nature of complaint, date, people contacted and the other circumstances relating to your complaint. This helps to quickly and fully understand the nature of the complaint and begin investigations. Once the Complaints Co-ordinator acknowledges receipt of your letter or email in writing within 48 hours, he will also provide a copy of this complaints policy. You can normally expect a full written response within 15 working days of this acknowledgement. His aim is to resolve the*

*complaint to your complete satisfaction at this level.*

*Level 2 - Lead contact of the Adult Gaming Centre.*

*If, after receiving our response at the 1st level you feel that your concerns have not been fully addressed you can ask for your complaint to be referred to the lead contact in relation to the services provided. This will be escalated internally and you can normally expect a full written response to your complaint within 15 working days of acknowledgement of the complaint reaching the 2nd level.*

*It may be necessary for additional information to be sought from an external source. When this is necessary, it may not be possible to respond to your complaint within 15 working days and the Lead contact of the Adult Gaming Centre will contact you again. They will explain the reasons for asking for a time extension and seek your approval.*

*CEL Entertainment Limited understand the need for ADR provisions to be in place and therefore contract with BACTA.*

*The Bacta ADR facilitator is:*

*Pegasus ADR Service and they can be contacted at [enqs@pegasusadrservice.org.uk](mailto:enqs@pegasusadrservice.org.uk)*

*Website: [www.bactaadrservice.org.uk](http://www.bactaadrservice.org.uk)*

*Address: 29-30 Ely Place, London. EC1N 6TD*

*Phone: 01903 873785*

### **5.3 Marketing and Promotional guidelines**

CEL has an Advertising and Media Policy which is available to all staff.

CEL's marketing team ensures that promotional material is developed in a socially responsible manner, particularly to protect young or vulnerable persons from being harmed or exploited by advertising and in accordance with the following provisions:

- The Gambling Commission's LCCP;
- Committee of Advertising Practice (CAP) code.

## 6 Recording and Reporting Requirements

### 6.1 General Reporting Requirements

CEL acknowledges its obligation to ensure that staff openly co-operate with the Gambling Commission in the proper performance of their compliance functions and that they are made aware of those officers' rights of entry to premises contained under Part 15 of the Gambling Act 2005 and that:

- they must provide the Gambling Commission with any information that the Commission would reasonably need to be aware of in exercising its regulatory functions or suspect may relate to the commission of an offence under the Act, including an offence resulting from a breach of a licence condition or a code of practice provision having the effect of a licence condition. Changes in key circumstances must be reported within five days of their occurrence in accordance with the terms set out in the Operating Licence.
- CEL must provide the Gambling Commission with such information as the Commission may require from time to time about the use of facilities provided such as:
  - (i) the range of gambling activities provided by the licensee and the number of staff employed in connection with them; and
  - (ii) the licensee's policies in relation to, and experience of, problem gambling.
- CEL must submit a Regulatory Return to the Gambling Commission containing such information as the Commission may require from time to time, and provide evidence that the terms on which gambling is offered are not unfair under the Unfair Terms in Consumer Contracts Regulations 1999 and, where applicable, meet the reasonableness test under the Unfair Contract Terms Act 1977.
- The Appointed Manager will be informed immediately a Gambling Commission Enforcement Officer properly identifies himself on the premises, and will attend to the Officer without undue delay. Staff will co-operate at all times with the Commission's Enforcement Officers.
- Members of staff are trained as part of their induction process in the understanding of, and the strict adherence to this policy, and required to sign to this effect retaining a copy for their future reference. The original is retained on the employee's personnel file.

## 6.2 Challenge 25 Register

CEL will, at all times, maintain a register at each of its trading venues of all incidents of customers being challenged if they look under the age of 25.

This register will be held and maintained on the IHL SmartHub, a digital device widely used throughout the AGC and Bingo sectors in the UK.

## 6.3 Customer Interaction Register

CEL will, at all times, maintain a register at each of its trading venues of all gambling related customers Interactions.

This register will be held and maintained on the IHL SmartHub, a digital device widely used throughout the AGC and Bingo sectors in the UK.

## 6.4 Self Exclusion Register

CEL will at all times maintain a register at each of its trading venues of all customers who enter into a Self Exclusion Agreement.

This register and all Self Exclusion information will be held and maintained on the IHL SmartHub, a digital device widely used throughout the AGC and Bingo sectors in the UK. The SmartHub device links to the National Self Exclusion scheme for the AGC sector and therefore fulfils the requirement to be part of a Multi Operator Self Exclusion Scheme (MOSES).

## 6.5 SAR's Register

CEL will, at all times, maintain a register at each of its trading venues all incidents that require a SAR's report (Suspicious Activity Report).

This register will be held and maintained on IHL tablets in the premises and on the cloud.

## 6.6 Register of Incidents Requiring Police Attendance

CEL will, at all times, maintain a register at each of its trading venues of all incidents that require Police Attendance.

The register will be held and maintained on the IHL SmartHub, a digital device widely used throughout the AGC and Bingo sectors in the UK.

Each of these digital registers will be available for inspection by the relevant authorities.

## 6.7 Staff Training Tables



# LV27 – ACCEPTANCE OF COMPANY POLICIES

## GAMBLING ACT 2005

### *Licence Conditions and Codes of Practice*

Management and Staff, as appropriate, declare that they have read and understood the following documents, are fully aware of Company Policy and procedures and their own respective requirements in relation to them:

<b>1</b>	Money Laundering & Terrorist Financing Risk Assessment	<b>6</b>	Machine Fraud Policy
<b>2</b>	Proceeds of Crime & Anti Money Laundering Policy	<b>7</b>	CCTV Policy
<b>3</b>	Customer Due Diligence and “Know Your Customer” Procedures	<b>8</b>	Privacy Notice for Employees
<b>4</b>	Supervision Policy	<b>9</b>	Social Responsibility & Compliance Pack
<b>5</b>	Staff Alarm Policy	<b>10</b>	Anti-Money Laundering Risk Assessment

NAME	POSITION	JOINING DATE	TRAINING DATE	SIGNATURE	LEAVE DATE	1	2	3	4	5	6	7	8	9	10

# LV28 – SUMMARY OF STAFF TRAINING

## GAMBLING ACT 2005

### *Licence Conditions and Codes of Practice*

Management and Staff, as appropriate, declare that they have read and understood the following documents, are fully aware of Company Policy and procedures and their own respective requirements in relation to them:

<b>1</b>	Access to Gambling by Children and Young Persons	<b>6</b>	Fair and Open Practice and Dispute Resolution
<b>2</b>	Access to Premises by the Gambling Commissions Enforcement Officers	<b>7</b>	Information on how to Gamble responsibly and help for Gamblers with problems
<b>3</b>	Advertising Standards and Marketing	<b>8</b>	Money Laundering, Cash Handling and Suspicious Transactions
<b>4</b>	Customer Interaction	<b>9</b>	Self Exclusion
<b>5</b>	Employment of Children and Young Persons		

NAME	POSITION	JOINING DATE	TRAINING DATE	SIGNATURE	LEAVE DATE	1	2	3	4	5	6	7	8	9	10

## **7 Training**

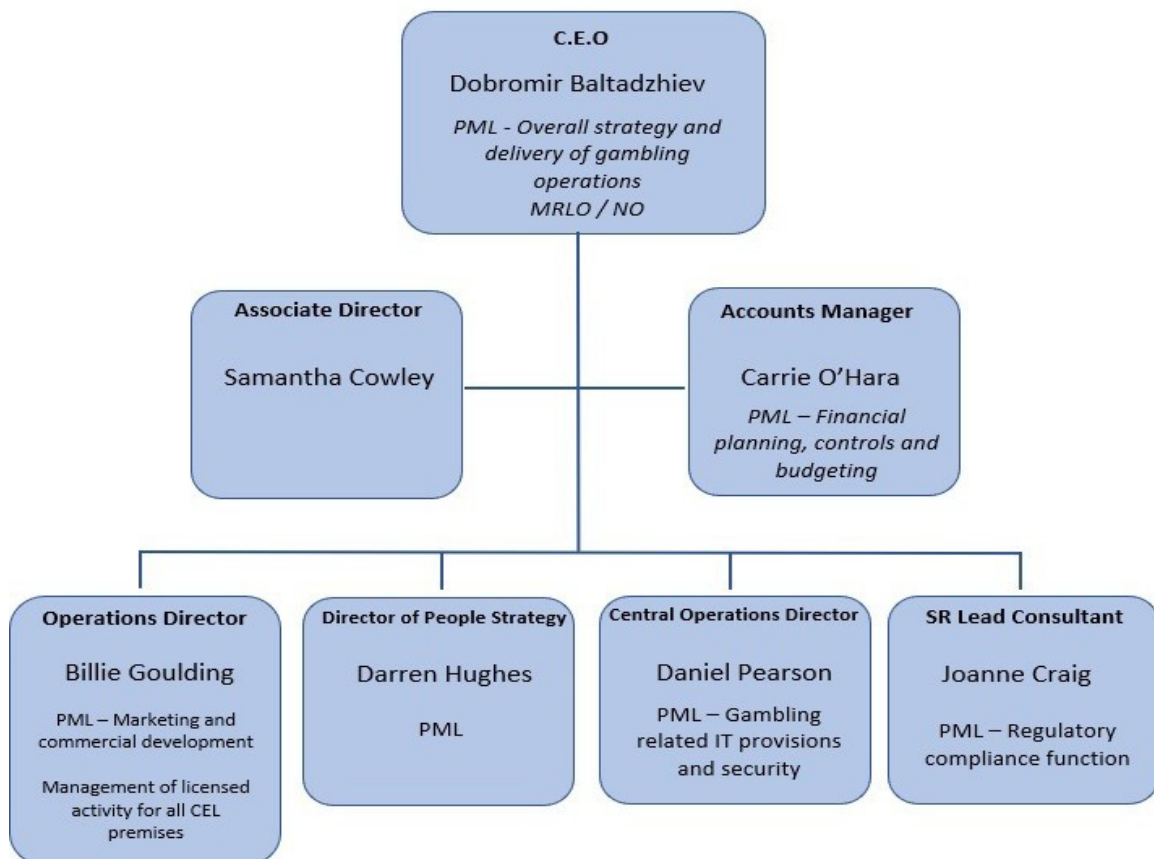
- 7.1 All members of staff receive full training on the Compliance Pack and all other Policies and Procedures of CEL.
- 7.2 All members of staff will complete training on starting and at annual refreshers.
- 7.3 All training will be recorded in the training Record.
- 7.4 Training will initially be carried out via the Chongie Academy .



**8 Appendices**

**8.1 Management**

**CEL Structural Organisation Chart**



## 8.2 Self-Exclusion Flow Chart

A member of staff identifies a customer who is displaying signs of problem gambling – they interact with the individual and offer them information about problem gambling and self exclusion.

The member of staff approaches the individual and, having followed the Customer Interaction policy, deems it necessary to explain the Self-Exclusion policy to the customer

A member of staff **IDENTIFIES** a customer who is displaying signs of problem gambling

Once the customer has decided they wish to self-exclude, the member of staff will complete the Self-Exclusion using the electronic SmartHub tablet and have a discussion surrounding the terms and conditions of the self- exclusion.

This will include the duration and terms as well as sign posting to other services such as GamCare. A copy of the Terms and Conditions must be signed and photo taken via the SmartHub tablet.

The member of staff may ask questions such as:

Do you feel that your gambling spends are controlled?

Do you ever borrow to finance your gambling?

Do you acknowledge that your activity may result in losses and can withstand these losses?

When you lose, do you feel you the need to return as soon as possible to win back your losses?

At the end of the self-exclusion period, a conversation will be had with the customer to decide whether they would like to extend or not. If not active attempts to gamble the period will continue for a further 6 months. If the customer chooses not to extend they will be offered a 24 hour cooling off period

This should all be logged on the SmartHub tablet.

### 8.3 Customer Interaction Flow Chart

The appropriate follow up action may be:

- The customer continues to gamble
- The customer agrees to think about their gambling habits
- The customer takes some literature relating to problem gambling, such as a GamCare leaflet
- The customer Self-excludes
- The customer is barred
- The Interaction is logged on the SmartHub tablet

The member of staff **INTERACTS** with the customer by approaching them and striking up a conversation.

The member of staff then **EVALUATES** the Customer Interaction and decides on the appropriate follow up action

## 9 Monitoring

To ensure that the policies and procedures continues to be fit for purpose:

CEL are committed to carrying out an ongoing risk assessment of its policies and procedures, tailoring them to and any training around new products and newly identified risks as appropriate.

This policy is subject to review following any new guidance published by the Gambling Commission.

### Document review:

Date Reviewed	Reviewed by
19.07.2021	Woods Whur
08.03.2022	Dobromir Baltadzhiev/Woods Whur
10.03.22	Joanne Craig
14.03.23	Joanne Craig
07.04.23	Dobromir Baltadzhiev
12.04.2023	Woods Whur



**CHONGIE ENTERTAINMENT LIMITED  
CCTV AND PRIVACY POLICY**

## **1. INTRODUCTION**

Chongie Entertainment Limited understands the importance of CCTV. CCTV is an essential tool in the prevention of crime and assisting in capturing those who have broken the law. Adult Gaming Centres are a business in which cash is continuously being transferred between staff, customer and machines. It is therefore extremely important that CCTV is in action.

## **2. CCTV SYSTEM**

The CCTV system must be switched on and be recording at all times. The CCTV should cover the front and rear exits, all machines and the shop floor as well as the offices and back of house. No decorations or signage should block the view of the CCTV

Any adjustments to the positioning of CCTV must only be carried out by senior management.

There may be a TV monitor positioned in the entranceway to the premises so that customers can clearly see there is CCTV in operation. Another monitor will be placed in the office area.

There must be clear signage advising the customers that CCTV is in operation.

## **3. MONITORING THE SYSTEM**

The CCTV must be checked daily to ensure it is in correct working order. Any faults must be communicated to senior management immediately. No information regarding the CCTV should be disclosed to third parties other than the appropriate authorities. No employees are permitted to record CCTV images onto their personal devices.

## **4. ACCESS**

CCTV records access and recording can only be authorised by Senior Management.

## **5. DATA PROTECTION**

Chongie Entertainment Ltd will comply with all appropriate General Data Protection Regulations prevailing at the time.

**Document review:**

<b>Date Reviewed</b>	<b>Reviewed by</b>
11.05.2021	Woods Whur
08.03.2022	Dobromir Baltadzhiev
10.03.22	Joanne Craig
29.03.2023	Joanne Craig
31.03.2022	Dobromir Baltadzhiev
12.04.2023	Woods Whur

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**UK GDPR PRIVACY NOTICE FOR EMPLOYEES, WORKERS AND CONTRACTORS**

## 1. What is the purpose of this document?

Chongie Entertainment Ltd is committed to protecting the privacy and security of your personal information.

This privacy notice describes how we collect and use personal information about you during and after your working relationship with us, in accordance with the UK General Data Protection Regulation (UK GDPR).

It applies to all employees, workers and contractors.

Chongie Entertainment Ltd is a "data controller". This means that we are responsible for deciding how we hold and use personal information about you. We are required under data protection legislation to notify you of the information contained in this privacy notice.

This notice applies to current and former employees, workers and contractors. This notice does not form part of any contract of employment or other contract to provide services. We may update this notice at any time but if we do so, we will provide you with an updated copy of this notice as soon as reasonably practical.

It is important that you read and retain this notice, together with any other privacy notice we may provide on specific occasions when we are collecting or processing personal information about you, so that you are aware of how and why we are using such information and what your rights are under the data protection legislation.

## 2. Data protection principle

We will comply with data protection law. This says that the personal information we hold about you must be:

1. Used lawfully, fairly and in a transparent way.
2. Collected only for valid purposes that we have clearly explained to you and not used in any way that is incompatible with those purposes.
3. Relevant to the purposes we have told you about and limited only to those purposes.
4. Accurate and kept up to date.
5. Kept only as long as necessary for the purposes we have told you about.
6. Kept securely.

### 3. The kind of information we hold about you

Personal data, or personal information, means any information about an individual from which that person can be identified. It does not include data where the identity has been removed (anonymous data).

There are certain types of more sensitive personal data which require a higher level of protection, such as information about a person's health or sexual orientation. Information about criminal convictions also warrants this higher level of protection.

We may collect, store, and use the following categories of personal information about you:

- Personal contact details such as name, title, addresses, telephone numbers, and personal email addresses.
- Date of birth.
- Gender.
- Marital status and dependants.
- Next of kin and emergency contact information.
- National Insurance number.
- Bank account details, payroll records and tax status information.
- Salary, annual leave, pension and benefits information.
- Start date and, if different, the date of your continuous employment.
- Leaving date and your reason for leaving.
- Location of employment or workplace.
- Copy of driving licence.
- Recruitment information (including copies of right to work documentation, references and other information included in a CV or cover letter or as part of the application process).
- Employment records (including job titles, work history, working hours, holidays, training records and professional memberships).
- Compensation history.
- Performance information.

- Disciplinary and grievance information.
- CCTV footage and other information obtained through electronic means such as swipe card records.
- Information about your use of our information and communications systems.

Photographs.

We may also collect, store and use the following more sensitive types of personal information:

- Information about your health, including any medical condition, health and sickness records, including:
  - details of any absences (other than holidays) from work including time on statutory parental leave and sick leave;
  - where you leave employment and the reason for leaving is related to your health, information about that condition needed for pensions purposes.
- Information about criminal convictions and offences.

In addition to the above, audio can be monitored via our CCTV systems. This can be either by employees of the business or relevant third parties, for the reasons of security and gambling act 2005 compliance responsibilities, although available for live monitoring this information is not recorded and not stored as a procedural measure.

#### **4. How is your personal information collected?**

We typically collect personal information about employees, workers and contactors through the application and recruitment process, either directly from candidates or sometimes from an employment agency or background check provider. We may sometimes collect additional information from third parties including former employers, credit reference agencies or other background check agencies.

We will collect additional personal information in the course of job-related activities throughout the period of you working for us.

## 5. How we will use information about you

We will only use your personal information when the law allows us to. Most commonly, we will use your personal information in the following circumstances:

1. Where we need to perform the contract we have entered into with you.
2. Where we need to comply with a legal obligation.
3. Where it is necessary for legitimate interests pursued by us or a third party and your interests and fundamental rights do not override those interests.
4. Where you are a significant member of a team that we need to introduce to a customer or other third party.

We may also use your personal information in the following situations, which are likely to be rare:

1. Where we need to protect your interests (or someone else's interests).
2. Where it is needed in the public interest or for official purposes.

## 6. Situations in which we will use your personal information

We need all the categories of information in the list above primarily to allow us to perform our contract with you and to enable us to comply with legal obligations. In some cases we may use your personal information to pursue legitimate interests, of our own or those of third parties, provided your interests and fundamental rights do not override those interests. The situations in which we will process your personal information are listed below.

- Making a decision about your recruitment or appointment.
- Determining the terms on which you work for us.
- Checking you are legally entitled to work in the UK.
- Paying you and, if you are an employee or deemed employee for tax purposes, deducting tax and National Insurance contributions (NICs).
- Providing the following benefits to you: EAP programme and Bonus Scheme
- Liaising with your pension provider.

- Administering the contract we have entered into with you.
- Business management and planning, including accounting and auditing.
- Conducting performance reviews, managing performance and determining performance requirements.
- Making decisions about salary reviews and compensation.
- Assessing qualifications for a particular job or task, including decisions about promotions.
- Gathering evidence for possible grievance or disciplinary hearings.
- Making decisions about your continued employment or engagement.
- Making arrangements for the termination of our working relationship.
- Education, training and development requirements.
- Dealing with customers and other third parties to whom your identity and background information is important. For example if you are to work on their premises or because of a proposed merger, acquisition or joint venture.
- Dealing with legal disputes involving you, or other employees, workers and contractors, including accidents at work.
- Ascertaining your fitness to work.
- Managing sickness absence.
- Complying with health and safety obligations.
- To prevent fraud.
- To monitor your use of our information and communication systems to ensure compliance with our IT policies.
- To ensure network and information security, including preventing unauthorised access to our computer and electronic communications systems and preventing malicious software distribution.

Some of the above grounds for processing will overlap and there may be several grounds which justify our use of your personal information.

## **7. If you fail to provide personal information**

If you fail to provide certain information when requested, we may not be able to perform the contract we have entered into with you (such as paying you or providing a benefit), or we may be prevented from complying with our legal obligations (such as to ensure the health and safety of our workers).

## **8. Change of purpose**

We will only use your personal information for the purposes for which we collected it, unless we reasonably consider that we need to use it for another reason and that reason is compatible with the original purpose. If we need to use your personal information for an unrelated purpose, we will notify you and we will explain the legal basis which allows us to do so.

Please note that we may process your personal information without your knowledge or consent, in compliance with the above rules, where this is required or permitted by law.

## **9. How we use particularly sensitive personal information**

"Special categories" of particularly sensitive personal information, such as information about your health, racial or ethnic origin, sexual orientation or trade union membership, require higher levels of protection. We need to have further justification for collecting, storing and using this type of personal information. We have in place an appropriate policy document and safeguards which we are required by law to maintain when processing such data. We may process special categories of personal information in the following circumstances:

- In limited circumstances, with your explicit written consent.
- Where we need to carry out our legal obligations or exercise rights in connection with employment or our privacy standard.
- Where it is needed in the public interest, such as for equal opportunities monitoring or in relation to our occupational pension scheme, and in line with our privacy standard.
- Where it is necessary to protect you or another person from harm.
- Where it is needed to assess your working capacity on health grounds, subject to appropriate confidentiality safeguards.

Less commonly, we may process this type of information where it is needed in relation to legal claims or where it is needed to protect your interests (or someone else's interests) and you are not capable of giving your consent, or where you have already made the information public.

## **10. Situations in which we will use your sensitive personal information**

We will use your particularly sensitive personal information in the following ways:

- We will use information relating to leaves of absence, which may include sickness absence or family related leaves, to comply with employment and other laws.
- We will use information about your physical or mental health, or disability status, to ensure your health and safety in the workplace and to assess your fitness to work, to provide appropriate workplace adjustments, to monitor and manage sickness absence and to administer benefits including statutory maternity pay, statutory sick pay, and pensions.
- If we reasonably believe that you or another person are at risk of harm and the processing is necessary to protect you or them from physical, mental or emotional harm or to protect physical, mental or emotional well-being.

### **11. Do we need your consent?**

We do not need your consent if we use special categories of your personal information in accordance with our written policy to carry out our legal obligations or exercise specific rights in the field of employment law. In limited circumstances, we may approach you for your written consent to allow us to process certain particularly sensitive data. If we do so, we will provide you with full details of the information that we would like and the reason we need it, so that you can carefully consider whether you wish to consent. You should be aware that it is not a condition of your contract with us that you agree to any request for consent from us.

We do not need your consent where the purpose of the processing is to protect you or another person from harm or to protect your well-being and if we reasonably believe that you need care and support, are at risk of harm and are unable to protect yourself.

### **12. Information about criminal convictions**

We may only use information relating to criminal convictions where the law allows us to do so. This will usually be where such processing is necessary to carry out our obligations and provided we do so in line with our privacy standard.

Less commonly, we may use information relating to criminal convictions where it is necessary in relation to legal claims, where it is necessary to protect your interests (or someone else's interests) and you are not capable of giving your consent, or where you have already made the information public.

We envisage that we will hold information about criminal convictions.

We will only collect information about criminal convictions if it is appropriate given the nature of the role and where we are legally able to do so. Where appropriate, we will collect information about criminal convictions as part of the recruitment process or where we need that information because of your role.



We are allowed to use your personal information in this way to carry out our obligations both from a licensing perspective (listed in the Gambling Act 2005) and for the security and wellbeing of our employees. We have in place an appropriate policy and safeguards which we are required by law to maintain when processing such data.'

### **13. Data sharing**

We may have to share your data with third parties, including customers, third-party service providers and other entities in the group.

We require third parties to respect the security of your data and to treat it in accordance with the law.

We may transfer your personal information outside the UK for any of the purposes described in this notice.

If we do, you can expect a similar degree of protection in respect of your personal information.

### **14. Why might you share my personal information with third parties?**

We will share your personal information with third parties where required by law, where it is necessary to administer the working relationship with you or where we have another legitimate interest in doing so.

### **15. Which third-party service providers process my personal information?**

"Third parties" includes third-party service providers (including contractors and designated agents) and other entities within our group. The following activities are carried out by third-party service providers: payroll via 3<sup>rd</sup> party (including PAYE and pensions and IT services).

### **16. How secure is my information with third-party service providers?**

All our third-party service providers and other entities in the group are required to take appropriate security measures to protect your personal information under the general law or in line with our policies. We do not allow our third-party service providers to use your personal data for their own purposes. We only permit them to process your personal data for specified purposes and in accordance with our instructions.

### **17. What about other third parties?**

We may share your personal information with other third parties, for example in the context of the possible sale or restructuring of the business. In this situation we will, so far as possible, share anonymised data with the other parties before the transaction completes. Once the transaction is completed, we will share your personal data with the other parties if and to the extent required under the terms of the transaction.

We may also need to share your personal information with a regulator or to otherwise comply with the law.

### **18. Data security**

We have put in place measures to protect the security of your information. Details of these measures are available upon request.

Third parties will only process your personal information on our instructions and where they have agreed to treat the information confidentially and to keep it secure.

We have put in place appropriate security measures to prevent your personal information from being accidentally lost, used or accessed in an unauthorised way, altered or disclosed. In addition, we limit access to your personal information to those employees, agents, contractors and other third parties who have a business need to know. They will only process your personal information on our instructions and they are subject to a duty of confidentiality. Details of these measures may be obtained from Daniel Pearson the Central Operations Director.

We have put in place procedures to deal with any suspected data security breach and will notify you and any applicable regulator of a suspected breach where we are legally required to do so.

### **19. Data retention**

#### **How long will you use my information for?**

We will only retain your personal information for as long as necessary to fulfil the purposes we collected it for, including for the purposes of satisfying any legal, accounting, or reporting requirements. To determine the appropriate retention period for personal data, we consider the amount, nature, and sensitivity of the personal data, the potential risk of harm from unauthorised use or disclosure of your personal data, the purposes for which we process your personal data and whether we can achieve those purposes through other means, and the applicable legal requirements.

In some circumstances we may anonymise your personal information so that it can no longer be associated with you, in which case we may use such information without further notice to you. Once you are no longer an employee, worker or contractor of the company we will retain and securely destroy your personal information in accordance with applicable laws and regulations.

## 20. Rights of access, correction, erasure, and restriction

### Your duty to inform us of changes

It is important that the personal information we hold about you is accurate and current. Please keep us informed if your personal information changes during your working relationship with us.

### Your rights in connection with personal information

Under certain circumstances, by law you have the right to:

- **Request access** to your personal information (commonly known as a "data subject access request"). This enables you to receive a copy of the personal information we hold about you and to check that we are lawfully processing it.
- **Request correction** of the personal information that we hold about you. This enables you to have any incomplete or inaccurate information we hold about you corrected.
- **Request erasure** of your personal information. This enables you to ask us to delete or remove personal information where there is no good reason for us continuing to process it. You also have the right to ask us to delete or remove your personal information where you have exercised your right to object to processing (see below).
- **Object to processing** of your personal information where we are relying on a legitimate interest (or those of a third party) and there is something about your particular situation which makes you want to object to processing on this ground. You also have the right to object where we are processing your personal information for direct marketing purposes.
- **Request the restriction of processing** of your personal information. This enables you to ask us to suspend the processing of personal information about you, for example if you want us to establish its accuracy or the reason for processing it.

If you want to review, verify, correct or request erasure of your personal information, object to the processing of your personal data, or request that we transfer a copy of your personal information to another party, please contact Daniel Pearson the Central Operations Director in writing.

**No fee usually required**

You will not have to pay a fee to access your personal information (or to exercise any of the other rights). However, we may charge a reasonable fee if your request for access is clearly unfounded or excessive. Alternatively, we may refuse to comply with the request in such circumstances.

**What we may need from you**

We may need to request specific information from you to help us confirm your identity and ensure your right to access the information (or to exercise any of your other rights). This is another appropriate security measure to ensure that personal information is not disclosed to any person who has no right to receive it.

**Right to withdraw consent**

In the limited circumstances where you may have provided your consent to the collection, processing and transfer of your personal information for a specific purpose, you have the right to withdraw your consent for that specific processing at any time. To withdraw your consent, please contact Daniel Pearson the Central Operations Director. Once we have received notification that you have withdrawn your consent, we will no longer process your information for the purpose or purposes you originally agreed to, unless we have another legitimate basis for doing so in law.

**Data protection officer**

We have appointed a data protection officer (Daniel Pearson, Central Operations Director). to oversee compliance with this privacy notice. If you have any questions about this privacy notice or how we handle your personal information, please contact Daniel Pearson the Central Operations Director. You have the right to make a complaint at any time to the Information Commissioner's Office (ICO) the UK supervisory authority for data protection issues.

**Changes to this privacy notice**

We reserve the right to update this privacy notice at any time, and we will provide you with a new privacy notice when we make any substantial updates. We may also notify you in other ways from time to time about the processing of your personal information.

**If you have any questions about this privacy notice, please contact** Daniel Pearson the Central Operations Director at [dan@chongie-entertainment.com](mailto:dan@chongie-entertainment.com)

I, \_\_\_\_\_ (employee/worker/contractor name), acknowledge that on \_\_\_\_\_ (date), I received a copy of Chongie Entertainment Ltd's privacy notice for employees, workers and contractors and that I have read and understood it.

Signature

.....

Name

.....

**Document review:**

<b>Date Reviewed</b>	<b>Reviewed by</b>
31.03.2023	Dobromir Baltadzhiev
03.04.2023	Darren Hughes / Dobromir Baltadzhiev
12.04.2023	Woods Whur

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CHONGIE ENTERTAINMENT LIMITED

ANTI-MONEY LAUNDERING RISK  
ASSESSMENT

## Customer Base

It is accepted that the customer base in AGCs is wide ranging, to a degree unpredictable and variable in demographic terms as to where a venue is located.

However, it is helpful to assess using operating experience, trends and averages.

'A' - Very Low Risk

'B' - Low Risk

'C' - Medium Risk

Business Profile				
Factor	Risk Management/Mitigation	A	B	C
What risk is posed by the business profile of customers using the gambling facilities?	Whilst AGC customers could potentially be medium risk for level of cash staked - our machine estate means that the opportunity to launder cash is vastly reduced. The company has invested in high specification new machines, which are equipped with the latest anti-money laundering facilities.			
What style(s) of gambling is provided to customers?	The machines are mainly new digital style machines from the licensed machine suppliers.			
What categories of gambling products are provided to customers?	Purely Gaming machines of a category B3, C or D - some venues have tablets with gaming machine content, but these are also in the permitted categories.			
Is the business high or low volume?				
Do gambling products pay out low or high stake prizes?	As permitted by law, the highest jackpot allowed is on the category B3 machine and this currently stands at £500.			
What risk is posed by transactions with business associates and suppliers?	The only suppliers of Gambling equipment to Chongie Entertainment are all licensed by the Gambling Commission.			
How is payment delivered to customers and in what form?	The Gaming machines payout in either cash or ticket - there is no facility to payout to a debit card.			
Location of the gambling venue. Are there any local factors that might have a bearing on risk?				



<b>Customers that might pose a risk</b>				
<b>Factor</b>	<b>Appropriate Risk Management/Mitigation</b>	<b>A</b>	<b>B</b>	<b>C</b>
Do new customers stake large amounts of money over short periods of time?	As we are a new business, all our customers are 'new' as such all our staff are trained to watch out for customers spend and behaviour. We also try to recruit experienced staff from the locality of our new venues			
Do the majority of customers live and/or work local to the venue?	Yes - in general machine players will only travel to a venue that is in their locality. They may swap between venue brands.			
Are any customers involved in a business that handles large amounts of cash?	We are still learning about our customers, so we are still building the records of our customers			
Are any customers known to have criminal backgrounds or association with the criminal fraternity?	We are still learning about our customers, so we are still building the records of our customers. If we become aware of this type of customer frequenting our venue, senior management will make the decision of whether to continue to allow them to play.			
Reluctant to give you identification, or identification that isn't satisfactory?	This type of customer will be refused entry or asked to leave			
Loading change machines or TITO machines with cash but gambling minimal amounts	As this is a recognised behaviour in money laundering and will be monitored. If the customer persists with this behaviour the money laundering officer will be informed and the customer asked to leave/barred.			
<i>Spare</i>				

## Useful Links

### **National Crime Agency (NCA) - Suspicious Activity Reports (SARs):**

<http://www.nationalcrimeagency.gov.uk/contact-us/reporting-suspicious-activity-sar>

### **National Crime Agency (NCA) - Suspicious Activity Report (SAR) Online System**

[https://www.ukciu.gov.uk/\(ero0v5550ikzu355oj4gvbiz\)/saronline.aspx](https://www.ukciu.gov.uk/(ero0v5550ikzu355oj4gvbiz)/saronline.aspx)

### **National Crime Agency (NCA) - Guidance on submitting better quality Suspicious Activity Reports (SARs)**

<http://nationalcrimeagency.gov.uk/publications/732-guidance-on-submitting-better-quality-sars/file>

### **UKFIU guidance of the revised glossary codes and the reporting routes**

<http://www.nationalcrimeagency.gov.uk/publications/725-sar-glossar:y-code-and-reporting-routes/file>

### **Money Laundering Regulations: report suspicious activities:**

<https://www.gov.uk/guidance/money-laundering-regulations-report-suspicious-activities>

### **Gambling Commission - latest anti-money laundering news:**

<http://www.gamblingcommission.gov.uk/Gambling-sectors/AML/Latest-anti-money-laundering-news.aspx>

# Complaint Procedure

The Company endeavours to provide a high quality service to its customers and members of staff are trained how to deal with complaints at the initial stage. However, if you believe that things have gone wrong and your complaint was not resolved to your satisfaction at our premises, then please inform us as we take such reports seriously.

The Company will review your complaint and will be dealt with by:

(name)..... who is (job title) .....

at (address).....

.....

Email Address: .....

## How to make a complaint

- Complaints, which we will deal with confidentially, should be submitted in writing, by letter or e-mail.
- The attached form should be used to record and submit complaints.
- Give as much detail as possible including details of independent witnesses and any other relevant information in order to assist the Company in the investigative process.

## What happens next?

The Company will investigate and provide a full explanation of what we have done within **15 working days** of receiving a complaint. If this is not possible we will explain why and give a date by which a full response can be expected.

## If you are not satisfied with our response

If you are still not satisfied with our response to the complaint, you may consider writing to an alternative dispute resolution (ADR) entity requesting that the matter be reviewed, enclosing all previous correspondence relating to the complaint including the original complaint form. The ADR entity will acknowledge receipt of your correspondence without undue delay and, after review, inform you of its findings and recommendations, usually within **60 days**. The review process is thorough and based upon the information that both parties and other independent sources provide.

## This Company is registered with the following ADR entity:

Name of ADR Entity: Pegasus ADR Service

Email Address: [enqs@pegasusADRservice.org.uk](mailto:enqs@pegasusADRservice.org.uk)

Website: [www.pegasusadrservice.org.uk](http://www.pegasusadrservice.org.uk)

Postal Address: 29-30 Ely Place, London EC1N 6TD

It is highly recommended that you visit the ADR entity's website (as above) so that you are fully aware of the procedural rules and other related information.

# Complaint Form

## CUSTOMER

Name: .....

Address: .....

..... Postcode .....

Daytime Telephone No .: .....

E-mail address: .....

Signature: ..... Date: .....

Is this an initial complaint or a follow up to a previous incident?

.....

.....

## VENUE WHERE COMPLAINT OCCURRED

Reference (if known):.....

Company: .....

Name of Premises: .....

Address: .....

.....

Name(s) of staff member(s) that you initially raised your complaint with: .....

.....

.....

Date of Incident: .....

Time of Incident: .....

Names & Addresses or contact telephone numbers of any **independent** witnesses.

.....

.....

.....

Name and Category of Gambling Machine subject of complaint: .....



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# GAMBLING ACT 2005

Licence Conditions and Codes of Practice

## Customer Complaints

### Terms & Conditions

#### Policy & Procedure

These are the Company's Terms and Conditions by which customer complaints are dealt with. Also included is the Company's policy and procedure document and complaint form. Copies of the complaint procedure and form are available on site for the benefit of customers making a complaint about the outcome of their gambling where the complaint has not been resolved on-site in the initial stages.

A 'complaint' means a grievance about any aspect of the licensee's conduct of the licensed gambling activities, and should be raised with the company as follows:

- The complaint should initially be raised with an available member of staff at the venue at the time of the incident giving cause for complaint. **Stage 1**
- If the member of staff approached is unable to deal with the complaint or the matter is not resolved to the customer's satisfaction, then it should be directed to the duty manager at the venue at the earliest opportunity. **Stage 2**
- Should the matter still not be resolved, the customer will be provided with a copy of the policy & procedure document, together with a complaint form that should be completed by the customer and submitted to the Company for consideration by a director or appointed senior manager. **Stage 3**
- If the matter remains unresolved, the customer should be referred to an alternative dispute resolution (ADR) entity with whom the Company has registered. The complaint will not be considered by the ADR entity unless:
  - **the matter relates to the outcome of the complainant's gambling transaction; and**
  - **it is not resolved during the three-stage complaint procedure as outlined above.**

It is permissible for an ADR entity to have terms enabling it to reject complaints referred for dispute resolution if the complaint is frivolous or vexatious, but the Company will not refuse to refer disputes on those grounds.

#### The Company will ensure that:

1. information about the complaint procedure is set out in these terms and conditions;
2. such information is readily accessible on our gambling premises to be taken away;
3. information includes details of how to make a complaint to the Company and the identity and contact details of the person deputed to handle the complaint;
4. the information names the ADR entity to whom disputes can normally be referred and, where necessary, details of any limitation on the nature and subject matter of disputes with which a particular ADR entity deals.
5. customers are given a copy of the complaint policy and procedure document on request or on making a complaint; and
6. all complaints are handled in accordance with the procedure.

Should the Company refer a complaint to an ADR entity other than the one in respect of which contact details were given in accordance with 1 to 6 above it will, at the same time as making the reference, inform the Commission of the reference and reason for selection of the ADR entity concerned.

The Company keeps a record of all complaints that are not resolved at the initial three-stage complaint procedure.

The Company arranges for a copy of the decision on, or a note of the outcome of, each dispute referred to an ADR entity to be provided to the Commission, either by the ADR entity or by the Company. This information is provided in such format and within such timescale as the Commission may from time to time specify.

The Company also arranges for any outcome adverse to the Company of any proceedings taken against the licensee (in whatever jurisdiction) by a customer in relation to a gambling transaction to be notified to the Commission as a key event; but excluding proceedings allocated to the County Court small claims track or equivalent in jurisdictions outside England and Wales.

**Under no circumstances are members of staff put in physical danger** nor will they be subjected to abuse. If a customer is threatening, then that person will be offered the complaint policy & procedure document together with a complaint form, and be referred to the Company's strict policy of 'No Abuse'. If the customer continues to be threatening the circumstances will be treated in accordance with a disturbance on the premises, and the person will be asked to leave, and the police contacted to assist if necessary.

### **Which complaints are covered?**

A complaint, in the context of the LCCP, means a complaint solely about the conduct of the Company's activities. A dispute means a complaint which has not been resolved by the operator's complaints procedure to the satisfaction of both parties, and relates to the outcome of a gambling transaction.

### **Responsibility of the Employer.**

The Company has a written procedure in place to:

- advise employees of the name of the appointed person who is to be contacted about complaints;
- ensure that all complaints are handled in accordance with the procedure throughout the investigative process;
- have arrangements in place for reference by a customer of a dispute to an alternative dispute resolution service for disputes (an 'ADR entity'); and
- maintain a record of all complaints, and those that evolve into disputes. All instances where the complaint is referred to an ADR entity will also be recorded together with the outcome.

### **Responsibility of the Employee**

Members of staff not authorised to deal with complaints, or where the customer is not satisfied with the initial outcome, will ensure that:

- the complainant is informed of the name of the appointed Company representative who will deal with the complaint, together with the appropriate contact details of that person;
- the complainant is issued with the Company's complaint policy & procedure document and complaint form;
- the circumstances are recorded as contemporaneous notes as soon as possible following the incident and the notes are signed, dated and timed by the member of staff dealing. The notes are to be comprehensive and a true record of events, and
- members of staff, unless properly authorised by the Company, are not allowed to voice their own opinion as to the merits or otherwise of a complaint. Procedure is strictly adhered to.