



KNOW WHERE YOUR CLIENT'S MONEY COMES FROM

Criminals may use your business for money laundering and terrorist financing.

BE aware where the money comes from

ACT on your instinct

DISRUPT crime



Financial
Intelligence Centre

#Be.Aware

BETTING ON THE GAMBLING SECTOR TO HELP FIGHT FINANCIAL CRIME

Gambling institutions may offer patrons the odd windfall, while others may see these institutions as a sure bet place for hiding the proceeds of crime and legitimising ill-gotten gains.

On the one hand gambling institutions are major contributors to the South African economy, and on the other, the exploitation of the sector by money launderers can cause immense reputational and other collateral damage to the country's financial system.

Money laundering is not a victimless crime. Launderers source their proceeds from any range of criminal activities including illicit trading and smuggling of weapons, poaching endangered flora and fauna, human or drug trafficking, involvement in syndicated or organised crime, racketeering, and other crimes.

The effectiveness of the criminal justice system and the wider fight against financial crime depends on compliance with regulatory requirements and this includes the gambling sector.

Gambling institutions play a pivotal role in assisting in the fight against financial crime as they are an invaluable source of transactional and customer information.

The first step in playing their part is by registering with the Financial Intelligence Centre (FIC) which will allow gambling institutions to file regulatory reports, which include transactional and other client information.

The second step is to submit regulatory reports in line with their Financial Intelligence Centre Act (FIC Act) obligations – filing cash threshold and suspicious and unusual transaction reports with the FIC.

Filing suspicious and unusual transaction reports serve to alert the FIC of a suspicion that the patron may be using the gambling institution's services to launder money.

What happens to the regulatory report once it is filed?

Regulatory reports may include information about the patron's financial transactions, amounts involved, bank account details and account balances. The FIC uses regulatory reports it receives to conduct analysis to identify possible links to unlawful activities.

The intelligence the FIC produces, following its analysis, may contain descriptions of the transactions or activities relating to the financial conduct of the patron. The analysis could further reveal how transactions or activities are linked to other persons. The FIC does not itself conduct investigations or prosecutions and thus, the intelligence produced is provided to the relevant law enforcement agencies for further action and/or investigation if necessary.

By filing regulatory reports, the gambling sector play an important role in fighting financial crime. Of the 6.2 million regulatory reports the FIC received in the 2019/20 financial year, gambling institutions filed a total of 485 170. The vast majority of these were cash threshold reports (481 429) while 3 741 were suspicious and unusual transaction reports.

The FIC conducts inspections on gambling institutions from time to time to determine whether members of the sector are complying with their FIC Act obligations. Administrative sanctions can be imposed by the supervisory body if serious and extensive non-compliance is detected. The sanctions are issued in proportion to the nature, seriousness and extent of the non-compliance, and considers mitigating factors.

The sanctions may include:

- A caution not to repeat the conduct that led to the non-compliance
- A reprimand
- A directive to take remedial action
- The restriction or suspension of certain business activities
- A financial penalty of up to R10 million for a natural person and R50 million for a legal person.

By reporting and fulfilling their other FIC Act compliance obligations, gambling institutions play a meaningful role in helping to protect the integrity of South Africa's financial system. In this way, the sector ensures that it does not fall foul of the country's anti-money laundering and terrorist financing regulations.

For more information on reporting and other compliance obligations visit www.fic.gov.za.

With the publishing of this article the FIC has concluded the awareness campaign targeting the gambling sector.

Aimed at equipping the gambling sector with the tools and know how to help identify and mitigate the risk of financial crime, the FIC published industry insights and guides on how to deal with money laundering in the sector.

The FIC produced and published articles, posters, podcasts, videos and other information on a dedicated campaign page on its website (www.fic.gov.za/campaign). Gambling institutions and role players in the sector can find out about the campaign on the FIC website and the FIC LinkedIn page.

For queries related to the campaign, please e-mail communications@fic.gov.za. To learn more about the compliance responsibilities of the gambling sector visit www.fic.gov.za or call the FIC's compliance contact centre on 012 641 6000.