

# Anti-Money Laundering & Counter-Terrorism Financing



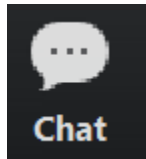
Awareness Training for the Northern Territory  
22 February 2017



# Introduction to webinar

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- » Please provide your **name** and **venue** in the chat function at the bottom of your screen



- » If you have any **questions** throughout the webinar please type them into the chat area and at the end of the webinar they will be answered
- » If you have **technical issues** please write the issue into the chat and a support staff member will make contact with you privately within the chat function to resolve this

# Presenter

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- » Former KPMG and BP Oil
- » Bachelor of Law & Bachelor of Economics
- » Several major consulting assignments for clubs, hotels and casinos
- » Guest lecturer University of Queensland

**GEOFF  
WOHLSEN**

*Director, DWS Hospitality Specialists and  
Club Training Australia*

# What will we cover today?

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- » What is AML/CTF?
- » Who is subject to it?
- » What elements of AML/CTF apply to you?
- » How to comply
- » The consequences of non-compliance
- » Some risks you might face
- » Your role in managing risk

# The history of the regulations

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- » In 1988 the Australian Government enacted specific Laws (Financial Transactions Report Act)
- » Established Austrac (Australian Transaction Reports and Analysis Centre)
- » Austrac is Australia's principal Financial Intelligence Unit (FIU)
- » Focus was on organised crime, money laundering and tax evasion
- » But the events of September 2001 in NY and Oct 2002 in Bali expanded the scope



# The history of the regulations

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- » Suppression of the Financing of Terrorism Act 2002
- » Expanded the role of Austrac and increased reporting and obligations
- » December 2006, Anti-Money Laundering and Counter-Terrorism Financing Act came into force
- » Increased Austrac workforce from 100 to 250 in 2007
- » 2008/9 → additional reporting and on-going customer due diligence, introduced need for AMLCTF Program

# The history of the regulations

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- » 2011 saw the mandatory reporting of cash transactions of \$10,000 or more
- » By 2016, 14,000 registered reporting entities



# The three areas of risk for pubs and clubs

- » **Money Laundering:** Proceeds of crime, making money that comes from “**Source A**” appear to come from “**Source B or many sources**” to hide its origin
- » **Using proceeds from crime:** eg a customer misappropriates money to pay for gambling activities, or proceeds from eg drug sales
- » **Terrorism financing:** Using your facilities and services to launder money or as a basis to facilitate transactions then used to finance terrorism





# Who has a duty?

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- » Any entity that provides a “designated service”
- » If you are licensed with **OVER 15 machines** across venues (across Australia) you must:
  - ≡ Adopt an **AML/CTF Program**
  - ≡ Verify the **identities of customers**
  - ≡ Submit Threshold Transaction Reports (TTRs)
- » If you are licensed with **15 or fewer**, you must still:
  - ≡ Report suspicious matters
  - ≡ Undertake record keeping
  - ≡ Meet enrolment obligations



# Enrolment obligations

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» Once you are licensed for more than 15 machines, you must enrol → 28 days of commencement of service

» Keep enrolment details up-to-date

<https://forms.business.gov.au/smartforms/servlet/SmartForm.pdf?formCode=ATRC100>

- my business has never submitted transaction reports to AUSTRAC electronically or via paper reporting methods
- I do not have 'user' access to an AUSTRAC Online business account for any other businesses.

Download the AUSTRAC business profile form

For further assistance in completing the ABPF, please refer to the following guides:

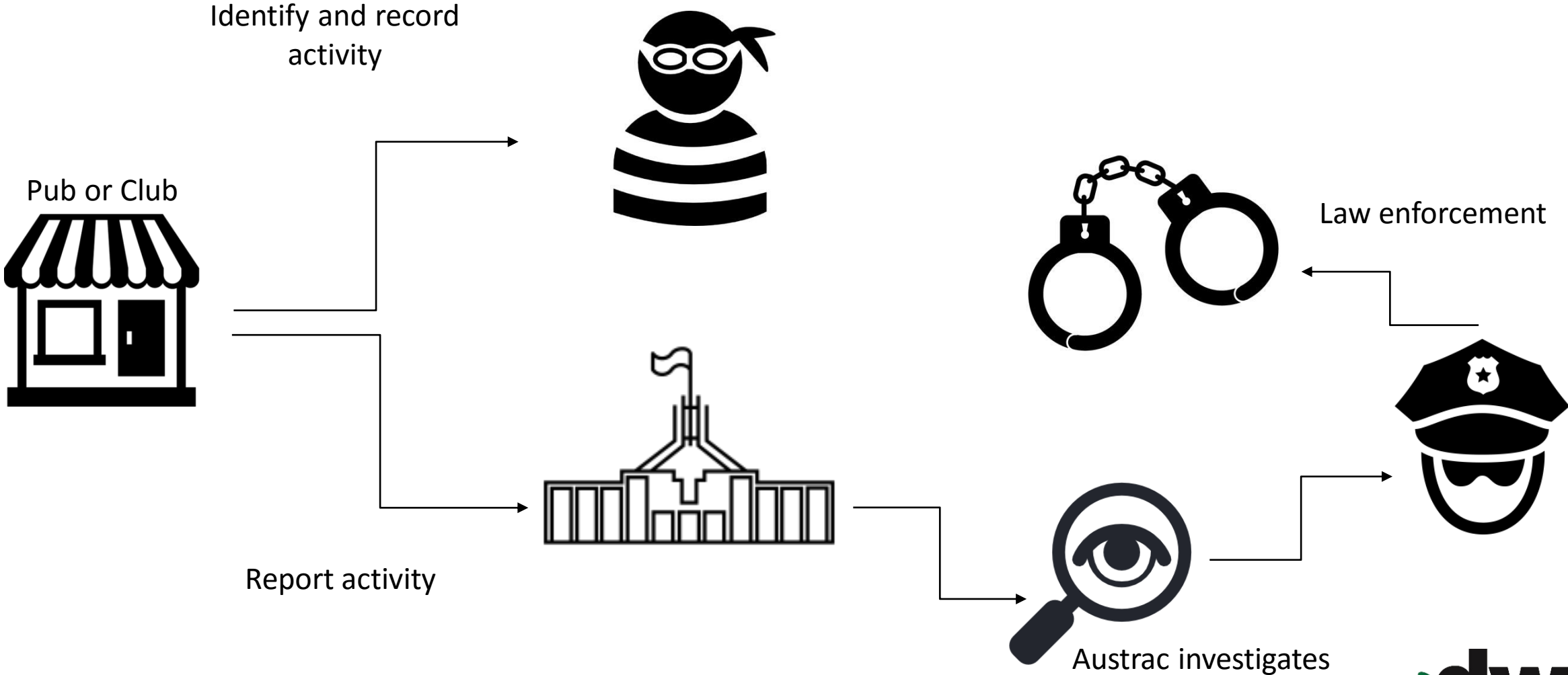
 [ABPF explanatory guide \(Word, 3.2MB\)](#)

 [Guide for cash dealers and solicitors on completing the ABPF \(Word 543KB\)](#)

## Businesses already known to AUSTRAC

If you already have an AUSTRAC Online business account but have not yet completed the mandatory enrolment/registration for AML/CTF reporting entities and remitters, please log in to your existing AUSTRAC Online account and download the ABPF via the **Business Profile** page under the **My business** tab, complete the relevant sections and select **Submit**.

# The process for reporting



# Obligations → risk assessment

» Once enrolled, conduct a risk assessment:

Risk No.	Risk Attribute	Comment	Question		Weight	Rankings	Score	Venue (Weighted)
5	Other Gambling Products Offered at the Venue	TAB wagering offered on the same premises provide more opportunities for money laundering	How many other gambling products are offered at the Club?	TAB	6	2 other products	2	6
						1 other product	1	
						No other products	0	
6	Location of Venue	Venues located in metropolitan areas typically have more anonymous, transient clients than regional centres and small towns	Where is the Club located?		8	Capital City	4	24
						Other City	3	
						Regional Town	2	
						Country	1	
7	Venue Control	Separate, consistent gaming room oversight (full-time gaming room attendant) increases staff surveillance of gaming room, thereby reducing ML/TF risk	Does the gaming room have separate gaming room supervision?		5	No separate control (Multi-function)	2	0
						Part time separate control	1	
						Full time separate control	0	
8	Staff Roles	Separation of responsibilities in EGM operations	Are gaming machine operations separated by staff roles?		5	Integrated	1	0
						Separated	0	
9	Staff Turnover	A higher risk is posed by frequently changing and inexperienced workforce that may not be as aware of AML/CTF requirements and ML/TF risks and/or not as confident as experienced staff in following the processes of the Venue's Program	What is the level of gaming/wagering staff turnover at the Club per annum?	5 out of 20	5	Greater than 60%	2	0
						30 – 60%	1	
						Less than 30%	0	

# Then → create a venue specific **Program**

The image shows the cover and contents pages of a document titled "LOGAN CITY REC CLUB Anti-Money Laundering and Counter Terrorism Financing Program". The cover page (left) features the "recclub" logo at the top left, the title in the center, and contact information at the bottom: "4 Albo Lane, Kingston QLD 4114", "T 07 3208 9311 F 07 3208 4404 www.loganrecclub.com.au", and "Version No.1, June 2018". The contents page (right) lists 14 main sections with their respective page numbers. The "recclub" logo is also present at the top left of the contents page.

**LOGAN CITY REC CLUB**

**Anti-Money Laundering and Counter Terrorism Financing Program**

Version No.1, June 2018

4 Albo Lane, Kingston QLD 4114  
T 07 3208 9311 F 07 3208 4404 [www.loganrecclub.com.au](http://www.loganrecclub.com.au)

**Contents**

1	PART A: IDENTIFY, MITIGATE & MANAGE	4
1.1	INTRODUCTION	4
1.2	PURPOSE	4
1.3	SCOPE	4
1.4	OBLIGATION	4
1.5	DEFINITIONS	5
1.6	DOCUMENTATION & RECORDS	6
2	ML/TF RISK ASSESSMENT	6
3	APPROVAL & OVERSIGHT BY THE BOARD & SENIOR MANAGEMENT	7
4	AML/CTF COMPLIANCE OFFICER (CO)	7
5	REVIEW	8
6	EMPLOYEE DUE DILIGENCE PROGRAM (EDDP)	9
7	AML/CTF RISK AWARENESS TRAINING PROGRAM	9
8	AUSTRAC FEEDBACK	10
9	REPORTING OBLIGATIONS	11
9.1	Suspicious Matter Report (SMR) Act section 41	11
9.1.1	Completion of SMR	12
9.1.2	Timeframe for Reporting	12
9.1.3	Disclosure of Information	12
9.1.4	Wagering Services (TAB)	12
9.2	Threshold Transaction Report (TTR) Act section 43	12
9.2.1	Completion of TTR	12
9.2.2	Timeframe for Reporting	13
9.2.3	Wagering Services (TAB)	13
9.3	International Funds Transfer Act section 45	13
9.4	Annual Compliance Reporting Act section 47	13
9.5	Enrolment Details Act section 51F & Rules Chapter 64	13
10	ONGOING CUSTOMER DUE DILIGENCE (OCDD)	13
10.1	Know Your Customer (KYC) Information	13
11	Transaction Monitoring Program	14
12	Enhanced Customer Due Diligence (ECDD)	14
13	PERMANENT ESTABLISHMENT IN A FOREIGN COUNTRY	15
14	PART B	15
14.1	CUSTOMER DUE DILIGENCE PROCEDURES	15
14.1.1	Collection and Verification of Customer Identification Information	15

AML/CTF PROGRAM Version No.1, June 2018 Page 2 of 24

» Program in place to identify, mitigate and manage the risk

» 10 key elements of a compliant Program

# 1// → Appoint an AML/CTF Officer

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- » Someone from management – who has influence in the operation
- » Main point of contact for Austrac and employees
- » Back-up person in absence of designated Officer

# 2// → Implement employee DD Program

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- » This is mandatory and a part of the overall Program
- » How to screen employees who are in a position to facilitate ML/TF offences
- » Check that they are of good character and not involved in criminal activity, must answer:
  - ≡ How to verify the identity of a perspective employee?
  - ≡ What checks → e.g. references, checks with former employers, criminal history checks?
  - ≡ How do you supervise employees to ensure compliance?
  - ≡ What procedures if there is a breach?





# 3// → Risk awareness training program

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- » Must educate employees and volunteers regarding this risks of ML and TF
- » Must train them in your procedures → the Program
- » Training must include:
  - ≡ Your obligations under the Act and consequences of non-compliance
  - ≡ The types of risk you may face
  - ≡ The consequences of these risks
  - ≡ Processes and procedures in the Program relevant to the work carried out by employees/persons/volunteers

# 4// → Respond to Austrac requests/feedback

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- » Must have as part of program a duty to respond to Austrac
- » Who is responsible
- » What are their duties to Austrac
- » Timeframes for lawful requests



# 5// → Independent reviews of Program

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- » Must establish an independent review process of your Program
- » Reviewer must be independent (not involved in the design)
- » Austrac doesn't prescribe it but many do it annually
- » Or when an incident occurs
- » Independent review:
  - ≡ Effectiveness of Program
  - ≡ Does the Program comply
  - ≡ If the Program has been implemented
  - ≡ Have you complied with your Program



# 6// → Processes for Customer DD

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Referred to as On-going Customer Due Diligence (OCDD)

- » Must establish processes for on-going customer due diligence
- » That is, processes in place to collect and update **customer ID** information plus monitor **transactions activity**
- » Involves:
  - ≡ Determining circumstances for activation of OCDD (eg complex or unusual transactions)
  - ≡ What information to collect and how
  - ≡ What on-going monitoring of high risk and suspicious persons

# 6// → Processes for Customer DD (cont)

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- » Must step up (enhance) monitoring and this involves:
  - ≡ Seeking further information from the customer or a third party such as name, address, ID, information about the transactions or the source of the wealth
  - ≡ Increasing capture of customer gaming and transaction information
  - ≡ Submit a Suspicious Matter Report (SMR)

# 7// → Document reporting procedures

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- » Must submit a **Suspicious Matter Report** to Austrac if at any time dealing with the customer, you form a suspicion that a matter might be related to an offence, tax evasion, proceeds of crime or terrorism financing
- » SMR to Austrac within:
  - ≡ 24 hours if related to terrorism
  - ≡ 3 business days in other circumstances

<https://online.austrac.gov.au/ao/login.seam>

# 7// → Document reporting procedures (cont)

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## » Examples of suspicious matters:

- ≡ Cash in and credit out of a gaming machine with little play
- ≡ Customer purchases payout vouchers from others
- ≡ Source of funds from crime
- ≡ Requesting cheques in another name
- ≡ Use of player card of another person
- ≡ Customer refuses or is reluctant to produce ID
- ≡ Regular customer changes gaming habits noticeably and suddenly



# 8// → Know your customer information

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» Clubs and pubs with gaming and enrolled must verify the ID of their customers when:

≡ Payment of \$10,000 or more in any transaction whether cash or not

≡ When customer is considered high risk

≡ At any time there is a reasonable suspicion

≡ When you activate your enhanced customer DD

» You must:

≡ Collect ID (asking them to state details – name, DOB, physical address)

≡ Verify it (Medicare card, licence to verify name and DOB **or** address)

# 9// → Ongoing oversight and records

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» Senior officer, manager must provide oversight of Program

» Keep records:

≡ Retain customer ID for **7 years** after date of last service

≡ Keep transaction records for **7 years** after provided

≡ Retain copies and records of Program for **7 years**



# 10// → Compliance reporting

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» If enrolled and satisfy the reporting requirements (more than 15 machines), you must:

≡ Submit a compliance report every year

≡ This report requires information on your compliance with the AML/CTF Act

≡ **31 March each year**

<https://online.austrac.gov.au/ao/login.seam>

# Reporting obligations

- » Anything to do with terrorism financing – **24 hours**
- » Suspicious matters – **3 days for SMR**
- » Threshold transactions – **10 days for TTR**

A screenshot of the "Threshold Transaction Report" form. The form is titled "Threshold Transaction Report \$10,000 or more" and includes sections for "PART A: DETAILS OF THE TRANSACTION" and "PART B: DETAILS OF THE CUSTOMER". It contains various fields for reporting details, including dates, amounts, and customer information.

<http://www.austrac.gov.au/chapter-7-amlctf-reporting-obligations>

# Consequences of non-compliance

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- » \$17.0M fine for the owner or club and its Officers and/or up to \$3.4M for individuals
- » Up to 10 years imprisonment for individuals, \$1.1M fines
- » Enforceable undertakings for organisations
- » Notices or Remedial Directions to fix issues identified



# Some examples - Tabcorp

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- » In 2015, Fairfax Media reported that underworld figures were using Tabcorp betting accounts to launder cash, while violent inmates sometimes used the accounts to receive payments for extortion rackets run inside Victorian prisons
- » Austrac investigated and found routine breaches of the reporting requirements (236)
- » Possible fines of \$18M
- » Last year spent over \$20M defending and complying with the investigation

# Some examples – Gambling Solicitor

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- » Lawyer in Melb sold or sort to sell other's property to gain \$2.5M in funds (successful in accessing \$1M)
- » He opened several bank accounts and asked for priority cheque clearances
- » Markedly increased his gambling activity at the casino
- » Received 9 years jail but Austrac investigated gaming activities



# Some examples – Director fraud

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- » A director of a company stole \$1M from the company and his partners
- » Gambling addiction
- » Suddenly engaged in many transactions just under \$10,000 at the casino
- » The casino issued multiple SMR's in respect of the man which led to an investigation and his arrest

# DWS Hospitality Specialists

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