

DO NOT ROLL THE DICE ON FINANCIAL INTELLIGENCE CENTRE ACT COMPLIANCE

The variety, frequency and volumes of transactions that take place in gambling institutions make this sector vulnerable to criminals looking for ways to launder and legitimise their ill-gotten gains.

Gambling institutions offers several diverse products, which products are at times abused by criminals to wash dirty money and disguise the origin of ill-gotten funds.

Deemed to be vulnerable to money laundering and terrorist financing abuse, gambling entities are listed as accountable institutions in Schedule 1 of the FIC Act, which includes “A person who carries on the business of making available a gambling activity as contemplated in section 3 of the National Gambling Act”.

All accountable institutions are required to comply with FIC Act obligations including registering with and filing regulatory reports to the Financial Intelligence Centre (FIC). Other requirements include record keeping, training of employees on their FIC Act obligations, appointing a FIC Act compliance officer, and implementing a risk management and compliance programme.

General indicators of money laundering for the sector

- Patrons who are unwilling to provide identification when purchasing or cashing in their chips
- Patrons who purchase chips in large quantities, then only play a small proportion, before cashing in their chips
- Requests for winnings in cash or chip amounts under the reporting threshold
- Transactions on casino accounts conducted by persons other than the account holder
- The use of false and stolen identities to open and operate casino accounts
- Patrons whose physical appearance and apparent status are inconsistent with the values of their chip purchases. This may also indicate they are acting as an intermediary for an unknown third party.
- The use of casino services to convert large amounts of low denomination bank notes into more manageable high denomination notes.

Refer to the FIC [sector risk assessment](#) on the gambling sector.

Reporting to the FIC

As accountable institutions, gambling establishments must file regulatory reports to the FIC relating to suspicious and unusual transactions or activities, as well as cash transactions exceeding the prescribed threshold.

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.

Cash threshold reporting

Where a gambling institution receives cash from a client or pays cash over amount of R49 999.99, the gambling institution must be reported to the FIC. For further guidance on cash threshold reporting, kindly refer to [Guidance Note 5C](#).

Suspicious and unusual transaction and activity reporting

Accountable institutions' reports on suspicious and unusual transactions or activities are based on their knowledge of a client's business, financial history, background and behaviour. This information is acquired when an accountable institution conducts customer due diligence at onboarding and throughout the client relationship.

The obligation to report arises when a person who carries on a business or is in charge of or manages a business or who is employed by a business and who knows or ought reasonably to have known or suspected that, the business has received or is about to receive the proceeds of unlawful activities or property which is connected to an offence relating to the financing of terrorist and related activities.

A suspicious and unusual transaction report (STR) is filed where a transaction is completed while a suspicious activity report (SAR) relates to a transaction that is incomplete or abandoned. These reports must be submitted to the FIC as soon as possible without delay, but no later than 15 days from when a person becomes aware of facts which give rise to the suspicion. For guidance in terms of suspicious and unusual reporting, refer to [Guidance Note 4B](#).

Targeted financial sanctions

Targeted financial sanctions (TFS) are applied to designated individuals and entities because of their involvement in terrorism, terrorist financing, or the proliferation of

weapons of mass destruction. The FIC publishes a TFS list of all designated individuals and entities.

Gambling institutions must screen client information against the TFS list at onboarding, when transactions are conducted, and when the TFS list is updated, and no person may transact or establish a business relationship with persons or entities on the TFS list.

Should any accountable institution have a client or a prospective client on the TFS list, they must submit a terrorist property report (TPR) to the FIC. In addition, they are required to freeze, without delay, the funds or other assets of the client.

The institution must submit a TPR regardless of whether a transaction is concluded. The mere attempt at concluding a transaction linked to a designated person or entity, warrants the submission of a TPR. For further guidance on targeted financial sanctions, refer to [Guidance Note 6A](#).

For compliance information and guidance offered to accountable institutions, refer to the FIC website (www.fic.gov.za). The FIC's compliance contact centre can be reached on +27 12 641 6000 or log an online compliance query by clicking on: <https://www.fic.gov.za/compliance-queries/>