



MONEY LAUNDERING RISKS OF CASINOS AND THE GAMBLING SECTOR IN WEST AFRICA





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Citing reference :

GIABA Assessment Report (2021), Money Laundering Risks of Casino and the Gambling Sector in West Africa, GIABA, Dakar, Senegal

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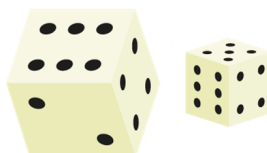


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LIST OF ACRONYMS

AML/CFT	Anti-Money Laundering and Counter-Financing of Terrorism
CDD	Customer due diligence
CSJ	Special Commission of Games
DNFBPs	Designated Non-Financial Businesses and Persons
DST	Directorate of Territorial Surveillance
ECOWAS	Economic Community of West African States
EFCC	Economic and Financial Crimes Commission
FATF	Financial Action Task Force
FIU	Financial Intelligence Unit
GIABA	Groupe intergouvernemental d'action contre le blanchiment d'argent en Afrique de l'Ouest
GRA	Ghana Revenue Authority
IGJ	General Inspectorate of Games
LONASE	Loterie nationale sénégalaise
MoU	Memorandum of Understanding
NLRC	National Lottery Regulation Commission
NRA	National Risk Assessments
OCWAR-M	Organized Crime : West African Response to Money Laundering and the Financing of Terrorism
SCCJ	Service central des courses et des jeux de hasard
SCUML	Special Control Unit Against Money Laundering
SRO	Self-Regulatory Organization
STR	Suspicious transaction report
TITO	Ticket-in ticket-out
WACAP	West African Network of Central Authorities and Prosecutors



ACKNOWLEDGMENT

The project team would like to sincerely thank the focal points from Benin, Cabo Verde, Côte d'Ivoire, Ghana, Nigeria and Senegal that played a key role in the success of this project.

The coronavirus pandemic significantly impacted the information collection phase of this project, forcing the project team to adapt their methodology. The project team is indebted to the tireless efforts of the local focal points to identify key actors for virtual interviews, coordinate virtual interviews, reply to late-night email requests for further information, and generally make available all necessary public and non-public information available to the project team.

We would like to thank the authorities, national lottery, casino, and sports betting operators that participated in 50+ user interviews that led to the detailed findings of this report.

We would also like to thank experts from the French Service Central des Courses et des Jeux (SCCJ) of the Ministry of Interior for their contributions.

The project was overseen by experts from the OCWAR-M Project (Expertise France), the GIABA Secretariat and Mr. Derek Leist, an AML/CFT consultant with sector-specific expertise. Information in the report is primarily based on self-reporting from the countries surveyed.



BACKGROUND



1. GIABA and its members are committed to identifying and mitigating ML risks in the casinos and gaming sector in West Africa. Leadership and expertise provided by GIABA was crucial to the successful realization of this report, and the project team is grateful for the guidance it received.
2. This vulnerabilities report covers the risks of the casinos sector in West Africa, including risks of money laundering and other forms of illicit finance in the sector. In particular, the report focuses on the casino and gaming sectors in six GIABA Member states (Ghana, Nigeria, Senegal, Cabo Verde, Côte d'Ivoire, and Benin). This study has been ordered by GIABA, implemented with technical assistance provided in the context of the OCWAR-M project (Organized Crime: West African Response to Money Laundering and the Financing of Terrorism) by Expertise France, and funded by the European Union. These countries were chosen due to their systemic importance to regional stability, and relative risks present in their casinos and gaming sectors.
3. Country-specific information is provided throughout the report to give context to the team's findings, based primarily on self-reporting from casinos and authorities in the region. Although the coronavirus pandemic caused significant disruption to the planned on-site visits throughout the region and methodology for information collection, the project team was able to participate in over 50 hours of virtual interviews with authorities and casinos throughout the region. This adaptive approach, and the subsequent email exchanges that followed between country focal points and project team, led to a number of the key insights contained in this report. To the extent that regulatory, supervisory, and operational deficiencies are identified across the region, concrete recommendations are provided to plug these gaps.
4. This GIABA report is a stand-alone report that complements and expands upon earlier international work and guidance, notably the FATF reports, *Vulnerabilities of Casinos and Gaming Sector* (March 2009) and *Risk-Based Approach Guidance for Casinos* (October 2008). These high-level reports at international level offer a solid framework through which AML practitioners and experts can approach the casinos and gaming sectors. This regional report hopes to build on the red flags, good practices, and suggested actions identified in these reports at international level, offering a roadmap for future actions by regulators, supervisors, and operational authorities in West Africa to reinforce their AML systems.
5. This vulnerabilities study is an important step forward for the region as it seeks to better understand AML risks in the casino and gaming sector and take actions to mitigate these identified risks. Since the last reported on the sector was published 11 years ago by FATF, there have been major changes in offered, influence of foreign-ownership and management, increasing cross-border movements of funds, a growing online sports-betting presence, and wholly new types of crypto-facilitated gambling). This regional report therefore endeavors to identify these emerging risks and trends in the West African context.



OVERVIEW OF KEY FINDINGS



VULNERABILITIES

6. Key deficiencies were identified in regards to legislative gaps (in particular, regarding the licensing and regulation of online casinos operating across the region); lack of domestic cooperation to license, monitor and supervise casino activity for AML purposes; and a lack of STR reporting and information sharing between casino and gaming establishments in the region and the Financial Intelligence Units of the countries surveyed.

NEW TRENDS AND EMERGING RISKS

7. New trends were identified including in regards to increasing foreign acquisition of casinos, as well as foreign ownership and management of casinos across the region (often manifested as increasing participation in the ownership structure, as most countries in the region require local majority ownership); a shifting customer profile and frequency of foreign customers; and an a growing presence of online casinos and sports betting companies, further impacted by the coronavirus that has put pressure on land-based casinos across the region.

RISK INDICATORS AND GOOD PRACTICES IDENTIFIED

8. New risk indicators were identified in regards to: ML risks associated with the use of mobile payments in casinos, ML risks associated with online casinos and games, and ML risk indicators associated with the growing use of ticket or card-based slot machines. These risks indicators provide a base for authorities looking to build up on-site and off-site supervisory programs in countries across the region, and should be read in addition to the red flag indicators identified in previous reporting at international level.
9. Good practices were also identified to improve supervision of casinos in the region and improve risk understanding. Annex II includes a draft advisory notice template that FIUs can use as a basis for a public notice to casinos, national lottery, and sports betting companies.

COUNTRY-LEVEL OUTCOMES

10. Annex I includes a holistic overview of country-level risks and descriptions of national AML frameworks for the casinos, national lottery, and sports betting sectors. These overviews include details pertaining to technical compliance, as well as a focused discussion of effectiveness outcomes (i.e., domestic cooperation, STR filing, on-site and off-site supervision, etc.). New trends and emerging risks have been identified on a country-level basis, and supplementary information has been provided on the overall makeup of the casinos sector. To the extent possible, limited case examples have been provided to give context to the risks identified.

RECOMMENDATIONS

11. Based on the 51 interviews conducted with authorities in the region and supplementary research, the report identifies seven concrete recommendations for immediate implementation. These include:



Recommendations for ML Risk Mitigation in the Casinos Sector in West Africa

The recommendations found below build on the issues identified throughout the report. Their implementation should be prioritized at country-level, given the context and materiality of each country's risk landscape. By identifying these high-level recommendations, it is the project team's hope to give guidance to local authorities, technical assistance donor countries, and other international partners active in the region.

To the extent that outside experts are brought in-country to support local efforts to combat ML in the casino and gaming sector, these external consultants should have sector-specific expertise and experience running meetings and events with a targeted focus for casinos. High-level conferences for a broad range of DNFBPs do not address the sector-specific needs of casinos and casino staff.

Recommendation 1 - Dissemination of the Report

FIUs or supervisors should circulate this report in its entirety to licensed casino operators in its jurisdiction, in addition to the advisory notice found in Annex II and results from the country National Risk Assessment (NRA) for information purposes. The timely circulation of this report will ensure that casino operators are made aware of their risk exposure and potential vulnerabilities associated with their business model. It should also serve as an alert that authorities are serious about cracking down on non-compliance identified within the sector.

Recommendation 2 - Legal Framework Compliance

Authorities should review national legislation to cover technical compliance gaps identified in this report, and in particular to ensure that online casinos are fully covered for AML purposes. Draft legislation should be prioritized to address these legal and regulatory deficiencies. As a priority, online casinos should be licensed, implement internal AML controls, and file STRs and other applicable threshold reports.



Recommendation 3 - Supervision

Supervisors should be given adequate resources and sector-specific training to conduct on-site and off-site AML supervision of physical casinos. Resources should be apportioned, as required, based on the findings of national risk assessments and risk landscape facing the country and casinos sector. The good practices and risk indicators identified in this report should act as a foundation for future supervisory actions, adapted to national context. Supervisors should plan on-site visits for the coming year and be able to provide context before the national AML committee as to why these casinos were chosen for on-site visits (e.g., higher potential ML risk, lack of STR reporting, lack of cooperation, size of operations, volume of funds paid out at casino, other information shared with authorities, etc.).

Recommendation 4 - AML Coordination Committee Involvement

AML Coordination Committees should hold a dedicated working group session on the casino and gaming industry in 2021. This exercise should cover five themes: i) the state of technical compliance in the country, ii) timelines to address identified gaps, iii) an overview of NRA outcomes and STR filing to-date from casinos and banks on their casino clients, iv) the development of regular, formal cooperation channels between police and other authorities (in particular, the FIU and competent supervisor) such as weekly updates on police controls conducted on-site, and v) the urgent need to implement (or reinforce) a supervisory program of on-site and off-site supervision.

Recommendation 5 - Implementation of Effective, Proportionate and Dissuasive Sanctions

Non-compliant casinos should be sanctioned with warnings, pecuniary fines, other administrative and criminal fines, and/or temporary or permanent operating license revocation. Casinos hinted at frustrations due to their willingness to comply with AML obligations and cooperate with authorities, which is undercut by the lack of applied sanctions for non-compliant entities. The existence of non-compliant, licensed casinos and illegal casinos disincentivizes good behavior in the industry and harms working relationship between authorities and the sector. Authorities must work to create a culture of compliance through outreach and good relations, as well as sanctioning non-compliant entities and illegal behavior.

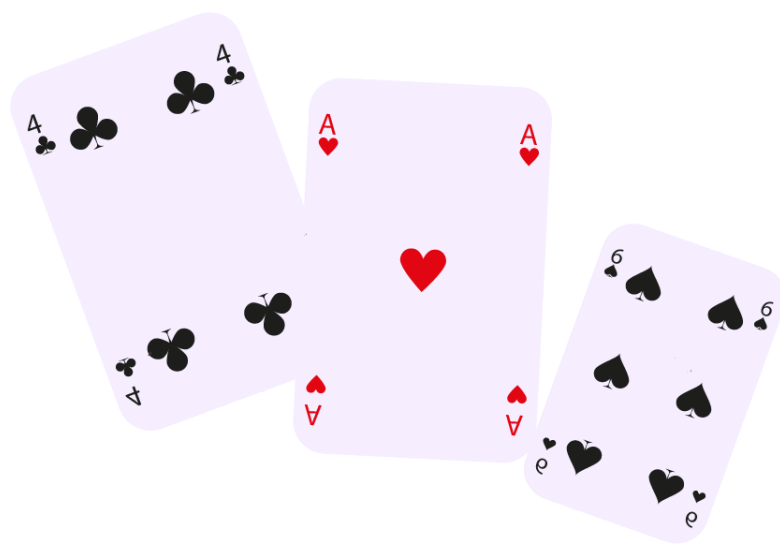


Recommendation 6 - International Cooperation

At regional level, GIABA should consider how to address deficiencies in cooperation between countries for AML purposes. Some formal mechanisms exist today to facilitate information sharing, notably the West African Network of Central Authorities and Prosecutors (WACAP), in addition to cooperation through bilateral Memoranda of Understanding (MoUs) and Egmont Group channels. Generally, authorities consider that these channels are not sufficient to request and ascertain information in a timely manner for investigative purposes. Regional cooperation on casino matters today is quasi non-existent. At ECOWAS-level, there may be room for greater standardization of AML regulations in the casinos and gaming sector. The current patchwork regulatory environment in the region has led to numerous gaps, as identified in this report.

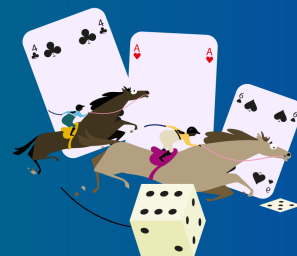
Recommendation 7 - Investigations

Investigations into suspicious behavior in casino establishments are not occurring across the region. In part this is due to a lack of reporting to authorities from the sector, itself, and in part this is due to the lack of police capacity to conduct casino-related investigations. Specialized training for casino-related financial investigations is needed, and a specialized police unit or investigator (depending on the country and size of the sector) should be trained. This training should cover best practices on how to collect video surveillance and CDD information from casinos on suspect transactions and individuals, as well as how to conduct on-site intelligence gathering operations.



Money Laundering Risks to the Casinos and Gaming Sector in West Africa

Vulnerabilities Study



A

INTRODUCTION

1. The key focus of this project is the development of a detailed vulnerabilities study on the risks of the casinos sector in West Africa, including risks of money laundering and other forms of illicit financing in the sector. Country-specific case examples are given throughout the report to highlight examples of good practices in action. To the extent that regulatory, supervisory, and operational deficiencies are identified across the region, concrete recommendations are provided to plug these gaps.
2. This report complements and expands upon earlier international work and guidance, notably the FATF reports, *Vulnerabilities of Casinos and Gaming Sector* (March 2009) and *Risk-Based Approach Guidance for Casinos* (October 2008). These high-level reports offer a solid framework through which AML practitioners and experts can approach the casinos and gaming sectors. This regional report hopes to build on the red flags, good practices, and suggested actions identified in these reports at international level, offering a roadmap for future actions by regulators, supervisors, and operational authorities in West Africa to reinforce their AML systems.
3. This vulnerabilities study is an important step forward for the region as it seeks to better understand AML risks in the casino and gaming sector and take actions to mitigate these identified risks. Since the last report on the sector was published 11 years ago by FATF, there have been major changes in the casinos and gaming sectors (including the types of games offered, growing influence of foreign-ownership and management, increasing cross-border movements of funds, a growing online sports-betting presence, and wholly new types of crypto-facilitated gambling). This report therefore endeavors to identify these emerging risks and trends in the West African context.

PROJECT SCOPE

4. The project team broadly focused on the following key areas of focus, as identified during the information gathering phase:
 - a. *Physical Casinos*: Land-based casinos operating in West Africa may pose high ML risks due to the prevalence of cash, existence of foreign-born gamblers in the region, lax AML controls for buy-ins and cash outs, and lack of Suspicious Transaction Report (STR) reporting to authorities¹.

¹The foreign/local client mix is dependent on national context. For example, Cabo Verdean authorities report that 70% - 80% of gaming activity is conducted by local nationals at their one casino establishment in the country.



- b. *Online Casinos:* Although a relatively new phenomenon to the region, the coronavirus pandemic has accelerated a growing trend towards online gaming, making it easier for criminals to move funds between accounts held by online casinos. Country-specific context in the region varies dramatically, with Nigerian authorities having received STRs from some of its biggest online casinos (e.g., Bet9ja) and Cabo Verdean authorities reporting that there are no licensed online casinos allowed in the country.
- c. *Junkets:* Junket operators tend to target high net worth individuals for VIP casino-tourism. These junket operators typically operate in partnership with local casinos and financial institutions in the region and may bring in wealthy foreigners to play in exclusive rooms or salons dedicated to the junket operator and his wealthy clients. The existence of junkets raises subsidiary concerns around Politically Exposed Persons (PEPs), corruption, and bulk cash movements cross borders. In West Africa, authorities report that junket operators are much less active than in Western countries and countries with a developed casinos sector. Most authorities in the region have not licensed junket operators and do not consider this a key concern.
- d. *STR Reporting to the FIU:* Casinos generally do not report STRs in most countries surveyed; although, some STRs have been filed by banks that have casino clients. This is a serious deficiency. Without an inflow of information and reporting to the FIU, supervisors are effectively blind to any potential risks in the casinos sector in their region. This is particularly the case, given that there is little to no formal or informal exchange of casino-related information between police present in casinos and supervisors.
- e. *On-Site and Off-Site Supervision:* On-site and off-site supervision is mostly absent in the casinos sector in West Africa, as most of the controls in place are outsourced to police who lack specialized training in casinos-related investigations. This must be addressed for supervisors to effectively monitor and mitigate risks in the region. Good practices are identified in Section D, *Good Practices to Improve Supervision of Casinos and Games of Chance in West Africa for Immediate Adoption*.
- f. *Appointment and Training of Casino Compliance Staff:* Although casinos employ surveillance measures to deter fraudsters and other illicit behavior, few local casinos employ compliance staff with specialized AML training. Many casinos across the region had never received sector-specific AML guidance, with some receiving only general, high-level guidance on the AML obligations of Designated Non-Financial Businesses and Persons (DNFBPs).
- g. *Inter-Agency Cooperation:* Domestic coordination is an important aspect of the domestic AML/CFT regime. Many countries in the region have developed nascent AML Coordinating Committees, which is a positive first step. However, many of these Committees have unclear powers or lack holistic processes to share information from the data collection to prosecution to confiscation phases of an investigation. None of the countries surveyed could provide evidence of having ever dedicated a working session exclusively to the casinos sector and its risks (although, some Committees noted that conversations arose in the context of the National Risk Assessment).
- h. *Risk Understanding:* Risk understanding at an agency-level is critical to implementing appropriate AML controls and countermeasures. Many countries in the region have recently undertaken National Risk Assessments (NRA), facilitated by the World Bank and its methodology. However, more needs to be done to share the results of these studies with casino compliance staff in the region and set national policies and strategies to mitigate ML in the gaming sector.



- i. *Priority Setting and Awareness Raising:* Policy making and operational good practices go hand-in-hand. Currently, there is a lack of prioritization at national level across the region to mitigate ML risks to casinos and sports betting companies. Many Coordinating Committee members across the region could not recall ever holding specific conversations about the sector or its priorities at their regular working meetings.
5. Additionally, illegal gambling and unlicensed casinos, national lotteries and sports betting, and ship-based casino tourism was explored to a limited extent with local authorities.
6. All six countries surveyed are members of the Economic Community of West African States (ECOWAS). According to its website, the main goal of ECOWAS is to encourage economic cooperation amongst its member states to promote economic development. GIABA is an institution of ECOWAS responsible for AML/CFT regulatory compliance. This project is primarily focused on country-level risks and responses and does not make recommendations as to the implementation of ECOWAS-wide actions. Nonetheless, the patchwork of AML regulations at national level suggests that more supranational guidance may be needed to harmonize regulatory regimes and identify good practices across the region.

METHODOLOGY

7. The project focused on six countries (Ghana, Nigeria, Senegal, Cabo Verde, Côte d'Ivoire, and Benin). These countries were chosen due to their systemic importance to regional stability, and relative risks present in their casinos and gaming sectors. Each country has unique characteristics and context, as highlighted in the annex, but regional challenges (including the existence of cash-based economies, porous borders, and newly formed or weak supervisory regimes for casinos and gaming establishments) creates systemic vulnerabilities across the region. The project was overseen by experts from the OCWAR-M Project (Expertise France), the GIABA Secretariat and Mr. Derek Leist, a consultant with AML expertise in the sector. The team is indebted to the guidance and advice received from external stakeholders as part of the open comment process, including sector-specific expertise shared by the *Service Central des Courses et Jeux* or SCCJ at the Ministry of Interior in France.
8. The project consisted of three principal phases:
 - a. *Phase I:* This phase focused on information gathering of written materials, including the collection and analysis of available public reports (FATF reporting, GIABA Mutual Evaluations, public NRAs, etc.).
 - b. *Phase II:* Due to the coronavirus, on-site visits were canceled. Instead, this 4-week phase focused on virtual on-site visits with authorities, local casinos and casino associations. 51 virtual interviews were held with financial analysts, regulators, supervisors, AML Coordination Committee members, law enforcement, casinos, national lottery operators, sports betting companies, and other domestic officials tasked with AML policy setting for their country's casino and gaming sectors.
 - c. *Phase III:* The report drafting, and country comment phase was staged such as to allow for continued exchanges between the project team and the countries involved. This continued dialogue was invaluable to the project team and allowed for a more granular analysis and detail to be added to the final report.



9. During the virtual visits, certain areas were explored in greater focus (see Project Scope, above). These areas were identified following a thorough review of available reporting as well as formal and informal discussions with experts across the FATF Global Network. Disruptions caused by CoVID precluded the project team from conducting on-site visits, and post-CoVID, targeted follow up visits at country-level should prioritize on-site interviews and inspections.

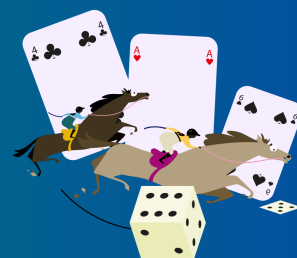
PROJECT TEAM

10. The project team consisted of experts from the OCWAR-M Project (Expertise France), the GIABA Secretariat and Mr. Derek Leist, an AML/CFT consultant with sector-specific expertise. Focal points were identified in each country at the outset of the project and played a key role in the success of this project. The project team is indebted to the tireless efforts of the focal points for Ghana, Nigeria, Senegal, Cabo Verde, Côte d'Ivoire, and Benin who identified key actors for virtual interviews; coordinated virtual interviews at national level; replied to late-night email requests for further information; and generally made available all necessary public and non-public information available to the project team. This report relies heavily on self-reporting from authorities and casinos in the countries surveyed.



Money Laundering Risks to the Casinos and Gaming Sector in West Africa

Vulnerabilities Study



B

THE CASINO AND GAMING SECTOR IN WEST AFRICA

11. The casinos and gaming sector in West Africa is composed of various actors, including land-based casinos, online casinos, sports betting companies, and national lottery operators. In each category, there are operators with varying levels of capacity, resources, and operational knowledge to combat money laundering and other forms of illicit finance. Annex I to the report includes a detailed overview of laws and policies, challenges, risks at national level. The report outlines key trends across the region and provides a high-level assessment of risks and challenges facing authorities across the region. Country-specific examples are provided on a case-by-case basis to underscore broader, regional trends or gaps.

GENERAL OVERVIEW

12. Generally, there are three broad categories of casino establishments across the region:
- a. Casino establishments owned and operated by local nationals of the country: These are generally either stand-alone gaming salons owned and operated by local nationals, attached to a local 5-star hotel, or with national presence across major population centers in the country.
 - b. Large, multi-national casinos owned by foreign nationals and operated by local nationals: These are generally large casino groups with domestic operations overseen by local nationals in partnership with foreign ownership, mostly from Europe or Asia. Most countries in the region require, at least, a threshold amount of minority or majority ownership by local nationals in any new casino establishment prior to licensing.
 - c. Casino establishments owned and operated by foreign nationals in the country: These are generally smaller casinos or gaming salons with domestic operations overseen by foreign nationals from East Asia that cater to foreign workers in the country.
13. Statistics for licensed casinos in the region cover:

TABLE 1 : NUMBER OF LICENSED CASINOS OPERATING IN THE REGION

COUNTRY	Licensed Casino Establishments
Senegal	8
Ghana	8
Nigeria	300
Ivory Coast	4 ²
Benin	5
Cabo Verde	1

²There are currently 4 casinos registered with the licensing authority, but only 3 casinos that are in operation.

14. As seen above, most countries in the region do not have a large presence of licensed casino operators, with the notable exception of Nigeria (see *Annex I: Country Specific Findings and Context*). Due to this, it is often more expedient for authorities to communicate directly with the casino operator on an as-needed basis. In the case of Nigeria, the casinos and slot operators association acts as a forum and industry advocate. The association provides insights into the casino sector to authorities and collaborates with the National Lottery Regulation Commission, FIU and SCUML on AML issues. Other countries, such as Côte d'Ivoire, do not have casino associations to advocate on behalf of the industry. As the casinos and gaming sectors mature in the region, these sorts of industry associations may act as useful partners for awareness raising of AML obligations within the sector.
15. Local Senegalese nationals are interdicted from playing in casinos in Senegal. In other countries in the region (Nigeria, Côte d'Ivoire³, Ghana, Benin, and Cabo Verde⁴), local nationals can play at casinos. In many major metropolitan areas in West Africa, casinos typically cater to foreign nationals, including business travelers, diplomats or ambassadorial staff, and temporary workers.
16. Because of this, it is common for casino establishments to be attached to 5-star hotels and often these casino/hotel combinations are established under one business entity (i.e., under one licensed and registered legal person in the country). When this is the case, casino operators have access to reliable information from hotel reservations on demand. One casino noted that it is regular practice to check the guest list at the hotel with the welcome desk every day since the welcome desk collects useful CDD information, including passport scans, signatures, phone and email records, etc.

NATIONAL LOTTERIES

17. National lotteries are commonplace across the region and often have a monopoly over various betting games at national level. Depending on the jurisdiction, games include scratch-off tickets, horse race betting (PMU), and jackpot-style or Powerball winnings. Certain products, like scratch-off tickets, may be relatively lower risk for ML compared to jackpot-style or Powerball ('guess the winning number') ticket games, which are vulnerable to corruption, fraud, and embezzlement. Most national lottery commissions have kiosks, gaming salons, or ticket sales at independent vendors across the country. These sales point operators are generally not trained in AML.

SPORT BETTING COMPANIES

18. The online sports betting sector is growing at an increasing rate, particularly in Nigeria as well as in francophone countries in the region. This trend has been further accelerated in 2020 due to the coronavirus pandemic forcing land-based casinos across the region to temporarily close for extended periods of time. Due to the online, global nature of many of these games, cross-border ML risks are heightened. For example, francophone countries in the region see an increasing uptake in French-based *paris sportif* games by local nationals.

³In Côte d'Ivoire, local nationals were interdicted from accessing casinos until recently. Law No. 2020-480 (May 2020) now allows local nationals to access casinos and slot machine games above the age of 21 years old.

⁴In Cabo Verde, nationals can gamble, but there are restrictions in placeto limit casino access to certain professional categories, including the security forces, military, magistrates, politicians, the General Inspectorate of Games (IGJ) employees, etc.



KEY SECTOR VULNERABILITIES

19. The section below identifies key vulnerabilities in casinos across West Africa.

Legislative Gaps and National Policies

20. Countries across West Africa are in the early phases of implementing a comprehensive AML regime in regards to the casinos and gaming sectors. Results from the recent round of GIABA evaluations highlights the need for more targeted action by authorities to prevent the abuse of casinos for ML purposes. In certain countries, legal powers have been defined for supervisors regarding the casinos, national lottery, and sports betting sectors⁵. However, the rise in online gaming is creating challenges for supervisors and regulators, with certain AML laws not covering online casino activities (Cabo Verde⁶). In contrast, some countries have explicitly covered online casinos in their new AML regulations (e.g., Art. 24 of Law 2018-03 in Senegal, which covers “casinos, including casinos on the Internet...,” and Law 2020-480, which regulates this activity in Côte d’Ivoire). Online casinos and gambling activities should be explicitly covered in national regulation or else guidance should be issued by regulators to clarify that existing provisions are sufficiently expansive to cover the licensing, regulation and supervision of online casinos, domiciled within the country but without physical presence.
21. During the virtual on-site visits, authorities across the region generally showed themselves to be receptive to the need for legislative improvements. The gaps identified in this report should form a baseline for legislative review at national level.

Lack of Domestic Cooperation**Cooperation Between FIU, Supervisors and Law Enforcement**

22. Cooperation varies, but generally there is little cooperation between FIU, supervisors, and law enforcement across the region concerning ML risks to the casinos sector. Generally, FIUs have only recently been established (focused on policies and procedures), on-site supervision is non-existent or not risk-based, and law enforcement controls are thus used as a stopgap measure to monitor casino activity (see the section *Need for On-Site and Off-Site Supervision*, below).
23. AML Coordination Committees should prioritize the need for robust information exchange between FIU, supervisors and law enforcement agencies concerning ML and the casinos sector. Several authorities expressed frustration at a lack of significant exchange. Some fraud and predicate crime cases associated with the casinos sector in the region confirm that information exchange between authorities is limited. In particular, there is concern that parallel financial investigations are not regularly conducted when potential evidence of a predicate crime is identified. For example, authorities in Ghana noted that, due to the difficulties of winning convictions for ML cases (high evidentiary threshold of proof required), authorities prioritize the investigation and prosecution of predicate crimes offences only. Targeted training of judges and prosecutors to handle complex ML cases would help to facilitate successful convictions.

⁵The Special Control Unit Against Money Laundering is the appropriate supervisor in Nigeria; the General Inspectorate of Games (IGJ) is the appropriate supervisor in Cabo Verde; the Gaming Commission is the appropriate supervisor in Ghana (excluding the national lottery); and controls for casinos and gaming establishments falls under the purview of the General Directorate of the National Police in Senegal (in practice, the Directorate of the Surveillance of the Territory, which is a part of the General Directorate of the National Police, implements these controls).

⁶Although online casinos are not explicitly regulated and licensed, authorities note that certain types of gambling activity may still be covered under the current regulatory framework if conducted online. Authorities note that there are no online gaming websites based in Cabo Verde.



Licensing Processes for the Establishment of Casino Operations

24. All countries surveyed⁷ (Senegal, Ghana, Nigeria, Côte d'Ivoire, Benin, and Cabo Verde) had identified a central authority to oversee the licensing of new casino establishments. Processing times for licenses vary considerably between countries (from 3 months to 1+ years) as do the background checks undergone by casino ownership, and the capacity of the competent authority responsible for licensing. For example, in Ghana, authorities put in place a more rigorous licensing process in 2017, which includes: capital requirements (minimum capital of USD 2 million held in a Ghanaian bank account with a Ghanaian director); a detailed business proposal; profile forms of casino directors; a detailed AML questionnaire response; and a certificate of registration as proof that the proposed business are legally able to do business in the country. Rigorous cross-checks are done with internal security agencies and INTERPOL lists prior to a licensing decision being taken. The new process typically takes 7 months to complete. These new requirements led to the revocation of 10 casino licenses, as well as voluntary forfeitures of some additional casino licenses from casino operators that preferred to shut down, rather than comply with the new requirements.
25. Several authorities with competency for licensing in the region noted the challenges of uncovering ultimate beneficial ownership information during the licensing process, in particular when a foreign national is a shareholder, owner, or operator of the business. Authorities are generally left with open-source information, including media and journal articles, as their primary source of information pertaining to potential suspicious activity due to the lack of reporting from the sector.
26. Requests to foreign counterparts for information on individuals associated with casinos in the region typically go unanswered or can take months (or at times, years) for a response to be received. Even in cases where a response is received, the quality of the response often does not provide licensing authorities with sufficient information to determine whether individuals associated with a new casino are involved in illicit financial activity.

Awareness Raising of NRA Results

27. Most countries in the region followed the World Bank methodology for conducting their NRA. However, dissemination of the results of the NRA to reporting entities, including casinos, vary by country. Most casinos surveyed either could not recall receiving the results of the NRA, or in some cases appeared unaware of the NRA process altogether.
28. Effective policy setting requires all actors in the public and private sector to have a baseline understanding of the risks to the casinos sector in their jurisdiction. Countries that have not already done so should immediately circulate the results of the NRA to casinos, in full or in partially redacted form, to highlight the importance of taking appropriate mitigating measures to address identified ML risks to the sector. This can be circulated directly via email or disseminated in hard copy during a meeting with casino operators.

⁷The National Lottery Regulatory Commission oversees licensing of new casinos in Nigeria, according to Section 57 of the National Lottery Act (2005). The Ministry of Tourism and Transport oversees the licensing of new casinos in Cabo Verde with analysis and input from the IGJ. The Gaming Commission oversees the licensing of new casinos in Ghana. The Special Commission of Games (CSJ) oversees licensing of new casinos in Senegal. In Côte d'Ivoire, the Ministry of Tourism delivers casino operating licenses, upon the advice of the Ministry of Economy and Finance as well as the Ministry of Interior



Prioritization at National Level within AML Coordination Committees

29. While some limited discussions have occurred at national level (mostly in the context of the country NRA), none of the AML Coordination Committee members across the region could recall having a dedicated session for ML risks and the casinos sector over the past five years. A dedicated session should be held at national level within the year to: i) review risks to the sector, ii) identify priorities at national level to mitigate ML risks to the sector, and iii) improve supervisory actions.

Weak International and Regional Cooperation Mechanisms

30. Some formal mechanisms exist today to facilitate information sharing, notably the West African Network of Central Authorities and Prosecutors (WACAP), in addition to cooperation through bilateral Memoranda of Understanding (MoUs) and Egmont Group channels. Generally, authorities consider that these channels are not sufficient to request and ascertain information in a timely manner for investigative purposes. Regional cooperation on casino matters today is quasi non-existent.
31. Information exchange today is primarily informal exchange in person, by phone, or over email between authorities. Personal relationships are key to building trust. High turnover within agencies can disrupt informal information sharing networks. The formalization of these relationships through inter-agency task forces, regular meetings, and at AML Coordinating Committee working group level would help to address the issue of staff turnover affecting information sharing between agencies. Agencies that are competent for AML in the casino and gaming sector should identify a focal point for information sharing purposes with other competent authorities. Appropriate and secure information exchange channels should be put in place to facilitate coordination between agencies for supervisory and investigative purposes.

Need for On-Site and Off-Site SupervisionOutsourcing of AML Controls to National Police

32. As a rule of thumb, on-site and off-site supervision is not occurring across the region. Most controls within casinos are managed by national police and are not preventative in nature (i.e., screening for the purpose of identifying suspicious persons and behavior). In most cases, these controls are primarily focused on ensuring the integrity of the casino and gaming floors (e.g., screening entrants to the casino for underage players, removing intoxicated or other undesirable players from the floor, etc.) and preventing less serious criminal offences (e.g., underage gambling), rather than detecting money laundering occurring within the casinos. In some countries (Côte d'Ivoire, Nigeria⁸), national police maintain offices inside the casinos themselves, with agents present during all hours of operation. In other countries, such as Cabo Verde, inspectors use their access to the casino on-site premises for visual inspections. In Ghana, an on-site police presence is not required; however, casinos typically employ retired servicemen from the armed forces to manage on-site security.

⁸In Nigeria, casinos within hotels do not have a police presence within the casino, itself, as the hotels are already secured with police presence on-site. Stand-alone casinos that are not located in hotels have a police presence. In Côte d'Ivoire, the Directorate for General Intelligence is always present in the casinos.



33. This close collaboration between national police and land-based casinos ensures timely access to information for police when it is available, namely passport and national ID card scans and payout amounts. Police generally noted that information available often does not include other important identifying information, such as an updated addresses or phone numbers for clients. Video surveillance is also generally available to these law enforcement agents upon request. This information is not always forwarded to the appropriate contact at the national FIU where this information should be aggregated and analyzed.

Supervisory Responsibility

34. Some countries have an identified supervisor with clearly enunciated powers to conduct on-site and off-site supervision of casinos⁹. Other countries¹⁰ have recently established a supervisor for the sector, but are still elaborating on-site and off-site supervisory programs. There is an urgent need for supervisory action across the region, including on-site supervision to review the collection of customer due diligence (CDD) information and record keeping at land-based casinos, and off-site reviews of written AML policies and procedures for casino staff.
35. This is especially the case since most casinos in the region indicated that their AML policies are 'generally understood' by staff without requiring written policies and procedures (a major red flag). CDD is typically triggered by payouts and/or large buy-ins at cash desks or directly on the floor creating vulnerabilities that could be exploited by complicit casino staff working in tandem with criminals to launder funds. Casinos need to do more to detect and prevent complicit employees from partaking in illegal activity, including ML. When cases are identified of a complicit employee, casinos should notify authorities, and in particular the FIU, so that a follow-the-money approach can assess damage from the complicit employee. In one case, a casino noted that it once had a complicit employee engaged in illicit activity, but after he was fired, the casino never filed an STR to the FIU.

Need for Targeted Training of Casino Employees and Compliance Staff

36. Some countries have held conferences and trainings for Designated Non-Financial Businesses and Professions (DNFBPs) across the region. Typically, these high-level conferences and trainings have been held prior to GIABA on-site visits and mutual evaluations. The project team is concerned that these check-the-box conferences have not led to meaningful improvements in AML controls within the casinos sector.
37. In some cases, outside consultants were brought in to brief DNFBPs on their AML obligations under the FATF Standards. In several interviews, casino operators noted that these conferences were generally too high-level to be of use, with notaries, lawyers, dealers in precious metals and stones, real estate agents, and casinos all participating in one all-encompassing event. Assessors typically credit authorities for having conducted these high-level meetings with favorable marks on their mutual evaluations. This should be revisited at GIABA-level, and the quality of sector-specific trainings should be given greater weight, relative to high-level conferences that 'check the box.' For example, in one case reported to the project team, a casino compliance staff member requested specific advice from an outside expert that had been brought in-country to manage a high-level conference about how to implement AML controls across DNFBPs in the country and did not receive sector-specific guidance.

⁹Special Control Unit Against Money Laundering (SCUML) in Nigeria and Gaming Commission in Ghana.

¹⁰The Special Commission of Games (CSJ) in Senegal was established according to Decree 2019-1500 of September 2019.



Lack of STR ReportingLow Number of STR and Other Threshold Report Filings

38. Casinos across the region do not report suspicious transaction reports to their national Financial Intelligence Unit (FIU). In some cases, casino operators were unaware that a national FIU existed, and generally the role of the FIU was little understood by the casinos.
39. To the extent that CDD information is collected upon a large payout or cash buy-in, this information is typically held at the casino operator and shared with the police authorities on-site. This means that FIUs across the region are not regularly apprised of large cash buy-ins and payouts in casinos, leading to a gap in the FIU's risk understanding.

Financial Information Shared with Other Competent Authorities as First Point-of-Contact

40. In some countries, casino operators harbor close relationships with other authorities that have responsibility for AML supervision over the sector. This is often due to the historical nature of the system in place (for example, due to one agency having some supervisory or regulatory authority for the sector over a longer period of time). Because of this, suspicious activity reporting or other information exchange between casinos and public sector authorities typically takes place informally (over email) to the country-level supervisor or police authority. Since the FIU is not automatically the first point of contact for reporting, it is unable to fully carry out its responsibility for operational and strategic analysis.

Lack of Reporting to FIU Leads to Inability to Conduct Strategic Analysis

41. None of the FIUs in the region have conducted strategic analysis of risks, ML methods, or trends in the casinos sector in the past decade. This appears to be part of a broader gap of strategic analysis reporting, with most FIUs focused on improving their information collection and operational reporting capabilities. Annual reporting from the casinos sector on AML measures taken during the year (STRs filed, compliance reviews completed, updates to AML policies and procedures implemented, staff trained, etc.) would help to plug this gap.
42. To some extent, vulnerabilities and other operational reporting at regional and international level can help to close this gap; however, in one instance, authorities flagged the need for capacity building to improve domestic coordination. These authorities had never received FATF's non-public report on inter-agency information sharing (June 2017). This raises important questions as to whether non-public reporting at international level is filtering its way down to the operational authorities and AML policymakers that desperately need this guidance at regional groups, like GIABA.
43. FATF and its regional bodies, including GIABA, should revisit their processes, IT solutions, and e-learning platforms to ensure that reporting is available to the broadest range of authorities possible. High turnover in national delegations and a lack of consolidated non-public reports and resources means that information dissemination is highly volatile.

Politically Exposed Person Involvement in Casinos Ownership

44. The involvement of Politically Exposed Persons (PEPs) in casino ownership and management can pose high ML risks in addition to risks associated with other predicate crime offences, such as corruption, embezzlement, fraud, etc.



Case Example 1 : PEP Involvement in Casino Identified by Bank

In one case, a financial institution that banks a local casino in the region identified a PEP involved in the management structure of its casino client. The financial institution contacted its other regional branch compliance officers to gather any information it held group-wide on this individual. Available information from the bank account opening process was reviewed, including commercial certificates and articles of incorporation. In this instance, the financial institution did not hold prior information on this PEP.

The compliance officers tasked with reviewing the PEP's CDD information at the financial institution also reviewed available open-source information to build a profile of the PEP. After a thorough review, the compliance staff could not identify any suspicious activity linked to this PEP. No notice was given or STR filed with the FIU on the PEP's involvement with the casino, and the financial institution did not contact the FIU after the red flag was identified internally.

Source: Confidential (Interviews with Project Team)

45. There are limited examples of PEP involvement in the casinos sector in West Africa (see above). An incomplete profile of beneficial ownership information behind complex casino structures and incomplete PEP databases at domestic level hamper the ability of licensing authorities to determine involvement of PEPs, this also presents a risk of proceeds of corruption being inter-mingled with casino funds. Authorities should be cautious. A lack of available PEP links to casino management and declared ownership structure does not mean that these links do not occur more broadly across the region. To the contrary, the lack of these cases suggests that AML controls in the sector may not be sufficient enough to identify PEP involvement in casino ownership and management. The case example, above, highlights the need for closer cooperation between FIU, supervisors, and banks in the region to identify PEP involvement in casino ownership and management.
46. Casinos are not the only gaming establishments vulnerable to abuse by PEPs and corrupt officials in West Africa. The project team received case examples of sports betting companies that are suspected to have been abused by PEPs and the friends of PEPs to move funds linked to corruption.

EMERGING CROSS-BORDER RISKS

47. The section below identifies emerging cross-border ML risks to the casino and gaming sectors in West Africa. Since FATF's 2009 report, significant sectoral changes have altered the risk landscape for casinos globally. In West Africa, recent trends have been further accelerated, due to the coronavirus and growing foreign investment.

Coronavirus and the Emergence of Online Gaming

48. Online gambling has grown exponentially over the past decade, and the sector as a whole is currently valued at \$40 billion globally. Growth in online gambling has led to new market opportunities for casino and sports betting operators, and also poses new ML risks to the sector.



In West Africa, authorities noted a recent trend towards online gambling, in particular since most casinos across the region were temporarily shut-down to encourage social distancing in Q2/Q3 of 2020. Detailed statistics at country-level on volumes of funds played in casinos is not available. To the extent that it is collected by casinos and casino groups, it is not aggregated and analyzed at national level by the countries surveyed in annual reporting.

49. Due to historical and cultural ties, gamblers in francophone countries in West Africa are increasingly active on sports betting sites based in France. In particular, betting on football is popular. Similarly, in Anglophone countries like Nigeria, the sponsorship of live football broadcasts suggests growing sports betting and bookmaking activity facilitated by online means.

Increased Foreign Ownership and Investment in Casinos in Select West African Countries

Underlying Trends in a Changing Client Profile

50. An increase in foreign ownership of local casinos in the region reflects underlying trends in a shifting client profile at casinos. Concerning the client profile, there are two approaches to local national clients (e.g., interdiction from the casino establishment or acceptance and admittance at casino establishments). Local nationals are interdicted from accessing casinos in Senegal. In Ghana, Côte d'Ivoire¹¹, Nigeria, and Cabo Verde, local nationals can access casinos so long as they meet certain age requirements to enter the casino and engage in gambling activities.
51. Across the region, authorities have noted a shift in the makeup of the customer profile over the past decade, with an increase in casino clients from China and Lebanon. Other African nationals (in particular, clients from South Africa), Europeans (in particular clients from France in francophone countries and clients from Portugal in Cabo Verde), and Americans can be found as clients in casinos across the region. Typically, these are businesspeople from abroad who form relationships with the local casino. In Benin, casino clients remain mostly local nationals.

Increased Foreign Involvement in Ownership and Management Structures

52. The evolving customer and investor profile in casinos across the region reflects historical ties and evolving economic linkages between West Africa and other emerging markets. In some countries, foreign investors that would like to license and operate a casino must first engage a local national as the majority shareholder in the enterprise¹². Authorities were generally of the view that this measure helps lower the risk of embezzlement from abroad into the local casinos sector but acknowledged that it is difficult to determine whether a local national is simply a front man for an unknown beneficiary abroad. Besides conducting CDD on the majority shareholders of the casino, there is not much more that licensing authorities can do to ascertain the existence of ultimate beneficial owners without outside information from international partners.

¹¹This was only recently changed with the introduction of Law No. 2020-483 in May 2020.

¹²In Cape Verde, the regulations do not distinguish between foreign and local national ownership; however, the company, itself, must be a registered public limited liability company in Cape Verde whose sole purpose is the exploitation of games of chance. In Ghana, foreign nationals can either have majority or minority shareholding, but there must be at 10% or more of the company's shares held by a Ghanaian shareholder.



53. In some interviews, authorities and other local casinos noted that foreign-operated casinos (i.e., management that is from abroad) may be opaque and less willing to engage with regulators after receiving their operating license. For example, in one country, authorities had engaged with local casinos in a conference on AML obligations in the casinos sector. There were no foreign-operated casinos present at the conference. Authorities made no further attempt to reach out to these foreign-owned casino operators, nor did authorities sanction these casinos for their lack of engagement with authorities and lax AML controls. Language barriers appear to be the main challenge frustrating cooperation between authorities and foreign-operated casinos, particularly East Asian owned casino operators.

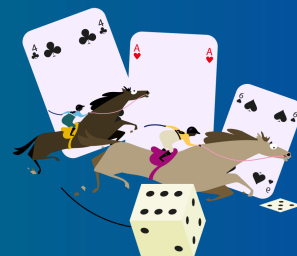
Abuse of Casinos by Organized Crime Groups

54. Although evidence of the abuse of casinos by organized crime groups and professional money laundering networks in the region remains anecdotal, the project team is concerned that casinos are open to abuse due to the existence of key vulnerabilities, listed above. These concerns are further heightened by certain characteristics of the economies of the countries surveyed (for example, cash-based economies with porous borders and large informal sectors).
55. There is a lack of awareness and capacity across the region to conduct complex financial investigations and stand-alone ML investigations, including investigations linked to the casinos sector.



Money Laundering to the Casinos and Gaming Sector in West Africa

Vulnerabilities Study



C

MONEY LAUNDERING TECHNIQUES AND RED FLAG INDICATORS

56. A summary of key indicators and techniques can be found below. This report does not seek to repeat in full the work that has been done on red flag indicators and ML techniques in the casino sector in previous FATF reporting. Authorities that want to dig deeper into ML methodologies and indicators should review the public 2009 report in tandem with this GIABA vulnerabilities study¹³.
57. Instead, this report seeks to add to the existing literature by identifying how the shifting risk landscape in the casinos sector in West Africa has created opportunities for criminals to profit and launder funds from illicit gains across the region. Given that none of the authorities or casinos surveyed were familiar with previous FATF reporting on the casino and gaming sectors, it is the hope of the project team that this high-level overview will provide a base of knowledge for regulators, supervisors, police, and financial analysts in the region.

MONEY LAUNDERING TECHNIQUES AT WEST AFRICAN CASINOS

58. Casinos are vulnerable to ML due to “the variety, frequency and volume of transactions” that players can engage in, as well as the cash intensive nature of the business¹⁴.

Slot Machines

59. Across the region, casinos are moving away from coin and cash operated slot machines to tickets or card operated machines. This is particularly the case in Nigeria, Ghana, and Cabo Verde (where a mix of coin, cash, and ticket slot machines are available), whereas casinos in Senegal are still largely operating cash or coin slot machines. This shift to non-cash-based slot machines is a good sign, as ticket and card operated machines allow for improved controls at the point of cash collection, creating a paper trail of wins and losses accrued per client.
60. The type of machine operated can pose unique risks. For example, in one interview with a local casino, the operator noted that its cash and coin operated machines could be physically opened by a floor manager and topped up with cash if the player wanted to add a large sum of money directly to the slot machine to play at any one given time. No written policies or procedures were in place at the time of the interview concerning the handling of large sums of cash for slot machines in this casino establishment. The casino operator felt confident that the presence of video surveillance on-site precluded any attempts of fraud or embezzlement, but acknowledged later in the interview that there had been one previous case in the casino of a complicit employee laundering a small volume of funds for a patron at the casino’s table games.

¹³ Refer to: <https://www.fatf-gafi.org/media/fatf/documents/reports/Vulnerabilities%20of%20Casinos%20and%20Gaming%20Sector.pdf>

¹⁴ Idem



The employee was subsequently fired. The case appears to have never been passed on to authorities.

61. Casinos that operate cash and coin-based slot machines should have written policies in place determining employee access to the machines. Physical keys should be securely stored and accessible only to the employee(s) tasked with responsibility for the machines. To the extent possible, access to the machines should be limited during normal business hours.
62. Casinos that operate ticket or card-based slot machines should have written policies in place for buying in and cashing out winning tickets or cards. Most casinos interviewed had put in place cash-out policies for large winnings. This is a good first step. Next, these policies should be written down and clearly posted at the casino's cash desk for cash desk operators and customers.

Buy-Ins

63. Few casinos had any AML controls at the point of buy-in of tickets or cards for slot machines. Buy-ins were broadly considered to be a low-risk activity by casino operators since passports or national ID cards were typically checked at the casino entrance, buy-ins are typically low volume cash transactions, and CDD information is generally required upon payout. This disconnect raises important issues with ticket or card-based slot machines since tickets and cards can be freely and anonymously exchanged between individuals after the point of buy-in. The lack of controls for large buy-ins at casinos across the region makes it easier for money mules to swap cash for slot machine tickets and cards that are then paid out to another mule operated by a larger network or organized crime group.
64. Similar to slot machine ticket or card buy-ins, the lack of AML controls for large chip buy-ins at cash counters (or directly on game tables) also creates important vulnerabilities at the point of payout, for the reasons mentioned above. Casino operators should take similar measures to collect CDD information at the point of large chip buy-ins and maintain these records internally.
65. These changes will not occur over night. Casino operators reiterate that there are internal pressures to facilitate buy-ins and payouts for clients, in particular for habitual clients and "whales" (i.e., big spenders). The absence of strong AML controls within the sector, coupled with weak supervision and a lack of applied sanctions for non-compliance with AML obligations, means that casinos that want to comply with government directives perceive the application of internal controls to be against their long-term business interests (i.e., the client simply moves down the street to the next casino with lax controls).
66. Supervisors need to be prepared to put all sanctions on the table, including pecuniary penalties and temporary or permanent suspension of operating license for casinos that are deemed to be non-compliant with their AML obligations.

Table Games

67. Most casinos across the region offer table games inside their establishments, with the exception of some smaller casinos which are primarily slot machine gaming salons. Typical games found in the region include: blackjack, poker (e.g., Texas Hold 'Em), roulette, and baccarat. Many of these games, are vulnerable to 'chip dumping' or the practice of purposefully losing bids (either multiple small bids played by one or more individuals over a longer time period) or large chip dumps (where one or more players play large reckless bets for a limited amount of time after buy-in).



Online casinos may be well placed to screen for this type of behavior since the winning and losing hands of all players are known in real time as games are played out. For example, in Texas Hold 'Em, if one or more players regularly fold winning hands, this may signal collusion between these money mules and the winning player (who may be a money mule, as well, for an unknown person or entity). Table operators and pit bosses (i.e., supervisors or managers on the gaming floor) should be trained to identify and escalate suspicious behavior up the management ladder for STR filing.

Illicit Gambling and Illegal Casinos

68. Authorities in some countries noted the growing size of illegal gambling activities as a concern. For example, in Benin, police have taken actions to close down illegal gaming sites. These are typically informal gaming salons on the outskirts of major population centers with no AML controls in place. In recent year, seven natural persons have been sent before the Court in Benin for involvement in illegal gaming activities. These individuals were judged and sentences to between six months and two years in prison.

Sports Betting

69. Online sports betting may present inherent vulnerabilities that can be exploited by criminals, particularly given that the industry remains largely unregulated for AML purposes across the region. Public reporting on this sector is abundant, and authorities should be aware of and taking actions to mitigate the risk of local match fixing and risks inherent to wagers on side bets. Authorities should work with Self-Regulatory Organizations (SROs), such as bookmakers' associations, to the extent available to raise awareness of AML obligations and ML risks to the sector. Given the lax controls in place across the region and regulatory gaps in certain jurisdictions, evidence of this sort of abuse of the sector remains anecdotal. Standardized guidance is needed at regional and international level to address AML obligations in the sports betting industry. When authorities reconvene to update their National Risk Assessment, sports betting should be scoped and typologies of illicit activity in the sector should be analyzed.
70. To the extent that cryptocurrency and other pseudo-anonymous means of payment are accepted at buy-in or payout, this may create additional points of vulnerability. Authorities should implement AML controls for virtual asset service providers, as required by FATF, and online casinos and sports betting companies that accept cryptocurrency payments should ensure that they have done appropriate due diligence on their payment provider and its controls¹⁵.

Nexus Between Illegal Mining and Casinos

71. Casinos and other DNFBPs can be abused for ML purposes. In West Africa, there are particular regional concerns around the prevalence of illegal mining and money laundering in the casinos sector. For example, in Ghana, authorities noted that the recent implementation of strict regulations for illegal mining has led to an outflux of foreign workers and a 'sharp drop' in East Asian-owned casinos in the country. This example highlights how policy setting is never done in a vacuum and how the prevalence of other forms of illicit financial activity is often interlinked with ML risk.

¹⁵ See: <https://www.fatf-gafi.org/publications/fatfrecommendations/documents/guidance-rba-virtual-assets.html>



RED FLAG INDICATORS

72. An exhaustive list of red flag indicators was identified as part of the FATF's 2009 Report, including indicators of ML using casino value instruments, indicators of ML using structuring or refining methods, indicators of ML using casino accounts, indicators of ML using winnings, indicators of ML using currency exchange, indicators of employee complicity, indicators of ML using credit and debit cards, and indicators of ML using false documents and counterfeit currency. These indicators are applicable to West African casinos. Supervisors and casino operators alike should be familiar with these indicators.
73. To avoid duplication, this report does not replicate here those indicators identified previously. Instead, the project team has identified previously unidentified ML risk indicators associated with mobile payments, ML risk indicators associated with online casinos, and ML risk indicators associated with the use of ticket or card slot machines.

ML Risk Indicators Associated with Mobile Payments in Land-Based Casinos

74. One casino in Ghana accepts mobile payments at the point of buy-in. Although, there is not yet widespread adoption of this practice, the adoption of mobile payments across the region and growing ubiquity of smartphones does suggest that this practice at casinos will be mainstream in the next five to ten years. Regulators and supervisors should work with casinos now to prepare for this coming transition, identifying good practices for CDD collection and record maintenance. Examples of good practices for accepting mobile payments at the point of buy-in at casinos may include but are not limited to: CDD measures to ensure that the wallet is legally owned by the client, checks of the wallet's transaction history to ensure that suspicious activity (such as a wallet being immediately set up and topped up with funds prior to entry into the casino) is not occurring, and establishing requirements that payouts be transferred to the same wallet used for buy-ins. Additionally, public authorities should open lines of communication with telecommunication companies operating in the country with valid banking licenses for operating e-wallet services to ensure timely access to information about wallet holders in the case of an STR filed by a casino operator.
75. Indicators of ML using mobile payments include:
- Buy-ins at a cash window using e-wallets or mobile payments on multiple smartphones
 - Buy-ins using e-wallets or mobile payment methods that have only recently been set up and do not yet have recorded transaction histories
 - The use of e-wallets or mobile payments that are associated with a given name which cannot be verified at the point of buy-in with an individual's passport or identity card
 - The individual buys-in with mobile payments but then requests to be paid out in cash
 - Multiple individuals using the same e-wallet or mobile payment method
 - The individual buys-in with an e-wallet or mobile payment method but then immediately leaves (or leaves after only playing a few games) with the game card, chips or tokens



- Buy-ins with e-wallets or mobile payment methods using new, expensive smartphones that do not match the customer profile
- Buy-ins using an e-wallet or mobile payment methods that are different from the e-wallet used for payouts
- A regular client suddenly changes buy-in behavior, using e-wallets or mobile payment methods (particularly when coupled with larger buy-ins than normal for the customer's profile)

ML Risk Indicators Associated with Online Casinos

76. Across the region, regulators and supervisors recognize the need to regulate and supervise online casinos and sports betting companies for AML purposes¹⁶, but enforcement is non-existent. In Senegal, this activity is regulated but no enforcement actions or supervisory actions have been undertaken by the authorities. Supervision of online casinos domiciled locally must take into account the difference in business model, customers, payment methods, etc. between online and land-based casinos when evaluating ML risk.
77. Although regulators and supervisors across the region generally consider online casinos and sports betting activity to be higher risk than land-based casino and sports betting activity, this may not always be the case. In some cases, technology-driven online businesses, including online casinos and sports betting companies, may be better placed to scan, authenticate and verify biometric and other CDD data at the point of buy-in or payout. Furthermore, advances in technology today make it possible for playing styles to be scrutinized in real-time, giving online casinos and sports betting companies one more tool in their toolkit to identity ML activity and take appropriate action.
78. As with all non-face-to-face business transactions, online casinos and sports betting companies have unique ML risks that must be addressed. Future versions of National Risk Assessments in the region should cover the ML risks associated with online casinos and identify ways to mitigate risks to their non-face-to-face business models.
79. Indicators of ML via online casinos and games include:
- Large placements are made into an online account associated with the casino, only a few games are played with minimal losses or wins before being cashed-out
 - Geolocation data including MAC addresses associated with a computer or smartphone used to access the online casino and its games is not consistent with the customer profile
 - Deposits or payouts into and out of online casino accounts that are only slightly below the threshold limit for reporting (i.e., structuring)

¹⁶ For example, in Ghana, Section 14(1)(2), 15 and 16 of the Gaming Act 2006 cover casinos, including online sports betting activity.



- Chip dumping during an online game (e.g., Texas Hold 'Em) between two or more accounts, in particular when good hands are consistently folded (subsequent online gaming activity may be used to verify linkages between these accounts)
- The use of virtual currency for buy-ins (if accepted), in particular virtual currency buy-ins from wallet providers with weak or non-existent controls or domiciled in countries known to not yet have regulations in place for the sector
- The use of gift cards purchased in cash to fund a player's online casino account
- An online casino or gambling site applying for an operating license is structured in such a way as to be registered in one jurisdiction, with a physical server placed in a second jurisdiction, while gaming transactions and website management is domiciled in a third jurisdiction, all with lax AML regulations (see FATF High Risk and Other Monitored Jurisdictions¹⁷)
- The online casino or gaming site does not monitor client transaction behavior or take appropriate AML countermeasures

ML Risk Indicators Associated with the Use of Ticket or Card Slot Machines

80. Ticket or card-based slot machines require a player to load credit onto a ticket or card prior to playing the slot game (referred to industry-wide as a Ticket-In Ticket-Out System). Tickets or cards are initially topped up by either placing cash into cash validators that are attached to the machine, itself, or purchased at a cask desk. Casino operators noted that slot machine buy-ins and payouts are generally small volume transactions, often played by local nationals (as allowed by national regulations).

81. Based on interviews conducted, it is unclear whether thresholds have been placed on these ticket and card systems to limit the amount of cash that can be placed on a given card or ticket. Casinos should immediately review their internal policies to ensure that amounts placed on a card or ticket (prior to winning a jackpot or payout) do not exceed AML reporting thresholds, or in cases where a buy-in exceeds a reporting threshold, ensure that adequate AML controls are in place to capture CDD information from the client.

82. After buy-in, these tickets or cards may represent a form of pseudo-anonymous store of value. Tickets are generally specific to the casino establishment where they are purchased and cannot be used in other casinos (or redeemed in any other way).

¹⁷ Refer to: <http://www.fatf-gafi.org/countries/#high-risk>

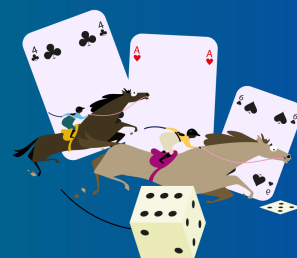


83. Indicators associated with the use of ticket or card slot machines include:
- An individual attempts to cash-in a ticket or card that is associated with the name and CDD information of another natural person
 - An individual buys-in a ticket or card just under the reporting limit to avoid providing CDD information (i.e., structuring)
 - An individual wants to place large sums of cash above the reporting threshold or multiple smaller amounts directly into a slot machine with the assistance of a casino staff member
 - An individual attempts to cash-in a ticket or card using a payment method that is different from the payment method used to top up the card or ticket
 - An individual buys multiple tickets or cards at one time or in rapid succession throughout the day
 - An individual purchases a ticket or card and immediately exits the casino or leaves after only playing a small fraction of the amount placed on the card or ticket
84. In some cases, cash validators that are attached to slot machines are capped to only accept a certain limit of cash at any one time on a given card or ticket. These limits are set by engineers that oversee the maintenance of such machines in accordance with the internal policies and procedures of the casino. Casino operators, and in particular floor managers, should take precautions to regularly monitor slot machine buy-ins, ensuring that there is no tampering with these limits to allow for buy-ins above the internally designated threshold.



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GOOD PRACTICES TO IMPROVE SUPERVISION OF CASINOS AND GAMES OF CHANCE IN WEST AFRICA FOR IMMEDIATE ADOPTION

OVERVIEW

85. These good practices were identified during the background research conducted during Phase I, the virtual on-site visits with country authorities during Phase II, and further elaborated by materials received from external sources with sector-specific expertise (notably, the Service Central des Courses et Jeux or SCCJ in France). As part of the background research conducted, good practices were identified in a number of FATF Mutual Evaluation reports, which highlights the good use of these reports to improve AML systems globally. These good practices represent a first step towards the building of effective supervisory regimes in the region and are not meant to be comprehensive.
86. Supervisory inspections should be implemented by a competent authority with delegated powers for AML supervision over the casinos sector. Police controls are a stopgap measure that can mitigate ML risks but are not an appropriate substitute for effective supervision. All supervisors should have clear powers in place, written procedures for how to conduct supervisory actions, and sufficient resources (including personnel) to conduct both on-site and off-site supervision on a risk-basis.
87. Annual reporting of the activities of casinos, national lottery, and other games of chance is an important exercise that can be conducted by supervisors in West Africa to give a high-level overview of the sector for the benefit of other authorities, such as the FIU and police. Annual reports may include metrics, statistics, and other qualitative data, such as: i) perceived trends and emerging risks from casino management, ii) volume of funds played, iii) winnings paid out over the year, iv) country background of clients (using available CDD information, such as passport and national ID card scans), v) licensing data from the authority charged with licensing casinos for operation, and vi) actions taken by police to counter illegal casinos and illicit gambling. These reports may help to consolidate public and non-public information, bringing various authorities together to share information and best practices.

ESTABLISHING SUPERVISORY PRIORITIES FOR ON-SITE INSPECTIONS

88. None of the authorities interviewed had a clear written procedure for the prioritization of supervisory actions for AML purposes. Given the limited resources available to most supervisors in the region, prioritization is key, as it allows supervisors to clearly target non-compliant or at-risk casinos for on-site inspections.



89. On-site inspections are critical to an effective supervisory regime. Pecuniary and other sanctions (such as the temporary or permanent suspension of a casino operating license) encourage cooperation and compliance. Supervisors in the region spoke highly of the importance of maintaining good relations with casino operators. The project team agrees, and lauds the efforts by supervisors in the region to reach out and build relationships in the casinos sector through conferences and other high-level meetings. This should continue.
90. However, there have been no sanctions or penalties levied across the region for non-compliance in any of the countries surveyed over the past decade, despite an important lack of STR and threshold reporting from the sector and a lack of written policies and procedures for AML compliance within casinos. This strongly suggests that supervisors across the region are not taking effective, dissuasive, and proportionate measures to correct these deficiencies. A full range of sanctions, including pecuniary fines, license revocation, enhanced supervision, etc. should be available. GIABA should mandate that countries report back at its future plenary session on the implementation of sanctions in the casinos sector to ensure AML compliance as well as elaborate a detailed on-site and off-site supervisory program.
91. Supervisors in West Africa should immediately conduct a prioritization exercise, looking across the casinos sector in their respective countries to identify non-compliant or at-risk casino(s) for on-site inspection. This selection process should be based on risk factors, including but not limited to:
 - > the context and background of the casino's customers;
 - > ownership and management information available from the licensing authority;
 - > the types of games available and relative risks associated with these game types;
 - > whether the casino has willfully participated in past conferences or high-level meetings with authorities; and
 - > whether the casino has a history of reporting STRs, threshold reports, or other required reporting.
92. As a second step, the authorities may notify in advance in writing (or not) the selected casinos that they have been identified for on-site inspection. Inspections can take place on a regular or ad hoc basis, and each country-level supervisor will need to consider the advantages and disadvantages of each approach. For example, advance written notice allows for the casino to ensure that management or ownership is present, gather appropriate documentation, and helps foster a good working relationship between casino and supervisor. On the other hand, ad hoc inspections may give a more accurate picture of the state of AML compliance in the casino at any given point in time.
93. Next, supervisors conduct the on-site inspection. This control measure should occur within the casino establishment, itself, and include in-person interviews with the floor manager, cash desk operator, individual charged with AML policy and controls, and security and surveillance teams to understand controls that are applied. Inspectors verify risks to the establishment and evaluate the risks and mitigating measures in place to understand whether the casino is in conformity with its AML obligations. Particular attention should be given to endogenous risk factors (i.e., risks that are inherent to the casino's operations, such as its game offerings, buy-in and cash-out processes, etc.) and exogenous risk factors (i.e., risks that stem from the context in which the casino is operating, such as the country context, customer profile, etc.).
94. During the on-site inspection, supervisors may request a range of written policies and procedures, including group-wide policies for large, multi-national casinos operating in the region. If casinos do not have written AML policies and procedures, this is a red flag. Supervisors should take appropriate counter-measures to encourage immediate corrective action on the part of the casino operator. Similarly, if the casino has not designated a given individual with responsibility for AML, this should be corrected.



95. On-site interviews may cover the following topic and questions. This is not an exhaustive list, and on-site supervisors should tailor their supervision, based on the context and materiality of the casino inspected:

> Perceived ML risks and risk understanding

- What ML risks do you associate with your gaming activities?
- What risks do you see to the broader sector?
- Have you reviewed the National Risk Assessment findings for casinos?

> Client understanding

- Who are your clients? What is their business or professional background?
- From what part of the world do your clients originate? Are these high-risk areas for ML?
- How has your customer base evolved over time?

> AML/CFT responsibilities

- What are your responsibilities for AML controls applied in the establishment? Who else has responsibility for AML in this casino?
- How do you identify and assign responsibility internally for AML policies and procedures?

> Internal measures to collect CDD information

- What controls are in place at the casino entrance? How do you collect client information, such as passports or national ID cards? What types of ID cards are accepted? Is this information stored in a secure location? For how long?
- What controls are in place on the game floor (e.g., at a game table)? How many staff are monitoring the game floor at any given time? Are there plain clothes staff members on the game floor for surveillance purposes?
- What controls are in place at the cash desk? Are there written policies and procedures visibly displayed at the cash desk for both cashier and clients? What CDD information is required to be collected at the cash desk? Do you accept mobile payments in exchange for tokens or game tickets? If so, which mobile payments?
- What controls are in place for dealing with cash infusions into slot machines? Who has access to the physical keys to access slot machines? Can these machines be accessed at any point in the day or only during specified times?

> Human resources and capacity

- How many staff work at the casino? Describe their activities.
- How many staff have AML responsibilities? Have they undergone AML training? Are they familiar with the national laws and regulations, as well as AML obligations for casinos set by the Financial Action Task Force?
- How have your staffing numbers evolved recently?

> Maintaining a client blacklist

- Do you maintain a client blacklist? How often is this list updated? Approximately how many names are added each year? For which reasons (e.g., fraud or suspected financial crimes, public indecency and intoxication, or other suspicious activity)?
- Is this information shared beyond the casino, e.g., with other casinos or across the casino group (if applicable), as a whole?



> Cooperation with domestic authorities, including police

- What cooperation have you had with domestic authorities?
- What information has been requested by authorities? What information have you provided to authorities?
- Have you been unable to provide requested information, due to a lack of records? What statistics, if any, do you maintain? Is this shared with the competent national regulator for the sector?

> Spontaneous disclosures

- Have you made any spontaneous disclosures to authorities, including the police, the FIU or the regulator over the past year? Why or why not?
- Do you know how to contact authorities in case of suspicious activity in your casino? How would you do this in practice? If the casino operator is not sure how to do so, the supervisor should show the casino operator how to appropriately file an STR and contact the supervisor, as required.

> Training for AML compliance

- What training has your staff undergone for AML compliance? Is this training completed regularly or on an ad hoc basis?
- Is your compliance officer familiar with the AML legal and regulatory obligations for casinos? Ask additional targeted questions relating to national legislation.

> Other AML policies and procedures

- Provide copies of any additional, written AML policies and procedures. How recently were these put in place?
- Are these policies regularly revisited and updated? When was the last time that these policies were updated?

MAINTAINING ADEQUATE RECORDS

96. Most casino operators in the region do not have written internal policies regarding the maintenance of internal records, including video recordings, passport and national ID card scans, payout records, etc. The notable exception to this is large, multi-national casino operators that have group-wide policies implemented across the casino group. Written policies should be adopted as a priority and should be provided to country supervisors during on-site and off-site inspections.
97. Due primarily to fraud and complicit staff concerns, most casinos take extraordinary measures to protect the integrity of their gaming establishment (including video surveillance, the maintenance of a blacklist of undesirable individuals, and cooperation with local police). A majority of casinos surveyed maintain records into perpetuity and do not destroy copies of CDD information, with the exception of video records that may be erased as regularly as on a weekly basis (due to the large storage needs for maintaining video records). Some casinos surveyed note that they generally keep written CDD records for 3 – 5 years.

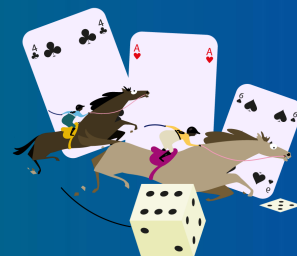
WHISTLEBLOWING AND IMPROVED DISCLOSURES

98. Authorities should consider ways to improve anonymous reporting by casino staff of suspect illicit activity happening in casino establishments. This could include the establishment of an AML hotline for anonymous tips and awareness raising activities at casinos so that staff are aware of the existence of the anonymous phone line. Adequate protections should be in place to ensure that whistleblowers are protected, and their anonymity is respected. The hotline could be maintained by police, the FIU or supervisor. Internal policies and procedures should regulate access to tips received on the hotline.



Money Laundering Risks to the Casinos and Gaming Sector in West Africa

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GOOD PRACTICES TO IMPROVE RISK UNDERSTANDING AND INVESTIGATIONS

99. The 2009 FATF Report identified a need to conduct regular, periodic sectoral risk assessments of the casino and gaming sector. This is not being done in West Africa. National AML Coordination Committees should consider reviewing and periodically updating either a stand-alone sectoral risk assessment to monitor risks to the casinos sector in their jurisdiction or conduct more limited sectoral updates to the NRA on an as-needed basis.

MONEY LAUNDERING RISK

100. Sectoral reporting of the casinos sector may look at a number of thematic risks and associated predicate crimes, such as those associated with “organized crime, loan sharking, prostitution, drug dealing, [and] human trafficking” (2009 FATF Report). Generally, these reports begin with an overview of the legal and regulatory environment and high-level summary of the economy and trends in the sector. Findings in the report should be based on statistics to the extent possible, such as data on customer profiles, payment methods used at buy-in and payout, and investigation and supervision-related statistics.
101. Ownership structure, internal controls, corporate governance and associated businesses (junkets, slot machine and gaming equipment, financial services such as credit facilities, etc.) should be closely scrutinized, and the types of products and services offered at casino and gaming salons in the country should be analyzed.
102. Broadly speaking, ML risk to casino establishments should be classified and considered in regards to four core areas of the casino and gaming sector:
- > **Risk associated with the client:** Casinos should be aware of, and appropriately screen, clients in their establishments in compliance with national AML legislation and regulations. Some metrics that may be analyzed to gauge customer risk would include: the frequency of play of customers and whether the amounts played correspond to the customer profile, the presence of Politically Exposed Persons at the casino’s gaming tables, the use of false identity papers, etc.).
 - > **Risk associated with gaming operations:** Casinos should take measures to mitigate ML risks stemming from their business models and available games. Some metrics that may be analyzed to gauge risks associated with gaming operations include: processes for charging and emptying cash registers, threshold amounts and limits set on slot machines and/or the existence of large cash amounts played in slots, the use of fake bills by players attempting to buy-in, etc.).



> **Risk associated with the environment:** Casino operators should be aware of the national context, including applicable national laws and AML regulations, trends and emerging risks in the sector, and security or other operational challenges. Some metrics that may be analyzed to gauge risk associated with the operating environment include: security incidents at the casino in a given year, including in relation to fraud, staff complicity with fraudulent or illegal behavior, as well as cross-border ML risks associated with clients from nearby jurisdictions where casinos and gambling activity are interdicted (for example, a casino that operates in a jurisdiction where gambling is legal may consider ML risks associated with its customers that travel from nearby jurisdictions where gambling is illegal).

> **Risks associated with entry controls and ownership/management:** Casinos should have written policies and procedures that govern who has access to the casino and gaming floor and how CDD information is collected and scrutinized. The existence of these procedures alone is not sufficient. Casino management should conduct regular reviews of entry controls to ensure that security is rigorously implementing controls in such a way as to mitigate inappropriate access to the casino and identify clients on the gaming floor. Within the casino, changes to the ownership or management structure should be communicated to authorities in a timely manner, either as part of regular on-site or off-site supervision or directly to regulators, as required by law and guidance at national level. If authorities have not yet issued guidance regarding changes to ownership and management structure, this should be issued as a priority following the publication of this report.

103. It is important to highlight that each casino in a jurisdiction may face unique risks, due to the mix of its unique customer profiles, gaming operations, and local environment in which it operates.

INVESTIGATIONS

104. Investigations into ML activity in the casinos and gaming sector are not performed routinely in West Africa. Despite a permanent police presence on-site in some jurisdictions (see Annex I), police generally lack specialized knowledge of how to run financial investigations into ML through casino games and accounts. Training from international partners with sector-specific experience is needed. The creation and training of specialized services to support traditional and parallel financial investigations may be an adapted solution for many countries in the region.
105. In Benin, operations have led to the shutting down of illegal casinos in the Bidonvilles. Illegal operators have been charged and imprisoned for six months to two years in addition to pecuniary sanctions being levied. The illegal sites were shut down and destroyed, but authorities note that it is relatively easy for card game operators to simply move locations, frustrating police efforts.
106. To improve investigative outcomes, casino security staff and police must work more cooperatively together by sharing factual information (e.g., video surveillance, CDD information collected at the entrance or point of token exchange, information on a suspect's habits and preferences, etc.) and electronic data to the extent it is collected (slot machine card history, payment methods used such as credit or debit card information, etc.). As many countries in the region are still implementing AML programs in the casinos and gaming sectors, there is a serious deficiency of information collection and sharing from the private to public sector at this time.



CONCLUDING REMARKS

107. This report identifies a number of risks to the casino and gaming sectors in West Africa, as well as structural deficiencies identified in jurisdictions across the region (See Annex I for country-specific context). Good practices are elaborated to address these deficiencies and ensure that authorities have the tools necessary to mitigate identified risks to the sector.
108. Below, a list of concrete recommendations are defined for urgent implementation at national level:

Recommendations for ML Risk Mitigation in the Casinos Sector in West Africa

Tailored recommendations are provided separately on a country-level basis and are not included in the public version of the report. The recommendations found below build on the issues identified through the report. Their implementation should be prioritized on an as-needed basis, given the context and materiality of each country. By identifying these high-level recommendations, it is the project team's hope to give guidance to local authorities, technical assistance donor countries, and other international partners active in the region.

To the extent that outside experts are brought in-country to support local efforts to combat ML in the casino and gaming sector, these external consultants should have sector-specific expertise and experience running meetings and events with a targeted focus for casinos. High-level conferences for a broad range of DNFBPs do not address the sector-specific needs of casinos and casino staff.

Recommendation 1 -- Dissemination of the Report: FIUs or supervisors should circulate this report in its entirety to licensed casino operators in its jurisdiction, in addition to the advisory notice found in Annex II and results from the country National Risk Assessment (NRA) for information purposes. The timely circulation of this report upon receipt will ensure that casino operators are made aware of their risk exposure and potential vulnerabilities associated with their business model. It should also serve as an alert that authorities are serious about cracking down on non-compliance identified within the sector.

Recommendation 2 – Legal Framework Compliance: Authorities should review national legislation to cover technical compliance gaps identified in this report, and in particular to ensure that online casinos and sports betting companies are fully covered for AML purposes. Draft legislation should be prioritized to address these legal and regulatory deficiencies. As a priority, online casinos and sports betting companies should be licensed, implement internal AML controls, and file STRs and other applicable threshold reports.



Recommendation 3 -- Supervision: Supervisors should be given adequate resources and sector-specific training to conduct on-site and off-site AML supervision of physical casinos and sports betting companies. Resources should be apportioned, as required, based on the findings of national risk assessments and risk landscape facing the country and casinos sector. The good practices and risk indicators identified in this report should act as a foundation for future supervisory actions, adapted to national context. Supervisors should plan on-site visits for the coming year and be able to provide context before the national AML committee as to why these casinos were chosen for on-site visits (e.g. higher potential ML risk, lack of STR reporting, lack of cooperation, size of operations, volume of funds paid out at casino, etc.).

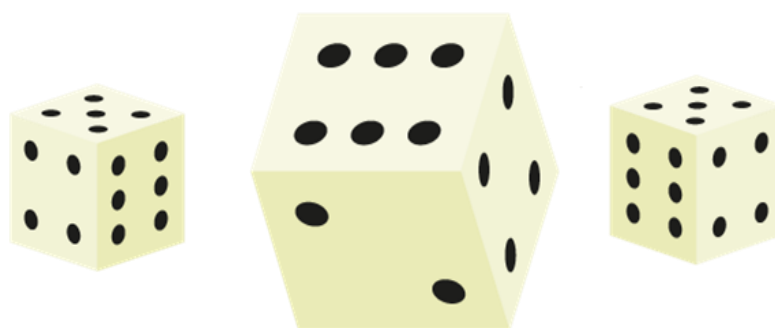
Recommendation 4 – AML Coordination Committee Involvement: AML Coordination Committees should hold a dedicated working group session on the casino and gaming industry in 2021. This exercise should cover five themes: i) the state of technical compliance in the country, ii) timelines to address identified gaps, iii) an overview of NRA outcomes and STR filing to-date from casinos and banks on their casino clients, iv) the development of regular, formal cooperation channels between police and other authorities (in particular, the FIU and competent supervisor) such as weekly updates on police controls conducted on-site, and v) the urgent need to implement (or reinforce) a supervisory program of on-site and off-site supervision.

Recommendation 5 – Implementation of Effective, Proportionate and Dissuasive Sanctions: Non-compliant casinos should be sanctioned with warnings, pecuniary fines, other administrative and criminal fines, and/or temporary or permanent operating license revocation. Casinos hinted at frustrations due to their willingness to comply with AML obligations and cooperate with authorities, which is undercut by the lack of applied sanctions for non-compliant entities. The existence of non-compliant, licensed casinos and illegal casinos disincentivize good behavior in the industry and harm working relationship between authorities and the sector. Authorities must work to create a culture of compliance through outreach and good relations, as well as sanctioning non-compliance and illegal behavior.



Recommendation 6 -- International Cooperation: At regional level, GIABA should consider how to address deficiencies in cooperation between countries for AML purposes. Some formal mechanisms exist today to facilitate information sharing, notably the West African Network of Central Authorities and Prosecutors (WACAP), in addition to cooperation through bilateral Memoranda of Understanding (MoUs) and Egmont Group channels. Generally, authorities consider that these channels are not sufficient to request and ascertain information in a timely manner for investigative purposes. Regional cooperation on casino matters today is quasi non-existent.

Recommendation 7 – Investigations: Investigations into suspicious behavior in casino establishments are not occurring across the region. In part this is due to a lack of reporting to authorities from the sector, itself, and in part this is due to the lack of police capacity to conduct casino-related investigations. Specialized training for casinos-related financial investigations is needed, and a specialized police unit or investigator (depending on the country and size of the sector) should be trained. This training should cover best practices on how to collect video surveillance and CDD information from casinos on suspect transactions and individuals, as well as how to conduct on-site intelligence gathering operations.



Money Laundering Risks to the Casinos and Gaming Sector in West Africa

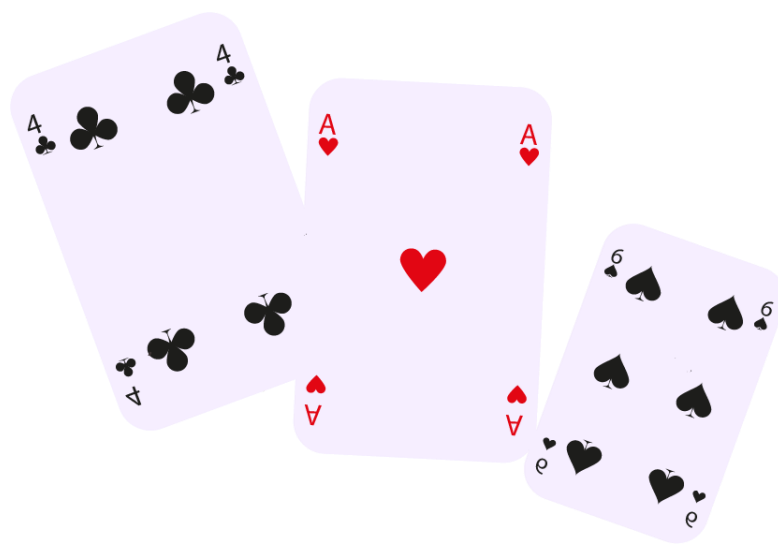
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ANNEX I

COUNTRY-SPECIFIC FINDINGS AND CONTEXT

109. The following annex covers country-specific information relating to the casino and gaming sectors in Ghana, Nigeria, Senegal, Cabo Verde, Côte d'Ivoire, and Benin. Information presented below is sourced directly from relevant FATF and GIABA reporting, including assessor findings of recent mutual evaluation reports. To the extent possible, information collected as part of FATF/GIABA mutual evaluation reports has been updated below with the assistance of country authorities.
110. This annex is meant to provide a snapshot of the current state of compliance in the region with applicable FATF Standards, as well as a general overview of the casinos sector and relevant ML risks in each country. Insights from virtual interviews conducted for this report supplement the mutual evaluation findings.





BENIN

Background and National Context

1. Local nationals are interdicted from accessing casinos, except with the receipt of a special derogation from the Ministry of Interior. According to authorities, this is accorded very rarely. In terms of the casino customer profile, most players are Chinese nationals, with Indians, Lebanese, French and other Africans from West Africa also making up the customer base of the four casinos in operation in the country.
2. Only local currency is accepted at casinos, according to existing regulations; however, this rule is not widely respected. Authorities must do more to enforce the law, including the identification of a national supervisor and implementation of a supervisory program at national level. Police have a permanent presence inside the casinos to detect suspicious activities. Procedures for controls are understood by authorities but are not written down. Authorities occasionally have issues communicating with some casino operators, due to language differences.
3. Authorities see online casinos and gambling as a high risk, given that their ability to control who accesses these games, how much is spent, and what controls are in place is limited.

Overview of AML System

4. The National Lottery is tasked with ensuring the integrity of national lottery, including supervision of the lottery sector, with approximately 110 staff in total (seven staff members are dedicated to supervision). It has been in existence for over 30 years. Authorities are of the view that the majority of these games, including gambling and virtual lottery games, do not pose ML risks. This assessment should be revisited, based on the findings of this report. 7 staff are dedicated to the casinos sector. These staff do not have authorization to enter the casinos and audits of gaming establishments are handled by police.
5. Decree 2011 mandates a licensing process for casinos. There is a rigorous application process in place overseen by the Ministry of Economy. For example, this process requires a letter of motivation, information on the types of games that will be available in the establishment, the status of the natural persons in the ownership and management structure, a fiscal attestation that the entity is in good standing with the revenue authority, a social security attestation, etc. According to article 8 of the aforementioned Decree, the process must take a minimum of 3 months to complete to allow time for proper due diligence.
6. The NRA process began in 2016 and took two years to complete. The report was finished in 2018 and a workshop was held in September 2018 whereby the authorities shared the results of the NRA with reporting entities, including casinos. The NRA was formally adopted in 2019. The NRA followed the World Bank methodology. In 2019, a national strategy was drafted based on the findings of the NRA. One of the key findings of the NRA and Strategy was the need for a supervisor for reporting entities, including casinos. A sector specific supervisor should immediately be identified and granted powers for the casinos sector.





BENIN

7. The Territorial Surveillance Service (Service de la Surveillance du Territoire) is the principal service tasked with ensuring the integrity of casinos. There are 4 casinos licensed to operate in Benin. At all times, two agents are on-site in the casinos to monitor game play and activities. Access to casinos is controlled, including controls by plain clothed officers.
8. The Financial and Economic Brigade of the General Direction of the Republican Police is tasked with combating serious financial crimes in the country. There are approximately 30 staff, with the majority having received AML/CFT training (including GIABA training and from other international partners). The police contributed information to the NRA and were part of the coordinating committee for the NRA process. In recent years, the police have put 7 individuals before prosecutors for conviction due to their operation of illegal gaming salons. All individuals were judged and sentenced to between six months and two years in prison.
9. CENTIF has broad access to databases held by the customs authorities, revenue service, and investigators. It is mostly staffed by seconded officials from the police, customs, magistrates, etc. for a period of three years. No STRs have been filed to-date by casino operators in the country. Strategic analysis is not conducted as a matter of course, and no strategic analysis on casino operations has ever been produced.

Risks and Country-Level Challenges

10. Guidance for the sector is needed. There are 10 staff at CENTIF, including three analysts. Casinos have not filed STRs in the past decade. Some banks have filed STRs related to concerns of illegal casino activity. In 2020, two STRs from two different banks have already helped authorities to identify two illegal casinos in operation. In 2019, CENTIF received 903 STRs, with the number of declarations rising each year.
11. Casinos are not supervised and no framework currently exists to supervise casino activities. Illegal casino activity is a key problem for the country that authorities recognize needs to be addressed. Casinos offer table games (roulette, Texas Hold 'Em, baccarat, etc.). Slot machines are generally not available. The regulator of hotels and casinos controls casinos each evening, reviewing CDD information collected by the casino during the day. Contact between casinos and CENTIF is nearly non-existent. A majority of clients are Chinese nationals (estimated 90% by one casino), with Lebanese and Indian nationals also making up the client base for casinos in the country. Video recordings are generally kept for up to one year. Typically, only 5 to 6 clients visit the licensed casinos per day. Casinos feel confident that they know their habitual clients very well, with one operator describing them as 'family.'





CABO VERDE

Background and National Context

1. GIABA's mutual evaluation of Cabo Verde notes that "despite the conclusions of the NRA and the new AML/CFT legislation in force since 2016, incorporating the new FATF standards, the lack of technical and human resources in regulatory and supervisory entities, particularly in areas such as real estate, casinos, NPOs and OFIs, are an additional element of vulnerability in relation to the system for preventing and combating ML/TF/PF." Banks consider the casinos sector high risk for ML and implement EDD and enhanced monitoring of transactions.
2. Only one casino is currently in operation in Cabo Verde, with a major investment underway from Macao gaming owners to establish a new, large scale casino in the country (expected for 2021). The casino operator was not aware of the NRA and its findings. Online casinos and gambling is not licensed in the country.
3. An estimated 70% of casino clientele are local nationals, with the remaining customers being primarily tourists from Europe. Entry is open to the public (no ID documentation is required to enter), but ID is required if a payout of EUR 1 000 or more occurs. At this point, the passport is scanned and kept for two years' time. A digital copy of the passport scan is kept on-site and available to inspectors. The lack of screening at the casino entrance or the point of buy-in is a potential vulnerability. Video surveillance logs are kept for 2 months. No authorities have ever requested access to video logs for investigative purposes. The new casino director was unaware of previous engagement between casino senior management and Cabo Verdean authorities. For example, in 2018, a team comprised of the Director of the FIU, the Inspector General of the IGJ and two members of the American Treasury Department engaged with casino management on AML issues. Casino staff have AML backgrounds (some staff have attended AML trainings that have been held in Switzerland and Luxembourg).
4. Biometric controls help ensure that casino access is restricted to approved persons. The legal threshold to capture CDD information upon payout is for EUR 3 000, but after negotiation with authorities a stricter standard than the legal standard is applied in practice in the casinos (winnings of EUR 1 000 or more required passport or national ID verification).

Overview of AML System

5. Casinos must be licensed to operate: Law no. 77/VI/2005 of 16 August as amended by Law No. 62/VII/2010 of May 31. Casinos (including online casinos) and sports betting companies are required to comply with CDD requirements when they engage in financial transaction equal to or above CVE 300 000 (USD 3 200). Licensing of casinos is done by the Ministry of Tourism and Transport, but the entire dossier is subject to IGJ's analysis and inputs. This is a public process with strict legal requirements regarding the corporate structure, suitability of shareholders, technical and functional requirements of the game operating systems, and other applicable obligations.





CABO VERDE

6. CDD occurs at the entrance of the game room or when the customers acquire or cash in gaming chips: Article 13 (2) of the AML Act. There is no requirement for casinos to ensure that they are able to link CDD information for a particular customer to the transactions that the customer conducts in the casino.
7. Betting and lotto operators are required to comply with CDD measures when paying a winner an amount of or equivalent to CVE 600 000 (USD 6 500): Article 13(5) and (10) of the AML Act. Casinos are required to comply with record keeping requirements: Article s 7 (1), 8 I and 25 of the AML Act. In addition, there is a specific requirement for casinos to maintain identity records: Article 13 (4) of the AML Act.
8. Natural persons responsible for the management and operation of lotteries and other games of chance are also subject to AML controls: AML Article 7 (6). The General Inspectorate of Games (IGJ) has regulatory and supervisory authority over these entities: Article 6(1), (2), (3)(a) and (4) of the AML Act.
9. Article 38 of the GL prohibits whoever has been convicted of an intentional crime with a prison sentence of more than six months, or of a crime previewed in the GL or violated the prohibition of granting cash loans for the practice of gambling, from being part of the corporate bodies of concessionaires, casino management teams, or from performing the tasks of those responsible for the concessionaire's gambling halls.
10. There are measures relating to the holding and acquisition of significant shareholdings or control in corporations whose corporate purpose is exclusively the exploitation of games of chance (GL Article 12 (2)). These measures apply when at least 60% of the outstanding shares are registered or bearer shares, under the Cabo Verdean registration regime whereupon the concessionary must notify the appropriate regulatory and supervisory entity. Given the existence of bearer shares, in a situation where bearer shares are not registered, this may imply that regulators may not know the shareholders of the remaining capital¹⁸.
11. The General Inspectorate of Games (IGJ) is the regulatory and supervisory body for games of chance. It was created in 2010 and has functioned since 2011 following staff appointments, currently with 4 permanent staff (the Inspector General, two inspectors, and a secretary). The IGJ is a central inspection and surveillance service for gaming activity under the Minister of Tourism and Transport.
12. The two inspectors operate in the licensed casino and are on hand from opening to closing. An IT system is in place to ensure that appropriate tax revenues are collected on payouts and casino revenue. Portuguese authorities recently provided training for Cabo Verdean casino inspectors (one-week targeted AML training on the casinos sector).

¹⁸ Authorities believe that this matter has been resolved with the amendment to the code of commercial companies requiring that all shares be nominal, thus abolishing bearer shares. A proposal has been made to amend the framework law on games, due in part to this issue (ongoing).





CABO VERDE

13. The IGJ is the competent regulator and supervisor of lotteries, according to the AML Law, but the Ministry of Internal Administration has the power to inspect various games of chance, including lotteries, sweepstakes, and Totoloto¹⁹. Three years ago the IGJ submitted draft legislative changes for consideration to assume control of the regulatory and supervisory responsibilities for the lottery sector, but this has yet to be adopted. Currently, there is a proposal under consideration to revoke the applicable articles underlying this system to be replaced by a new law on 'social games,' thereby establishing a Management Entity to supervise the betting operations in the country. Regulation is lacking for this sector.
14. In consultation with authorities, additional specialized recommended actions for Cabo Verde would include: specialized training in the area of AML for casino personnel as well as that of the regulatory authority; improved exchange between West African regulators similar to the framework of the Gaming Regulators European Forum (GREF) and International Association of Gaming Regulators (IAGR); and the targeting of AML rules to the risks posed to Cabo Verde's casino sector.
15. A Commission (and Executive Committee to act as a permanent secretariat) was created in January 2020 and has met twice this year to discuss AML/CFT (the coronavirus pandemic has halted in person meetings). Foreign partners sometimes participate in these meetings.
16. The CRF is the national FIU. It is comprised of eight staff (including three analysts). Assignments are generally shared, with staff expected to be generalists capable of handling STR analysis related to various sectors. Strategic analysis is not conducted. A large majority of STRs come from banks (98%). In 2019, the CRF received 60 declarations. In 2020, 80 STRs had already been filed by the time of the virtual on-site visit (October 2020). FIU Cabo Verde recently became a member of the Egmont Group. Information can now be shared with, and requested from, other Egmont Members.
17. A dedicated telephone line is also set up to allow for anonymous reporting of suspicious activity. Slot machines do not pay out above EUR 3 000, so in the case when a large winning occurs, the authorities are notified and must go in person to verify the winner's ID documents. This is a good mechanism to control slot machine payouts.
18. The Criminal Action Department in the Department of Justice organizes government action to combat serious economic and financial crimes. There are currently only 3 staff members (down from 4 staff previously). Investigative journalists and other open-source reporting can lead to a case being opened. There is no case management database at national level to record open, closed and completed investigations.

¹⁹ Totoloto is a game common to Portuguese speaking countries, which offers a large starting jackpot and multiple ways to win in every draw. For more information, refer to: <https://www.euro-millions.com/totoloto>.



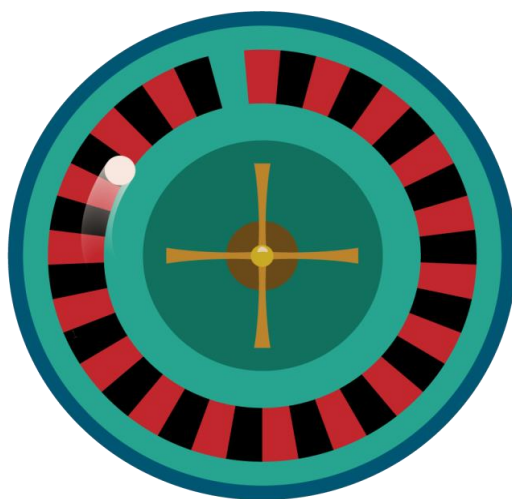


CABO VERDE

19. The FIU disseminates STRs to the General Prosecutor's Office, who determines which judicial police, investigator, or other operational unit will be assigned the case (The Central Department of Criminal Action (DCAP) of the Attorney General's Office is competent to investigate more serious and complex economic and financial crimes.). The FIU disseminates STRs to the Attorney General of the Republic who forwards the STRs to the Public Prosecutor's Office (it is analyzed in the DCAP). Subsequently, an investigation is carried out, at the end of which the case is closed, by means of a filing order (e.g., lack of sufficient evidence) or sent to the court for judgment. If cases require international cooperation, response times vary considerably depending on the country concerned (for example, authorities noted that cooperation and response times from authorities in Singapore has been very positive in the past). At a regional level, cooperation should be improved.

Risks and Country-Level Challenges

20. There is concern that stand-alone ML is not fully understood at a judicial level and prosecuted in Cabo Verde. Authorities recognize that judges could use more targeted AML training. Without sufficient evidence of a predicate crime, ML cases are not pursued in practice, even though the Supreme Court has decided that in order to begin an ML case only 'some indicators of a predicate crime' must exist (effectively a lower evidentiary standard to open a case than a required proven predicate crime having occurred).
21. Response times to formal letters rogatory are very slow and not efficient. Cooperation with Portugal appears good, but cooperation in the region appears limited. In 2019, a case of suspicious activity in a casino was identified. This information was sent to a Portuguese functionary and expert in the sector. This individual was able to clear the suspicion, having found no additional evidence of ML. This suggests good working cooperation between Portugal and Cabo Verde; however, it also suggests a lack of capacity at national level in Cabo Verde to identify and investigate suspicious behavior. MoUs are in place to facilitate information sharing with Portugal (these are renewed every three years).





CÔTE D'IVOIRE

Background and National Context

1. Nationals from Côte d'Ivoire were interdicted from playing in the casinos. This was recently changed in May 2020 with the passage of Law No. 2020-483. It is illegal to enter a casino in military attire. There are three casinos in operation today (four casinos are licensed to operate). One is French-owned and two are Chinese-owned. The new legal text streamlined and simplified the licensing process. The Chinese-owned casinos do not have slot machines, only table games (roulette, baccarat, Texas Hold 'Em, blackjack), whereas the French-owned casino includes 50 slot machines and 8 table games covering roulette, blackjack, poker, etc. Normally, casino clients are habitual players and the casinos generally feel that they know their clients well.
2. In most casinos, cash can be exchanged for game chips either directly with the dealer or at the cash window. The casinos surveyed had not had any exchanged with CENTIF (the FIU). Financial information (such as buy-ins and payouts) is not controlled and linked to passports that are checked when clients enter the casinos. This information is considered to be confidential information by the casinos. This should be immediately addressed, and CENTIF should work with i) casinos to implement internal AML controls and ii) the *Direction des Renseignements Généraux* to ensure that controls are adequately applied to all clients.
3. Casinos generally open around 2PM in the afternoon and close at 6AM in the morning (with the coronavirus, fewer staff are on hand at any one time to encourage social distancing and avoid overcrowding of the casinos). Clients are generally from China, Cambodia and the Korean peninsula. Other client profiles include Africans from the region (Senegalese and Malians) as well as Lebanese and Moroccans. The larger French-owned casino also services European and American patrons.
4. Casinos have not received the results of the NRA. Casinos were unaware of how STRs are used by CENTIF. No STRs have been filed to-date. Ad hoc, informal exchanges occasionally take place, but casinos have never received any feedback from authorities about the information provided. Casinos do threshold reporting but this is handed over to the police that are stationed in the casino. CENTIF must conduct outreach to the casinos sector and training to its casinos, requiring that they identify compliance staff. Casinos are mostly concerned with knowing their client to protect their business assets from fraud, and not as concerned with ML.

Overview of AML System

5. The Ministry of Tourism oversees the casino licensing process. The licensing process can take up to one year in total, as multiple checks are completed by authorities (for example, who are the natural persons that manage the casinos, what are the expected sources of revenue, what activities and games will be allowed in the casino, etc.). During the licensing process, it is common for multiple meetings to occur in person with the authorities. The judicial police and revenue service are also consulted during this process.





CÔTE D'IVOIRE

6. LONACI is responsible for the national lottery, based in Abidjan. Games include scratch-off games, horse race betting, sports betting, lottery games, and some slot machines distributed across the country. It has approximately 500 staff members. Currently, there are no staff members with specific AML/CFT expertise or training. Authorities note that they are working to address this shortcoming. LONACI filed an STR to CENTIF in 2018 related to online betting games. The foreign technical operator (a European-based company) that oversees the game signaled suspicious activity to LONACI, which subsequently filed an STR with CENTIF. No feedback was received from CENTIF. No formal exchanges between CENTIF and LONACI have occurred. LONACI received the results of the NRA, but authorities note that it would have been useful to also have dedicated follow up with the NRA drafting team to better understand how to implement its findings.
7. CENTIF has 6 members (2 members are seconded from the national customs unit, 2 members are seconded from the Ministry of Security, 1 member is seconded from the Ministry of Justice, and one member is seconded from the Central Bank). Additional staff, either functionaries or contracted employees, support these operations. The agents of the Department of Analysis and National Cooperation conduct operational analysis. The CENTIF President (Director of CENTIF) receives filed STRs, makes annotations and comments as necessary, and then assigns the STR to an analyst either in the Department of Analysis and National Cooperation or the Department of Intelligence and Strategy. Between 100 and 230 STRs are estimated to be received each year, but the quality of STRs is sometimes not satisfactory. Once the Department of Analysis and National Cooperation has finished its initial analysis, the Department of Economic and Financial Investigations takes over the investigation. This department transfers the dossier to the legal and international cooperation department for coordination purposes with the magistrates and to improve the report, if necessary. This department undertakes any necessary legal follow up, prior to transferring the dossier to the Procurer of the Republic.
8. The Coordination Committee is a strategic body (as opposed to an operational group) that has been in place since 2014. In 2018, the Committee size expanded from 6 to 18 members, now covering practically all ministries in the country. The Committee meets one time per trimester (5 sessions per year maximum counting ad hoc meetings). A Permanent Secretariat of 30 individuals oversees meeting logistics. A national AML strategy has recently been elaborated at national level by an AML expert with FATF experience. An Action Plan is currently being elaborated.
9. The Coordination Committee was tasked with disseminating the NRA results. No sanctions have been levied against any casinos to-date. No FIs have filed STRs related to casino clients. 90% of STRs filed come from FIs. Authorities are working hard to address identified deficiencies and have created action plans at national level.





CÔTE D'IVOIRE

10. The licensing process typically takes one year to complete, and is managed by the Ministry of Tourism, in collaboration with the Ministry of Economy and Finance as well as the Ministry of Interior. In person meetings are required with authorities for approval along with relevant CDD documents. The operators of the casino must be Ivoirian, even if there are foreign shareholders. The Direction des Renseignements Généraux conducts on-site verification of the casino's activities upon the casino's opening and closing each day.
11. Authorities have identified cases of false documentation, including foreign nationals using fake French ID documents to access casinos. Generally, casinos lack sophisticated technology to scan documents. Most record keeping is done by hand in writing.
12. Plain clothes police officers are always present in casinos to monitor gaming activity. They maintain a bureau within each casino establishment. Casinos are relatively small with, on average, 12 customers in the French-owned casino at any one time, and 6 customers at the Chinese-owned casinos. The police control investigations and can solicit casinos at any time for information on their clients. Information such as: CDD information from passports, amounts exchanged at buy-in, game type played, etc. are accessed each evening. To-date, there have been no recorded ML cases linked to casinos. Passports are required to be handed over to be copied before customers can begin to play at the casino's games. Generally, a police officer is on hand when the passport is collected and passport information is noted by casino staff.
13. The NRA results were finalized approximately one year after work began in December 2018. CENTIF and the Coordination Committee managed the process in coordination with experts from the World Bank. Casinos were not aware of the results of the NRA and did not participate in the information collection process for the NRA.

Risks and Country-Level Challenges

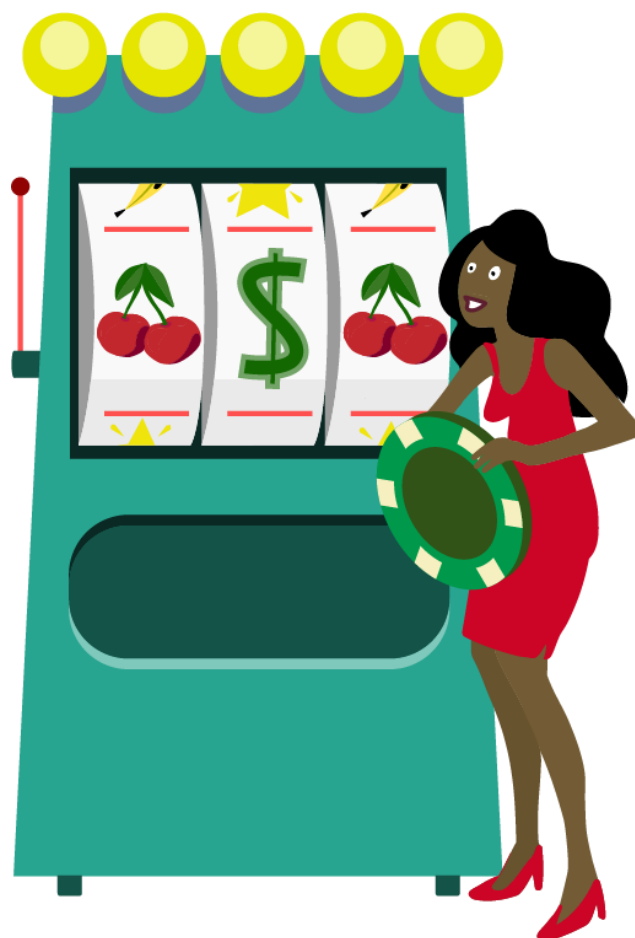
14. Supervision is non-existent. Law No. 2020-480 made important changes to the regulatory landscape. For example, the exploitation of online casinos and sports betting is exclusively regulated and licensed by LONACI. Due to the recent passing of this law, its regulations are not yet well understood by the sector and guidance has not yet been elaborated for casinos. The lack of supervision is compounded by the fact that few internal AML procedures and policies are written down by casinos for compliance staff. This should be addressed. CDD controls that are conducted gather useful information for authorities, and casinos keep passport copies of players (there are generally no limitations on the amount of time that these copies are kept).
15. Licensed casinos note that the presence of illegal casinos, particularly in Abidjan, is a growing concern. Illegal casinos and gaming salons are difficult to identify as they are hidden and can be closed up and moved easily before authorities can take action. Prior to 2009, the national lottery was not authorized to create gaming salons (now this is possible).





CÔTE D'IVOIRE

16. Casino operators note that they do not know of, or ask for, the provenance of the money that is played. Cash can be exchanged at the cash window or directly at the table games. Credit cards are also accepted at buy-in or payout. An IT system is available at the cash window. Credit is not given to clients. A supervisor for casinos should be immediately identified and a program of supervision should be elaborated. Police controls alone are not sufficient for compliance with the FATF Standards.
17. More training of casino staff is needed. No STRs have been filed to-date. CENTIF has not yet worked with the police, and coordination mechanisms have not yet been put in place. The authorities are aware of this and are working to formalize cooperation channels. This should be prioritized. CENTIF was created in 2006 and began its operations in 2008.





GHANA

Background and National Context

1. As of 2020, there are 8 casinos (all are jointly owned by foreign nationals and Ghanaian nationals) registered in Ghana (down from 17 casinos in operations in 2014, which were mostly owned by foreign nationals, particularly Chinese and Lebanese nationals). These casinos mostly service foreign patrons who are temporary residents involved in the local economy or tourists. Typically, casinos are associated with 5-star hotels and/or quality restaurants. Authorities report that all casinos are in compliance with the provisions of the Gaming Act and have appointed compliance officers for AML/CFT purposes.
2. Ghana conducted its NRA in 2016. At that time, the NRA identified casinos as a high-risk sector. However, following the revision of the NRA in 2018, the sector has been categorized as medium risk, as many casinos have now put in place control measures and corporate governance structures. Although the size of the casinos sector is relatively small with respect to the overall size of the Ghanaian economy, the recent increase in the number of sports betting companies across the country has the potential of further heightening ML/TF risks of the Ghanaian gaming sector.
3. The sports betting sector began in 2009. At that time, there were only 4 sports betting shops. Today, there are 21 sports betting shops across the country (5 new sports betting shops licensed in the past year alone). Operating licenses that are granted are valid country-wide (as opposed to state-based licenses in Nigeria, for example). Some sports betting licenses have been revoked due to non-compliance with the Gaming Act of 2006 (Act. 721). There are strict minimum capital requirements of USD 2 million for sports betting companies.

Overview of AML System and Controls.

4. Casinos in Ghana are licensed and supervised by the Gaming Commission under Section 72 of the Gaming Act of 2006 (Act. 721). The Act uses the term 'Operators of Games of Chance' under Section 27 to describe casinos. The Commission can only license companies that are registered as limited liability companies under the Companies Act. Natural persons are not permitted to operate a casino unless that natural person is duly licensed by the Board of the Gaming Commission.
5. The Gaming Commission is the central authority, charged with licensing and supervising casinos. It has 75 staff. In 2017, the Gaming Commission enforced its minimum capital requirements, which led to the revocation of licenses of some non-compliant casinos that were no longer able to meet Ghana's capital requirements for casinos (USD 2.5 million). It conducts on-site visits (having conducted 9 such on-site visits prior to the virtual interview). AML/CFT guidelines have been drafted but have not yet been implemented.
6. Sanctions are available for non-compliance. The Commission has powers to revoke a casino operating license when a casino is found to be in breach of the Act. In 2016, the Commission had registered 17 casinos and due to non-compliance issues, nine of them had their licenses revoked, leaving only eight casinos in operation as of 2020.





GHANA

All casinos are now required to appoint an AML Compliance Officer or risk pecuniary fines. In one recently reported case, the Gaming Commission in collaboration with the National Investigation Bureau (NIB) arrested a Russian national and a Ghanaian who falsified a gaming license to open a bank account. The casino was not in operation. Casino licenses are renewed annually.

7. To prevent criminals or their associates from operating a casino, holding a management function or holding (or being the beneficial owner of) a significant or controlling interest in a casino, the Commission grants a license only if a person has not been declared bankrupt or convicted by a court or tribunal of an offence of fraud or dishonesty. The Commission is required to keep a register of licenses granted. Licenses are required to be renewed annually. Section 27 of the AML Act 2008 (Act 749) empowers the Gaming Commissioner to issue or renew a license for the operation of a game of chance only when the applicant provides proof of the lawful origin of capital for the proposed operation, or in the case of renewal, the lawful origin of its additional capital for this purpose.
8. The FIC is the national FIU. It has recently begun typologies work on online casinos. The study is looking into customer profiles of online gambling platforms and risks associated with the customer profile. The FIC recently set up GoAML in 2018. Authorities are generally happy with the software's functionalities. More human resources are needed to reinforce its capacity. The Commission has compliance officers in the three regions where its offices are located, with additional five staff recruited to augment work at the Head office. International relationships are valued by the Commission. There has been recent collaboration with the International Centre for Gaming Regulations (UNLV) to build the capacity of the Commission to develop typologies for online gaming and the United States to also provide capacity building for staff of the FIC on the link between money laundering and casino operations.
9. The DNI collaborates closely with police on AML/CFT matters. No spontaneous disclosures by the police have been filed with the FIC relating to casinos. Capacity building relating to financial investigations has been provided by the United Kingdom and United States to improve investigative outcomes (this includes training at the Police Academy in Accra and Winneba). At the time of the virtual interview, stand-alone ML cases remain very difficult in practice to prosecute, rarely leading to convictions since the legislative framework had no provision for stand-alone ML cases. Section 1(3) of the new AML Act has provisions for stand-alone ML. The NIB collaborates closely with the Commission on AML/CFT matters. No request for information has been sent to the FIC by the Ghana Police Service in relation to investigations of casino operators.
10. The Central Bank is responsible for supervising financial institutions, including banks with casino customers. The FIC/BoG AML/CFT Guidelines for Banks²⁰ encourages banks to do EDD on casino clients and enhanced monitoring of transactions.

²⁰ Information may be found in the FIC/BOG Guidelines, Section 1.6, Sub-Section A7. Appendix B also includes additional regulatory information on DNFBPs, including casinos





GHANA

During on-site supervision of banks, inspectors ask for the bank's list of high-risk customers and check whether high-risk customers have gone through the appropriate EDD and approval process (senior management has to approve casino onboarding as customers).

11. If deficiencies are identified, then Central Bank supervisors take one of three actions:
 - Action I: Breaches (or willful neglect) are immediately penalized
 - Action II: Deficiencies (a lack of appropriate AML controls or measures) are given a timeline (typically one to two months) for correction
 - Action III: Recommendations are given in cases when slight improvements could be made to further increase the efficacy of the AML controls or measures in place
12. To-date, the Central Bank has not had any cases requiring the sanctioning of banks for sports betting or casino-related customer deficiencies.
13. The National Lottery Authority covers the lottery industry in Ghana, which was established in the 1980s when the country legalized the lottery sector to support development activities.
14. Ghana is currently implementing its ICRG Action Plan, which also covers deficiencies in the casino and gaming sectors. The AML unit at the Ghana Revenue Authority (GRA) was established in 2018, and is currently staffed by eight individuals.

Risks and Country-Level Challenges

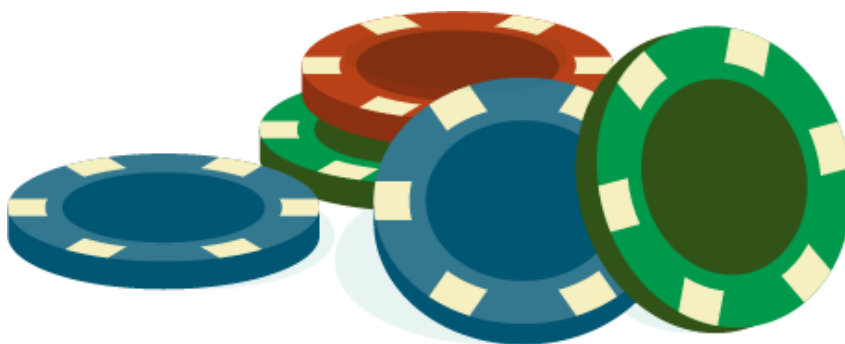
15. Authorities have not had any casino-related ML cases in the past ten years. According to its most recent mutual evaluation: "Although, the Commission informed assessors that it carries out supervision and monitoring of casinos, it was unable to demonstrate that such oversight functions cover AML/CFT matters, neither has it issued any sector specific guidelines in this regard. The assessment team noted that the Commission lacks requisite capacity to effectively supervise and/or monitor casinos for AML/CFT purposes. However, the Commission is collaborating with the FIC to train some casinos on AML/CFT and establish some sort of AML/CFT monitoring of the sector" (GIABA Mutual Evaluation of Ghana).
16. Authorities note that improvements to the AML system have been made since the first Mutual Evaluation, including the setting up of the AML Unit within the Commission to specifically monitor AML/CFT compliance of reporting entities. Additionally, cooperation between agencies (Gaming Commission, FIC, immigration services, revenue authority, national police, etc.) is largely relationship-based and dependent on whether a counterpart remains in the position long enough to build a trust-based relationship. High turnover within agencies can disrupt effective cooperation. However, this is changing as standard operating procedures are developed and implemented for law enforcement agencies.





GHANA

17. Banks treat casinos as high-risk customers and require casino operators to undergo enhanced due diligence during the onboarding process. The FIC/BoG AML/CFT Guidelines were revised in 2018 and require banks to gather information on shareholders with a 5% stake or greater in business operations, including for casinos. In some cases, banks have closed bank accounts held by casinos, as their transaction profile was not in line with the customer profile. Banks were familiar with the NRA, participated in the process and received the NRA results (which were useful as guidance for internal risk assessments within the banks). If a bank identifies suspicious activity, a report is sent directly to the FIC over the AML portal. Accounts are temporarily frozen while awaiting a response from the FIC.
18. CDD information collected at casino-level is not always comprehensive to provide a full picture to authorities of the casino's clients. Names alone do not provide a full view, and additional information (e.g., date of birth, full legal name, country of origin, photos, ID scans, driver's license numbers, etc.) would be useful for investigative purposes. Discussions between authorities and compliance officers have shown that CDD information is not always fully collected in line with applicable AML requirements. Sanctions for incomplete or inadequate CDD are applied by the Bank of Ghana (no sanctions have been levied to-date).
19. Casinos were generally of the impression that efforts are being made by authorities to create a culture of compliance amongst FIs and DNFBPs. Several casinos noted that this is a recent effort in the casinos sector, as this compliance culture was not previously present, and no STRs have been filed by casinos in the past ten years. There is a growing trend of foreign ownership and management in the casinos sector, particularly from East Asia. Some casinos and authorities were of the view that these casinos are not adequately implementing AML controls and internal protocols.
20. Casinos requested more targeted training for their sector. DNFBP training that has been held at national level for all DNFBPs (casinos, notaries, lawyers, etc.) was too high-level to give useful guidance to casino compliance staff. Most casinos did not assist in the information collection phase of the NRA and have not received its results. One casino representative noted that "I did not even know the FIC existed until last year when we had [the training] seminar." The FIC should prioritize awareness raising and STR reporting in the casinos sector.





NIGERIA

Background and National Context

1. There are 300 licensed casinos in operation in Nigeria today. ML risks to the casinos sector are considered relatively high in Lagos and Abuja. There are approximately 150 licensed casinos in Lagos alone (50% of all licensed casinos in the country). Foreign ownership is generally from South Africa, China, Lebanon, and the United States. Other foreign nationals, for example from Germany and the United Kingdom, are also involved in the ownership structure of casinos in the country.
2. Nigeria conducted its first NRA five years ago. It expects to update its NRA in 2021. Casinos were not aware of the 2016 NRA or its findings. One casino interviewed had been inspected by a group from EFCC/SCUML approximately three years ago. Authorities should consider updating the NRA to account for the shifting ML risk landscape in the country, including the growth of online casinos and gambling across the country, and circulate the results to casinos.
3. Large, multi-national casino groups have a good working relationship with authorities and file threshold reports. STR filing is less frequent. Postings are displayed prior to entry in these casino establishments to notify patrons that the casino complies with AML regulations, as a measure of dissuading malicious actors. This practice should be adopted by smaller casinos operating across the country. Passports, driver's licenses and national ID cards are acceptable forms of ID to access the casino. Slot machines are generally automated card or ticket-based machines. Habitual gamblers can sign up for membership cards, which allow these casinos to monitor player behavior.
4. Minimum and maximum betting limits may be considered (e.g., standardized betting limits across the industry).

Overview of AML System

5. As a federated system, Nigerian regulators rely on a patchwork of national and state laws for licensing purposes. At national level, the Central Bank issued guidance requiring DNFBPs that fall within the AML regulation must obtain a SCUML certification before opening a corporate bank account in the country.
6. At state level, regulations differ. Authorities note that this does create regulatory arbitrage opportunities for malicious actors, requiring a coordinated national and state-level response.
7. The Federal Executive Council adopted a ML Strategy at national level in 2018. This is currently being implemented nation-wide.



NIGERIA

8. The Special Control Unit Against Money Laundering within SCUML regulates, monitors and supervises the casinos sector (along with other DNFBPs) in accordance with the AML Act. SCUML is established as an agency of the Federal Ministry of Trade and Investment, but for operational purposes it is domiciled within the Economic and Financial Crimes Commission. The unit conducts on-site and off-site inspections of casinos and has access to a wide range of casino-related information, including tax information. Annually, SCUML reports that it conducts on-site supervision of approximately half of the 300 casinos in operation in the country. These visits are random, targeted inspections. Efforts should be made to operationalize the insights from this report to create risk-based metrics to score casinos, with prioritization for on-site and off-site supervision given to the most at-risk casinos (in addition to or replacing the random inspections).
9. The Special Control Unit Against Money Laundering within SCUML works in coordination with the Self-Regulatory Body for the casinos sector. The Casino Association of Nigeria was started several years ago and has grown to 24 members. Its experts advise SCUML and work with regulators to standardize AML controls and practices across the industry. Casinos are required to be registered on the SCUML website (www.scuml.org).
10. The association of Nigerian Bookmakers is the national trade association that represents sports betting, lottery and gaming operators in Nigeria, founded in 2014. The association acts as a collective voice for the sports betting industry to promote practical initiatives that will enhance the shared business interest of its members. They cooperate with regulators through written process and hold meetings to provide feedback to authorities. The association expressed frustration at the lack of accessibility to regulators and need for more formalized engagement.
11. The Economic and Financial Crimes Commission (EFCC) has the power to sanction non-compliant reporting entities, including casinos. SCUML will typically give up to three written warnings to non-compliant entities to improve or correct non-compliant behavior until passing off the case to the EFCC. The project team is of the view that this approach may not be sufficiently dissuasive.
12. The National Lottery Regulation Commission (NLRC) is responsible for prudential regulation as well as the licensing process for casinos that wish to operate in Nigeria. A license is required to operate in the country. In practice, this means that the NLRC licenses and regulates casinos for AML purposes, SCUML supervises for AML compliance, and the EFCC sanctions non-compliant entities upon SCUML's recommendation. State regulators, such as the Lagos State Lottery Board, also have regulatory and supervisory responsibilities over casinos for AML purposes. SCUML and the National Lottery Commission should establish regular coordination channels.





NIGERIA

13. Licensing is complex, conducted at both national and state level. The authorities should adopt and implement a standardized licensing process across the entire country or, at the least, issue national guidance to state assemblies as to how state licensing processes for casinos should be structured (including CDD information of owners and management as well as business information to collect and validate, capital requirements, and general timelines for approval/denial). One interviewee noted the ease with which individuals can set up casinos in the country. Authorities should review the licensing process and ensure that applicable CDD measures and other controls are in place to identify ultimate beneficial owners.
14. The FIU has approximately 220 staff, with approximately 8 staff dedicated to casinos. The project team is of the view that 8 staff may not be sufficient to conduct outreach to Nigeria's 300 casinos, in particular given the risks posed by the rise of Internet-based gambling across the region and other emerging threats, and more human resources may therefore be needed. Authorities are of the view that staffing levels are sufficient, particularly given the working relationship between the FIU, SCUML and NLRC. Additionally, authorities note that the use of virtual assets, or cryptocurrency, in the online gaming sector is a worrying trend, given the lack of regulation and supervision over the sector. No STRs have been received from casinos, although some banks have filed STRs with the FIU relating to casino accounts (approximately 50 STRs filed by banks relating to casinos per year). Casinos have a regular working relationship with SCUML, but casinos reported that this relationship is not yet as fully established with the FIU. The FIU maintains key stakeholder relationships with DNFBPs, including casinos, and is working hard to further its AML outreach efforts.
15. Feedback to analysts from other authorities, including investigators, is typically filtered through the Director of the FIU to Assistant Directors who then pass on information to relevant departments for follow up. This is done to centralize communications and streamline the work flow process. This means that analysts rarely receive direct feedback regarding their reports that are assigned to investigative teams, unless that feedback is sent to the Director's Office or filtered down from Assistant Directors. All feedback is provided to a Strategic Analysis Department which is responsible for consolidating and producing typologies, studies and reports for internal and external purposes. The project team is of the view that this feedback process may be further improved by encouraging direct feedback from investigators to FIU Assistant Directors (or other operational teams within the FIU) with a mandate for fostering intra-agency feedback between units.

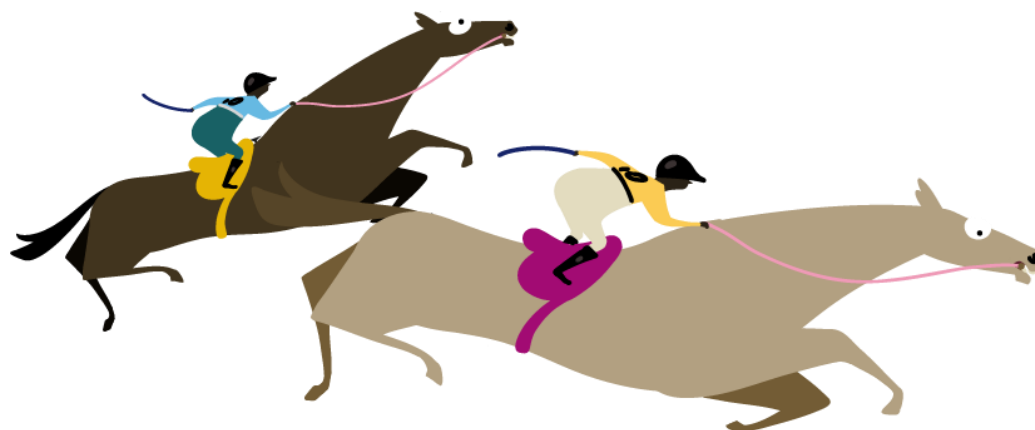
Risks and Country-Level Challenges

16. The project team spoke with a number of private sector experts and casino operators that have AML controls and procedures in place. These experts and operators expressed concern that, if there are strict AML controls in place, clients will leave and go to the next casino. This hurts compliant casinos that want to cooperate with guidance and AML regulations. Enforcement should be prioritized. Authorities should reconsider their approach to sanctioning non-compliant casinos and immediately take steps to appropriately sanction non-compliant casinos, including with pecuniary sanctions or temporary licensing suspension.



NIGERIA

17. The legal framework in Nigeria does not cover online casinos, nor does it cover sports betting activity. This is a major gap in the AML legislative framework, in particular since authorities estimate that 60% - 70% of gaming activity in the country now occurs online. In addition, due to CoVID and its impact on land-based casinos, many casinos have been transitioning to online gaming. Authorities are aware of this and are working to finalize draft legislation to cover this gap. This work should be prioritized and moved for immediate adoption at national level.
18. There have not been any training workshops specific only to casinos; although, there have been training programs more generally for all DNFBPs. Specific training programs for casino operators and staff regarding AML obligations should be developed and implemented.
19. Nigeria's civil service encourages a regular rotation of civil servants between agencies. This approach has many advantages; however, authorities note that this regular rotation of civil servants between departments also leads to a regular inflow of new staff that lack specialized knowledge of AML/CFT. Authorities should seek out new ways to build culture where staff have the option of specializing and being designated assigned roles for AML/CFT purposes





SENEGAL

Background and National Context

1. There are eight licensed casinos in Senegal, of which seven casinos are currently in operation. The majority of these casinos are in operation in Dakar. In the NRA, casinos were identified as medium risk. Casinos surveyed had not received the results of the NRA, nor participated in the process. A national lottery is also regulated for AML purposes. Within casino establishments, each casino is required to identify a correspondent for AML purposes to act as a focal point for cooperation with authorities. In practice, focal point names are rarely assigned, or if they are assigned, are not regularly updated when there is turnover within the casino. This should be immediately addressed, with sanctions levied against casinos that do not identify a focal point.
2. Casinos in the country view clients that play CFA 1 million (EUR 1 500) at any given time, as being high-risk clients. Casino operators share information daily with police, which includes information on all clients that entered into the casino on a given day. Foreign players make up an important segment of the casino's clientele. The first licensed casino in operation in Senegal was located within an airport specifically to cater to these clients.

Overview of AML System

3. Casinos and other private gaming establishments are regulated and supervised by the Directorate of Territorial Surveillance (DST) of the Ministry of the Interior, which has 8 staff. The Ministry of the Interior coordinates with the Public Security Service on actions of the national police, which has expertise in ML/TF investigations. The Ministry of Finance is responsible for supervising the national lottery (LONASE).
4. A National AML Strategy was agreed for the five-year period of 2019 – 2024 (currently in implementation phase). This Strategy covers casinos. For example, Strategic Focus 2 of the Strategy identifies the implementation of controls and supervision for reporting entities, including casinos, as a key priority. Notably, this focus area covers: reinforcing the capacities of reporting entities, including casinos; putting in place sectoral evaluations of risk; and training personnel in the sector. In addition, the Strategy identifies the need to elaborate a detailed program of supervision for casinos and DNFBs, more generally, as a priority.
5. In 2018, Senegal underwent its GIABA mutual evaluation. In 2017, Senegal completed its NRA. The NRA findings and GIABA mutual evaluation recommendations were integrated into the National AML Strategy (2019). According to its recent GIABA mutual evaluation report, there were 0 supervisory visits to casinos between 2014 – 2017. In 2018, the new AML Law came into effect (and is currently being implemented). Senegal was rated mostly met with its technical compliance obligations for the casinos sector (see brief synthesis of technical compliance, below).





SENEGAL

6. Article 44 of the new AML Law 2018-03 covers casino and gaming salon obligations. This includes the collection and maintenance of appropriate CDD documentation for ten years; the requirement to collect identity documentation from players that buy, carry or exchange tokens for cash above the reporting threshold; the recording of funds transfers between the casino and gaming rings on a central register. Limitations are also placed on the cash out of tokens within a casino group, requiring that tokens be cashed out at the casino at which they were originally acquired.
7. Article 15 of the 2004 AML Act requires casino administrators to maintain records when customers engage in financial transactions equal to or above EUR 3 000.
8. A licensing process is in place for casinos: Decree No. 92-63 of January 1992. Besides general customer identification obligations, Article 15 of the AML Act provides specific obligations for casino managers, directors and owners, including:
 - the requirement to justify to authorities the legal origin of the source funds provided to open the business, and
 - to have proof of identity (a valid national ID with photo, or any original official document) of players who buy or exchange gaming chips or tokens for a sum greater than or equal to CFA francs 1 000 000 (EUR 1 500).
9. In order to ensure that casinos are subject to AML/CFT regulation and supervision, Senegal enacted Law 66-58 of 30 June 1966, on the organization and regulation of gambling establishments, supplemented by Law N° 75-59 of 2 June 1975, and Decree 67-6390 laying down the procedures for implementing Law 66-58 of 30 June 1966 on organizing and regulating gambling establishments.
10. Casinos are subject to suspicious transaction reporting requirements under Article 5 of the AML Act.
11. CENTIF is the national FIU of Senegal. Approximately 15 million STRs are filed from all reporting entities every year, but STR reporting from the casinos sector remains low. CENTIF is managed by six functionaries. Eventually, it is envisaged that a panel of experts would oversee its operations (including representatives from the police and customs enforcement). This inter-agency integration should reinforce CENTIF's cooperation with other agencies at domestic level. Today, cooperation between CENTIF and the police, for example, is not regular. This should be addressed as a priority.
12. National police have a regular presence in casinos. 8 officers are dedicated to the casino sector in Senegal. Each month, the casinos provide a list of players to the police. Authorities recognize the need for more stringent on-site controls within casino establishments to ensure that adequate CDD information is collected and reported to authorities for investigative purposes. Police remain reliant mostly on information contacts for information collection.





SENEGAL

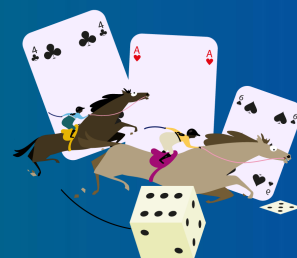
Risks and Country-Level Challenges

13. The police effect regular on-site controls, and sanctions are available for non-compliance. In practice, no casinos have been sanctioned. Information gathered by police during these on-site visits are generally not shared with CENTIF. The police are understaffed and not appropriate trained in AML controls and investigations. None of the police authorities to-date have been trained to conduct ML investigations, or casino-related investigations.
14. Local nationals are interdicted from casinos. Authorities see slot machines as a potential vulnerability that has not been adequately addressed at national level. At national level, risk in the casinos sector has typically focused on foreign nationals that comprise the casino sector's client base and high net worth individuals. Controls are not in place to monitor cash placements and winnings at slot machines. There is little active communication between the police and CENTIF. In the absence of dedicated AML supervision for the sector (which must be urgently addressed), police should file weekly reports with CENTIF to update its financial analysts on the state of compliance and gaming activity in the casinos sector (e.g., volumes of cash buy-ins and payouts, information on casino customers, etc.).
15. The NRA followed the World Bank methodology, which identified the lack of AML supervision in the casinos sector as a major deficiency to be addressed. The report also identified non-compliance with AML controls within casinos as another major deficiency to be addressed (the regulation is in place, but not respected in practice).



Money Laundering Risks to the Casinos and Gaming Sector in West Africa

Vulnerabilities Study



ANNEX II

ADVISORY NOTICE FOR CIRCULATION TO CASINOS

TEMPLATE REQUIRING AUTHORITY INPUTS

This template requires inputs from authorities prior to circulation to casino operators. The purpose of this advisory notice is to raise awareness at national level of AML measures applicable to casino operators and the publication of this report. Appropriate modifications should therefore be made before its circulation. This includes the need for appropriate legal references, cross-references with applicable guidance at national level, and required limits for threshold reporting. Additionally, space is provided in the advisory notice so that authorities can highlight key findings from the NRA concerning casino risks at national level and provide contact information for the relevant point of contact at the FIU for related follow-up.

[XX/XX/XXXX]

Casinos are subject to AML regulations and, as such, are required to comply with national law and regulations, including: casinos are required to be licensed, casinos are required to collect Customer Due Diligence (CDD) information when casinos engage in financial transactions equal to or above \$X,XXX, and casinos are required to maintain appropriate records for authorities. [Insert link to national regulations]. This includes Internet-based casinos.

In December 2020, a vulnerabilities study was ordered by GIABA²¹, implemented with technical assistance provided in the context of the OCWAR-M project (Organized Crime: West African Response to Money Laundering and the Financing of Terrorism) by Expertise France and its consultant, and funded by the European Union. This vulnerabilities study identifies a number of ML risks in the casinos and gaming sectors in West Africa; good practices for supervisors to improve AML compliance in casinos; and good practices to raise ML risk awareness and conduct investigations.

Download the report at: [Insert link to download report]

²¹ GIABA is an institution of the Economic Community of West African States (ECOWAS) responsible for facilitating the adoption and implementation of Anti-Money Laundering (AML) and Counter-Financing of Terrorism (CFT) in West Africa.

Outcomes of National Risk Assessment

In [Insert Country Name], a National Risk Assessment (NRA) was conducted in [Insert Year]. The NRA identified the following:

- [Insert Paragraph 1 on key findings of NRA concerning the casinos sector]
- [Insert Paragraph 2 on key findings of NRA concerning the casinos sector]
- [Insert Paragraph 3 on key findings of NRA concerning the casinos sector]

Policies, Procedures and Compliance Staff

Casinos should identify and employ a compliance staff member with knowledge of applicable AML regulations. As a good practice, the nomination of this compliance staff member should be communicated to the FIU within 30 days of the publication of this advisory.

All casinos should have written policies and procedures for how to collect CDD information. Generally understood practices without written policies are not sufficient. These written policies should include: the types of acceptable identification documents to access the casino; when and how these identification documents should be recorded; how these records should be maintained and for how long; what types of payment are accepted at buy-in (e.g., credit cards, debit cards, cash, mobile payments, etc.); how the payout process is handled; and who has access to cash on-site in the casino, including slot machine keys to access slot machine cash. These policies and procedures may be reviewed as part of on-site or off-site supervision of the casino. Failure to comply with these basic AML requirements may result in pecuniary or other sanctions until the identified deficiencies are addressed.

It may also be good practice to publicly display these requirements to casino patrons at the cash desk or entrance to the casino.

Reporting to the [Name of National Financial Intelligence Unit]

Casinos are required to report suspicious activity in a timely manner to the FIU in a Suspicious Transaction Report (template attached). Compliance staff within the casino should have full and independent authority to report suspicious activity to the FIU without fear of reprisals from senior management. Customer details, including ID scans or other records, should be included in the Suspicious Transaction Report that is filed with the FIU to explain i) why the activity is considered suspicious and ii) clearly identify the suspected individual(s).

Failure to report suspicious activity may result in pecuniary or other sanctions being levied, or enhanced supervision for compliance with AML regulations including more frequent on-site visits, or temporary or permanent suspension of the casino's operating license.

For further information, contact: [Insert national contact information]



