



Clubs Assistance Pack

AML/CTF Compliance

THIS DOCUMENT WAS DEVELOPED BY





Welcome - About the Clubs Assistance Pack

This Assistance Pack is for Community Clubs Victoria members **licensed to operate 16 or more gaming machines**. The information is current as at **18 April 2019**.

It has been prepared with **busy Club management and staff** in mind, to assist with their Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) Program and achieving the best outcomes with AUSTRAC.

The guide only considers gaming machines. For other forms of gambling, including TAB, you may wish to contact the TAB for information on AUSTRAC compliance, **or an AML/CTF specialist lawyer or consultant may be able to assist**.

Copyright

The CCV has negotiated a licence for **members only** to use this Clubs Assistance Pack **free of charge**. The licence does not include reselling or republishing this material and copyright remains with the author - ©GOVLAW 2019.

Assistance Pack is a summary

The Assistance Pack is a summary in plain language and given the complexity of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* and *Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1)* **does not cover all situations or requirements**.

For advice on applying the AML/CTF laws to the specific circumstances of your Club, speak to a lawyer. For help with general compliance or training, an AML/CTF specialist lawyer or consultant may be able to assist.

AUSTRAC warning against using a 'template' AML/CTF program

AUSTRAC has advised regulated businesses to **avoid** using what appears to be a general **'template' for their AML/CTF Program**, perhaps provided by a third party to many Clubs. While this Assistance Pack may be a useful starting point, your Club's program needs to reflect the **money laundering and terrorism financing risks** that your Club faces, based on your customer profiles, business processes and services provided.

Some AML/CTF instructional material contains checklists which should not be used by Clubs as their AML/CTF Program. This would be unlikely to stand up in case of an AUSTRAC audit or site visit.

The AML/CTF Program needs to be a **separate document** containing the **detail** of Club practices and procedures and risk management strategies.

Gaming Staff Meetings - using the 'AML/CTF Focus' each month

This Clubs Assistance Pack includes **checklists** and **tips** as an 'AML/CTF Focus' for each month, at the end of the guide. These can be printed out for use in gaming staff meetings and are designed to help the Club prepare for any future AUSTRAC audit.

CONTENTS

Contents

1.0 Introduction	6
1.1 What is AML/CTF Compliance?	6
1.2 Who is AUSTRAC and what is its role?	6
1.3 What is a 'designated service' and why does this matter?	8
1.4 What are the benefits for Clubs?	8
1.5 What kinds of enforcement actions are open to AUSTRAC?	8
1.6 How does this relate to your Club's Venue Operator Licence?	8
1.7 Keeping your Club's AML/CTF Risk Assessment up to date	10
1.8 How AML/CTF regulation is different	10
1.9 Getting Started	10
2.0 Key roles and what to do	12
2.1 AML/CTF Compliance Officer	12
2.2 Gaming staff	12
2.3 Oversight by Club Committee and President or CEO	12
3.0 What is an AML/CTF program?	13
3.1 Risk management	13
3.2 The risk-based approach	13
3.3 Developing an AML/CTF program	14
4.0 AML/CTF program - Risk Management elements	16
4.1 AML/CTF Compliance Officer	16
4.2 Due diligence program for gaming employees	16
4.3 Training - AML/CTF risk awareness	16
4.4 Ongoing customer due diligence	16
4.5 Monitoring of gaming transactions - red flags	16
4.6 Enhanced customer due diligence procedures	16
4.7 Yearly compliance reporting preparation	17
4.8 AUSTRAC feedback - What steps should the Club take?	18
4.9 Club Committee oversight of the AML/CTF program	18
4.10 Independent reviews of the program	18
4.11 Suspicious Matter Reports (SMRs)	18
4.12 Reporting threshold transactions (if relevant)	19
4.13 AML/CTF compliance reports	19

CONTENTS

5.0 AML/CTF program - Customer identification	20
5.1 What information should I collect?	20
5.2 How do I verify it?	20
5.3 Politically Exposed Persons - what are they and what do I need to do?	22
6.0 What records do I need to keep?	22
6.1 How?	22
6.2 For how long?	22
7.0 What about Privacy Laws?	22
7.1 What is personal information?	22
7.2 Notifiable Data Breaches	23
7.3 Does your Club have a data breach response plan?	23
8.0 What to do if contacted by AUSTRAC	23
8.1 Single Point of Contact	23
8.2 Compliance Breaches	23
9.0 Compliance Calendar	24
9.1 What to do and when - examples	24
10.0 AML/CTF Quiz	25
Example Staff Quiz.	
11.0 AML/CTF Focus™ worksheets	27
For monthly Gaming Staff Meetings.	

INTRO

1.0 Introduction

1.1 What is AML/CTF Compliance?

The *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act) regulates financial services, bullion traders and gambling, including casinos, online gaming, on-course bookmakers, TABs and gaming machine operators.

Key AML/CTF requirements:

- enrolling your Club with AUSTRAC
- customer identification and verification of identity
- establishing and maintaining an AML/CTF program
- ongoing customer due diligence
- reporting suspicious matters and
- record keeping.

1.2 Who is AUSTRAC and what is its role?

AUSTRAC is Australia's **Financial Intelligence Unit**. AUSTRAC collects financial transaction reports, analyses the information and disseminates financial intelligence, which plays an important role in preventing, detecting and prosecuting crime. It assists authorities to **trace the trail of illicit money**.

AUSTRAC is also the **Regulator** for Clubs and other businesses covered by the AML/CTF Act, such as casinos and banks.

Summary

AUSTRAC helps to protect the financial and gambling industries from criminal infiltration and abuse from money laundering; deters and prevents terrorism financing.

What is Money laundering?

This is the process criminals use to 'clean' money from illegal activities – such as fraud, drug trafficking, tax evasion, people smuggling, theft, and arms trafficking – to make it seem legitimate.

What is terrorism?

Actions or threats, involving serious harm or death with the intention of advancing a political, religious or ideological cause, to intimidate or coerce the government or public.

Terrorism financing includes receiving funds from, giving funds to, or collecting funds on behalf of terrorists and terrorist organisations.

Effective management of money laundering and terrorism financing risk must **avoid bias and stereotypes** of what a 'terrorist' or 'criminal' should look like or about their likely religion or background.



1.3 What is a 'designated service' and why does this matter?

The 'designated services' set out what is covered by the AML/CTF Act including financial services, buying and selling bullion and gambling.

1.4 What are the benefits for Clubs?

Whilst compliance with AML/CTF requirements is mandatory, there are numerous benefits for Clubs in complying with AUSTRAC regulations, such as:

- being a good corporate citizen and playing your part in preventing criminal activity and acts of terrorism
- avoiding fines and enforcement action by AUSTRAC
- helping to reduce the risk of fraud losses against the Club
- enhancing the reputation of the Clubs generally and avoiding negative press coverage.

1.5 What kinds of enforcement actions are open to AUSTRAC?

Enforcement actions available to AUSTRAC include issuing an infringement notice, accepting an enforceable undertaking from the Club and seeking a civil penalty order in the Federal Court, and in some cases criminal prosecution.

The maximum civil penalty for a company for each contravention of the AML/CTF Act is \$21 million.

Past examples of AUSTRAC enforcement

Examples of the most serious compliance outcomes are AUSTRAC's action against the Commonwealth Bank (a penalty of \$700 million) and Tabcorp (a penalty of \$45 million) in recent years. Both cases were the the highest ever civil penalty in Australian corporate history at the time.

An example closer to home is that of the AUSTRAC action against the **Canberra Southern Cross Club Limited** requiring the Club to appoint an **external auditor for its AML/CTF compliance** (2015). This followed AUSTRAC's concerns that the Club had:

- an inadequate AML/CTF Program
- no transaction monitoring program and
- significantly deficient customer identification procedures.

Using an external auditor can be a very costly exercise, particularly where a large consulting firm is engaged.

1.6 How does this relate to your Club's Venue Operator Licence?

The *Gambling Regulation Act 2003*, includes as one of its main objectives:

to ensure that the management of gaming equipment and monitoring equipment is free from criminal influence and exploitation.

Controls such as suspicious matter reporting, identification for customers for large payouts of winnings and the monitoring of gambling, help the Club remain vigilant against criminal infiltration.

As such, compliance with the AML/CTF regulations could also support the standing of the Club with the **Victorian Liquor and Gambling Regulator**.



OWEN DIXON
COMMONWEALTH
LAW COURTS BUILDING

The Hon Sir Owen Dixon
GCMG, QC (1936-1972)
Chief Justice of the High Court of Australia 1959-1964
Justice of the High Court of Australia 1922-1954
1951-1952 and 1954-1959
Governor-General of Western Australia 1946-1951
Member of the Council of the Commonwealth 1946-1954
Chairman of the Australian Shipping Conference 1952-1954

HIGH COURT OF AUSTRALIA
FEDERAL COURT OF AUSTRALIA
FAMILY COURT OF AUSTRALIA
FEDERAL CIRCUIT COURT OF AUSTRALIA

1.7 Keeping your Club's AML/CTF Risk Assessment up to date

The AML/CTF laws require Clubs to keep their risk assessment up to date by identifying significant changes in risk. Ongoing monitoring of media coverage for major stories by management, may assist Clubs, for example where this relates to criminal activity in your local area or new approaches being used by criminals, seeking to by-pass Club defences against fraud and money laundering.

For example, pub door staff 'collusion' with money launderers was covered by the media:

"As regular patrons they are often well known to hotel security guards, who quietly acknowledge them and escort them inside..."

This... is assisted by the large well-lit car parks next to many of the state's top-grossing poker machine hotels, and attentive security guards.

A car park is vital because the launderers don't want to walk along the street carrying between \$10,000 and \$50,000."

Source: Sydney Morning Herald, 2010

1.8 How AML/CTF regulation is different

This is an 'embedded' style of regulation. It needs to be part of the businesses' DNA and implemented on an ongoing basis. For example, for a Club licensed for 16 or more gaming machines, staff position descriptions and procedure manuals need to include their role in carrying out the AML/CTF program. This will include AUSTRAC reporting where needed, customer identification for payouts of winnings of \$10,000 or more and record keeping.

Compliance Tips:

- Avoid a 'dusty' compliance plan sitting in the back office
- AML/CTF compliance is easy once 'embedded' is your daily and monthly work systems and processes
- AUSTRAC has observed a common error on compliance visits - 'template' AML/CTF programs not tailored to each Club's risks.

1.9 Getting Started

This guide is mainly aimed at improving compliance for existing Clubs, so we assume your Club has:

- Enrolled with AUSTRAC
- Chosen a senior manager to be the AML/CTF Compliance Officer and documented this
- Conducted a Money Laundering and Terrorism Financing (ML/TF) risk assessment for your Club's business
- Had the Committee or Board of the Club formally 'adopt' the Club's AML/CTF program via a documented Committee/Board meeting minute
- Procedures in place to identify patrons before large payouts of winnings
- Access to AUSTRAC Online and has procedures in place for Suspicious Matter Reporting, where relevant.



If any of these elements is missing, the Club may wish to consider an independent review of its AML/CTF compliance, as a matter of urgency.

AUSTRAC resources

If you don't have a copy, download these:

- *Preparing and implementing an anti-money laundering and counter-terrorism financing (AML/CTF) program - Pubs & clubs sector* ([click here](#) then select 'pubs and clubs')
- *AUSTRAC compliance posters for staff areas.*



2.0 Key roles and what to do

2.1 AML/CTF Compliance Officer

There are a number of responsibilities for the AML/CTF compliance officer:

- acting as the contact point and providing the day-to-day oversight of the venue's AML/CTF program, compliance manuals, policies, procedures and systems
- reporting suspicious matters to AUSTRAC
- staff training
- conducting and updating the venue's AML/CTF risk assessment (can be outsourced)
- reporting to the Committee and senior management
- addressing AUSTRAC feedback about the Club's compliance.

2.2 Gaming staff

There are a number of responsibilities for gaming staff:

- Monitoring the gaming floor and customer behaviour for suspicious matters
- Attending AML/CTF training
- Actively contributing in AML/CTF discussions at staff meetings
- Alerting Management to changes in risk or vulnerabilities noticed.

2.3 Oversight by Club Committee and President or CEO

The Club's AML/CTF Program must be approved by its governing Committee or Board and senior management and also be under their ongoing oversight.

Overview Table - key roles and responsibilities

Role	Key responsibilities
Committee and President	Oversight and critical engagement with reporting - are resourcing and controls adequate? Has AUSTRAC feedback been responded to?
CEO	Oversight and critical engagement with reporting - are resourcing and controls adequate? Has AUSTRAC feedback been responded to? Do all gaming staff position descriptions define AML/CTF responsibilities?
AML/CTF Compliance Officer	Management of AML/CTF program and reporting to the Committee Co-ordinating staff training and employee due diligence Managing record keeping Oversight of customer identification and Suspicious Matter Reporting
Gaming staff	Supporting the AML/CTF Compliance Officer and escalating risks detected Customer identification and Suspicious Matter Reporting

3.0 What is an AML/CTF program?

An AML/CTF program should specify how the reporting entity identifies, mitigates and manages the risk of gambling services being misused to facilitate money laundering or terrorism financing (ML/TF).

To identify ML/TF risks and meet your Club's obligations under the AML/CTF Act, you need to consider relevant factors, including:

- your customers
- the services you provide
- the methods you use to deliver those services.

3.1 Risk management

Risk management is the process of recognising risk and developing methods to both minimise and manage the risk. It is important to consider the criminal threat environment and possible vulnerabilities of your gaming operations. For example, is the Club located in a high crime area?



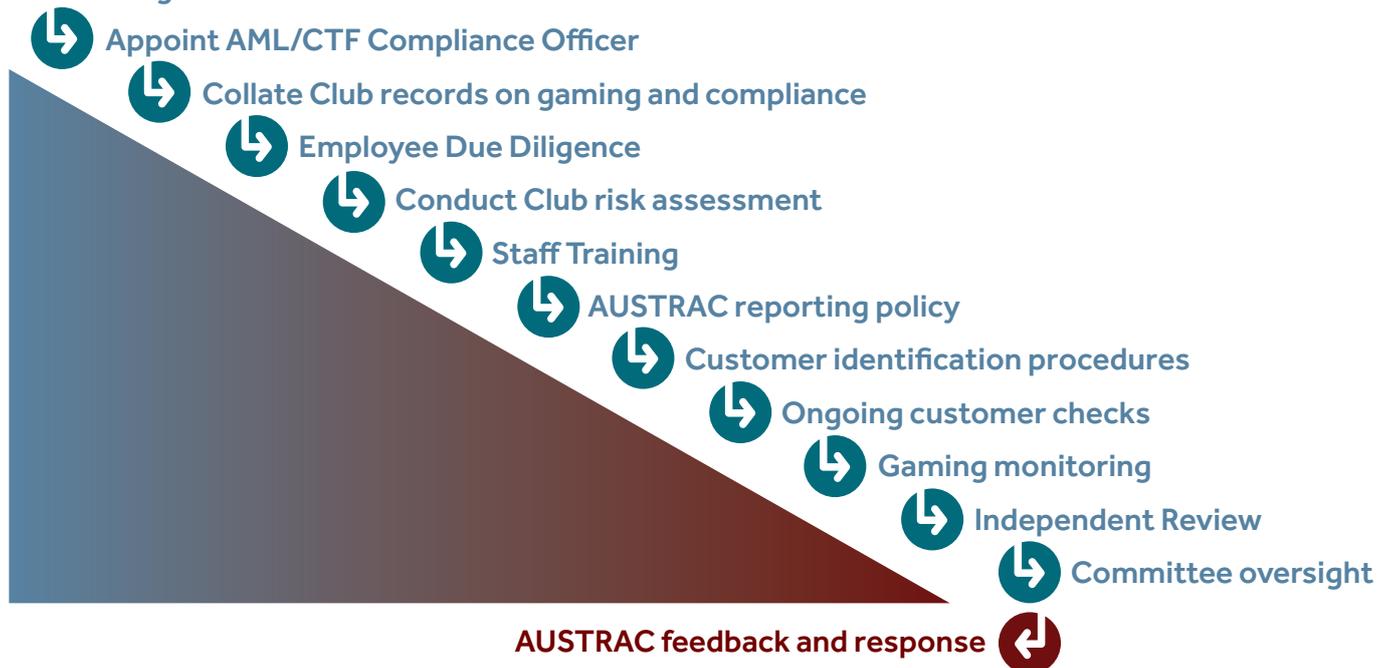
3.2 Risk-based approach

The AML/CTF Act and the supporting AML/CTF Rules together implement a principles-based and risk-based approach to regulation.

Reporting entities determine **how** they meet their obligations based on their assessment of the **risk** of whether providing a **designated service** to a customer may facilitate money laundering or terrorism financing.

3.3 Developing an AML/CTF program

AUSTRAC guidance



Example of using a Risk Assessment Matrix (table)

The table shows how risk can be understood as a combination of the chance that something may happen and the seriousness of damage or loss that may result.

	CONSEQUENCE				
LIKELIHOOD	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Extreme (5)
Rare (1)	Low	Low	Low	Low	Low
Unlikely (2)	Low	Low	Low	Medium	Medium
Possible (3)	Low	Low	Medium	Medium	Medium
Likely (4)	Low	Medium	Medium	High	High
Almost certain (5)	Low	Medium	Medium	High	Extreme

Some examples of key risks for Clubs:

- Customer inserts cash into a gaming machine but obtains credit via cheque, following minimal game play - there may be tax evasion where customer has a 'cash in hand' or 'cash only' business
- Customer targets a specific cashier - which may point to collusion
- Customer attempts to have a cheque drawn in someone else's name

- Customer requests higher denomination notes
- Customer is reluctant to produce proof of identification
- Customer regularly brings in large amounts of cash
- Customer purchases winning vouchers from another customer with cash
- Customer has access to more money to gamble with than expected - for example, the customer receives welfare benefits but carries substantial amounts of cash
- Customer waits for shift-changes to redeem credits from different cashiers.

Changes in risk

The ML/TF risk profile of a Club's gaming operations changes over time. This can be due to a number of internal and external factors. Common changes include the introduction of new gambling products, new ways of delivering gambling, or a changing customer base.

Clubs must ensure they review **patterns** of suspected criminal activity emerging from their **ongoing customer due diligence**, and the **suspicious matter reports** they lodge with AUSTRAC, and **update** their risk assessment accordingly.

4.0 AML/CTF program - Risk Management Elements

4.1 AML/CTF Compliance Officer

The Club's AML/CTF Compliance Officer must be at management level, and may have other duties within the Club. The compliance officer handles, directs and controls AML/CTF compliance within the Club. Their duties are described above, under "Key roles and what to do" at page 12.

4.2 Due diligence program for gaming employees

This is a program to help the Club decide how to screen employees (including prospective employees) who are in a position to facilitate an ML/TF offence.

The Club may decide to check employees' background to ensure they are of good character and, are not involved with criminal activity.

An employee due diligence program must also contain appropriate procedures to manage employees who **fail, without reasonable excuse, to comply** with a system, control or procedure that relates to your AML/CTF program.

4.3 Training - AML/CTF risk awareness

The Club must have a risk awareness training program that includes:

- your obligations under the AML/CTF Act and the consequences of non-compliance
- the types of ML/TF risk your business may face and the potential consequences
- the parts of your AML/CTF program relevant to the work of your employees.

4.4 Ongoing customer due diligence

Ongoing customer due diligence involves:

- collecting or verifying new know-your-customer (KYC) information to ensure it is up-to-date
- the ongoing monitoring of customers and their gambling and
- enhanced scrutiny of high risk and suspicious customers.

4.5 Monitoring of gaming transactions - red flags

Gaming transaction monitoring can help to identify suspicious gaming patterns which would be reportable to AUSTRAC. This includes:

- complex transactions
- unusual large transactions and
- unusual patterns of transactions.

How?

- Monitor CCTV footage
- Regular review for records of cheques issued and
- Monitor gaming staff who issue cheques - identify potential collusion.

4.6 Enhanced customer due diligence procedures

Enhanced customer identification procedures may involve additional checks, analysis of customer information and management approvals, and apply where:

- the Club has classified a patron as high risk
- the patron is a foreign Politically Exposed Person (PEP) (see page 22, for an overview of PEPs)
- when the Club has reasonable grounds for a suspicion to report to AUSTRAC.

The Club AML/CTF Program must set out the details of the enhanced customer identification procedures as relevant to the risks faced by the Club.

These may include seeking additional information from the customer or from a third party, such as an identity services provider website. Some examples of these procedures include:

- Taking reasonable measures to identify the patron's source of wealth
- Where a patron has already been identified following a large winnings payout - updating that information collected. Alternatively, the Club may conduct additional verification - for example using an online identity services website (check that the documents you were provided with were not forged)
- Seeking senior Club management approval for further play on gaming machines by the patron.

There are only **some** examples - the AML/CTF Rules contain a complete list and these must be considered by your Club when preparing your AML/CTF program.



Avoid seeking further information where this would "tip off" the customer to the Club's suspicion.

4.7 Yearly compliance reporting preparation

The Compliance Report is your Club's self-assessment of your AML/CTF compliance, and will be due for lodgement early in the following calendar year.

What should we be doing now?

Ongoing planning and compliance activity before the lodgement period the following calendar year is essential. If in doubt, contact an AML/CTF specialist lawyer or consultant.

If we don't lodge the report?

The penalty for not lodging the Compliance Report is up to \$21m for a company. Also, although 'compliance reporting' sounds harmless, Clubs also need to be aware that depending on how they answer the questions, compliance or enforcement action may be taken against them.

Are the report questions the 'tip of the iceberg' for your Club?

Care should be taken in responding to the questions as many refer to important compliance obligations under the AML/CTF Act and AML/CTF Rules.

For example, answering 'no' to some questions, may be admitting to a breach of the law, such as:

- Has your Club conducted an 'independent review' of your AML/CTF program - unless this is a new program?
- Has your Club conducted a ML/TF risk assessment?

This may lead to enforcement action being taken against your Club.

Being prepared for an audit visit

It is also prudent to think ahead, if AUSTRAC authorised officers visited your business premises in the next year with a monitoring warrant - would you have adequate documentation to back up your claims on the Compliance Report?

4.8 AUSTRAC feedback - What steps should the Club take?

The Club AML/CTF Program must set out procedures for addressing guidance by AUSTRAC. This feedback can be specific to your Club, or it can be general feedback to the Clubs sector, or all reporting entities.

4.9 Club Committee oversight of the AML/CTF program

The governing Committee and senior management must maintain ongoing oversight of the AML/CTF program.

For example, there may be a standing meeting agenda item, regular briefings by the AML/CTF Compliance Officer, or an independent reviewer may present their findings at a Committee meeting.

4.10 Independent reviews of the program

The review can be conducted by an internal or external person and the reviewer must not have been involved in designing or implementing your AML/CTF program (excludes the AML/CTF Compliance Officer).

The independent review should assess:

- the effectiveness of the AML/CTF program
- whether the AML/CTF program complies with the AML/CTF Act
- whether the program has been effectively implemented
- whether the Club has complied with the AML/CTF program.



Ensure the reviewer can make enquiries of any employee and access all relevant sources of information.

4.11 Suspicious Matter Reports (SMRs)

Although a Club's compliance focus may usually be on risk management and their AML/CTF Program, downplaying the importance of reporting obligations may be a dangerous practice.

Enforcement actions taken by AUSTRAC have demonstrated that given the volume of customer transactions (where for example multiple members of a crime syndicate attend a venue), what appear to be maximum penalties under the AML/CTF Act can increase exponentially.

A Club must submit an SMR to AUSTRAC if it forms a suspicion on reasonable grounds at any time while dealing with a customer (from enquiry, to providing a gambling service or later) on a matter that may be related to an offence, tax evasion or the proceeds of crime.

Offences include money laundering, terrorism financing, operating under a false identity or any other offence under a Commonwealth, State or Territory law.

How to identify what is 'suspicious'

Examples are set out under the heading 'Some examples of key risks for Clubs:', above on pages 14-15.

Terrorism financing risk

The different objectives or motivations behind money laundering and terrorism financing, can result in very different indicators of suspicious activity. Knowing the different indicators is important for Clubs to monitor customer behaviour and detect and report suspicious behaviour to AUSTRAC.

Time-frame for reporting

The Club must complete an SMR and submit it to AUSTRAC within:

- 24 hours if your suspicion relates to terrorism financing
- 3 business days if your suspicion relates to money laundering, tax evasion or another crime.

Can I continue to allow the customer to use gaming machines?

The AML/CTF Act does not require Clubs to terminate a business relationship with a customer, even if they have formed a suspicion about that particular customer.

Clubs must determine whether to terminate the relationship with the customer based on their **risk-assessment**, procedures and controls.

4.12 Reporting threshold transactions (if relevant)

Although this won't be relevant for payouts of winnings by cheque, where a customer presents with **physical currency (e.g., notes and coins) of AUD10,000 or more** for gambling, a 'threshold transaction' report must be submitted to AUSTRAC within 10 business days. This **includes foreign currency** equivalents of AUD10,000 or more.

Also, beware of attempts to 'structure' cash payments for gambling, by Club patrons:

a money laundering technique that involves the deliberate division of a large amount of cash into smaller deposits to evade threshold reporting requirements.

This is a serious offence and consideration should be given to lodging a suspicious matter report.

Where the Club does not currently accept this amount of cash, it is important to be aware of this requirement, in case circumstances change. However, where the government implements an economy-wide cash payment limit of \$10,000 for payments to businesses for goods and services following the Black Economy Taskforce's Final Report, this report type may become less relevant.

4.13 AML/CTF compliance reports

The annual compliance report is a self-assessment of AML/CTF compliance for Clubs and other businesses regulated by AUSTRAC.

What does AUSTRAC use the report for?

- to measure effectiveness of the Club's AML/CTF compliance and
- increase AUSTRAC's understanding of ML/TF risks across different businesses and industries and improve education and guidance.

Why not just answer what AUSTRAC wants to hear, or mark the answers the same as last year?

Providing false or misleading information or documents to AUSTRAC, may result in penalties including up to 10 years imprisonment or a \$2.1m fine, or both.

Conclusion

Take reporting seriously. Keep records to back up your answers. Where in doubt seek professional advice.

5.0 AML/CTF program - Customer identification

Clubs must verify the identity of their customers:

- when the customer is **paid out winnings to the value of \$10,000 or more** (this applies to all methods of payment whether cash, cheque or bank transfer)
- when the customer is considered **high risk**
- if the Club forms a **suspicion** about the customer, or doubts the customer is who they claim to be
- when your enhanced customer due diligence program requires you to collect or further verify know-your-customer (KYC) information.

If the patron can't be identified...

If the AML/CTF Act requires you to identify a customer before paying out winnings and if you cannot identify the customer, then you cannot pay out any winnings.



This summary only covers customers who are **individuals**. In the unlikely event a patron seeks the payment of winnings cheque to be made out to a **company**, your Club's AML/CTF program would need to be expanded to cover this.

5.1 What information should I collect?

Generally, collecting KYC information involves asking a customer to state their personal details. At a minimum, the Club must collect:

- Full name
- Residential address
- Date of birth

But may also collect other information as set out in its program:

- Phone number
- Email address.

5.2 How do I verify it?

Verification involves confirming those details against identification documents such as a driver's licence or passport or from reliable and independent electronic sources.

As the patron is physically present in the Club rather than, say, using online gambling, this Assistance Pack will focus on verification using documents, such as a driver's licence or passport.

The minimum identification information that needs to be **verified** for an individual is:

- the customer's full name; and
- their date of birth or residential address.

What documents can the Club accept as proof?

These examples may be used by Clubs for **low or medium risk** profile patrons. The Club's AML/CTF Program will cover **high risk** patrons based on your risk assessment.

What primary photographic document (or certified copies) will you accept as proof of identity?
<ul style="list-style-type: none">• Driver's licence
<ul style="list-style-type: none">• Passport
<ul style="list-style-type: none">• Proof-of-age card
What combination of primary non-photographic and secondary documents (or certified copies) will you accept as proof of identity?
<i>Primary non-photographic:</i>
<ul style="list-style-type: none">• Birth certificate
<ul style="list-style-type: none">• Citizenship certificate
<ul style="list-style-type: none">• Commonwealth pension card
<i>Secondary</i>
<ul style="list-style-type: none">• Tax assessment notice
<ul style="list-style-type: none">• Centrelink statement
<ul style="list-style-type: none">• Rates or utilities notice

Have the documents expired?

The Club must check the documents used to verify the customer's information to make sure they have not expired. However, an Australian passport that expired in the preceding two years is acceptable.

Something does not match...

Clubs must have risk-based procedures in their program to respond to discrepancies that arise while verifying the customer.

Does the Club need to perform additional ID checks?

The Club's AML/CTF program should include a risk-based system for when the Club will collect or verify **additional** identification details about a patron.

This may occur where, for example the Club suspects that the identification documentation is forged or the customer is not who they claim to be. Examples of additional identification details include a Medicare card or a bank statement.

5.3 Politically Exposed Persons - what are they and what do I need to do?

A Politically Exposed Person (PEP) holds a prominent public position or function in a government body and includes their immediate family and close associates. They can be Australian, from foreign countries or an international organisation.

Due to their position and influence it is recognised that PEPs are in positions that potentially can be abused for money laundering and related predicate offences, including **corruption** and bribery.

Clubs must have procedures to identify whether any patrons are a PEP, for example, by searching a PEP database or conducting an internet search before, or as soon as practicable after, paying out winnings.

For patrons who are **foreign or high risk domestic or international PEPs** additional checks and safeguards apply, such as senior management approval - see your **AML/CTF Program**.



Remember if a person is a PEP, this does not mean that there is an automatic link to criminal activities or abuse of the financial system. It just means their *role* carries an increased risk of the misuse of public funds.

6.0 What records do I need to keep for AML/CTF?

AML/CTF Act covers the types of records Clubs must retain:

- gambling records
- customer identification procedures and
- AML/CTF programs.

6.1 How?

For example: writing down the driver's licence number, scanning and saving identification documents and cheque stubs.

6.2 For how long?

Keep records for **seven years**.

7.0 What about Privacy Laws?

Clubs have obligations under the *Privacy Act 1988* for their AML/CTF compliance including the requirement to comply with the Australian Privacy Principles, even if they would otherwise be exempt as a small business.

The Privacy Act covers how Clubs must handle, use and manage personal information, including patron requests for information.

7.1 What is personal information?

- Personal information is information or an opinion that identifies or could reasonably identify an individual.
- Some examples are name, address, telephone number, date of birth, medical records, bank account details, and opinions.

A Club may legally be able to deny access to a suspicious matter report lodged with AUSTRAC. If this situation occurs, legal advice should be sought. Otherwise, the Club may be liable for 'tipping off' the customer.

7.2 Notifiable Data Breaches

Clubs regulated by the Privacy Act must notify individuals and the Commissioner about **data breaches** which may cause **serious harm** to individuals.

Examples of data breaches include:

- loss or theft of physical devices (such as laptops and storage devices) or paper records that contain personal information
- unauthorised access to personal information by an employee.

7.3 Does your Club have a data breach response plan?

This can help your Club management respond quickly and appropriately in the case of a data breach.

The loss of customer information obtained for the purpose of AML/CTF Act compliance is serious and could lead to the patron being targeted by scammers or having their identity stolen for the purpose of taking out loans, etc.

This may also escalate a family or domestic violence situation where for example, a victim wished to keep their address private.

8.0 What to do if contacted by AUSTRAC

8.1 Single Point of Contact

The AML/CTF Compliance Officer should as far as practicable be the single point of contact for AUSTRAC.

Where feedback is provided on how to improve compliance by the Club this should be taken seriously and implemented in a timely manner.

8.2 Compliance Breaches

Where a compliance breach is raised by AUSTRAC which may lead to further action, such as a site visit or audit, consider escalating this to the Committee and seeking legal advice.

9.0 Compliance Calendar

The below diagram shows each month of the year with examples of compliance tasks to be completed.

9.1 What to do and when - examples

January	February	March
AUSTRAC feedback AML/CTF program 	Lodge Compliance Report early	AML/CTF risk awareness training (twice a year)
April	May	June
Managing changes in ML/TF risk (twice a year)	Independent review	EOFY AML/CTF Reporting to Committee 
July	August	September
Internal review of AML/CTF record keeping	Internal review of AML/CTF reporting	Managing changes in ML/TF risk (twice a year)
October	November	December
AML/CTF risk awareness training (twice a year)	Compliance Report preparation	EOY AML/CTF Reporting to Committee 

'AML/CTF Focus' worksheets

An 'AML/CTF Focus' worksheet for each month of the year is available for Clubs at the end of this Assistance Pack.

The months given for key compliance tasks are only examples

It may be useful to choose different months for specific worksheets, where this suits existing business processes and management reporting at the Club.



10.0 AML/CTF Quiz



Clubs may wish to write a Quiz to assist with staff engagement for the AML/CTF Program. Below are examples to get started.

Customer Identification

Which of the following is **NOT** part of AML/CTF Compliance for the Club:

- Updating Know-Your-Customer information where the patron's behaviour is 'suspicious'
- Identifying the customer when paying out large amounts of winnings
- Identifying the customer as they walk into the Club gaming area
- Additional checks and approvals where the customer is 'high risk' or suspicious.

Customer Identification

When paying out winnings, what is the amount below which identification is not required?

- \$5,000
- \$20,000
- \$10,000
- \$2,000.

AML/CTF Program management

Who is responsible for AML/CTF Compliance?

- Club Committee and President
- Gaming staff
- Compliance Officer
- All of the above.

Penalty for not complying with the AML/CTF Act

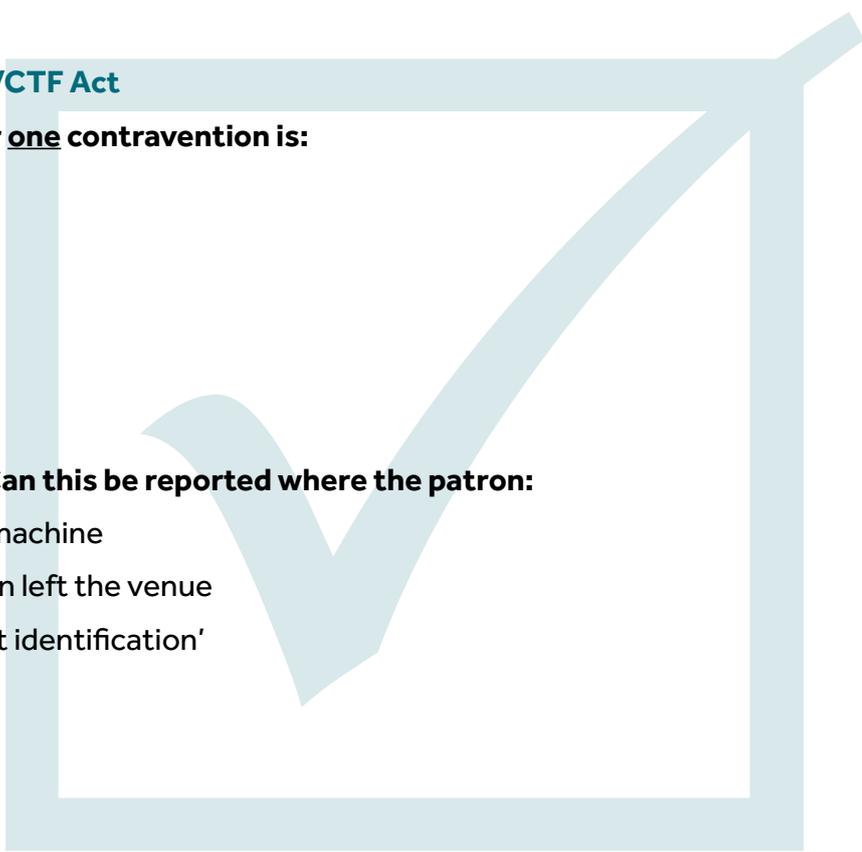
The maximum penalty for a company for one contravention is:

- \$7 million
- 10 penalty units
- \$21 million
- \$100 million.

Suspicious Matters

A new customer is acting suspiciously. Can this be reported where the patron:

- has *actually been playing* on a gaming machine
- has only asked if they can play, but then left the venue
- has only asked if they can play 'without identification'
- All of the above.



Record keeping

The *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* requires records of the AML/CTF Program, etc. to be kept for:

- 5 years
- 7 years
- 10 years
- Only as the customer continues suspicious activity.

Ongoing customer checks

Which of the following is **NOT** part of Enhanced Customer Due Diligence for high risk patrons of the Club:

- using an identity services website to verify details such as the driver's licence number, previously provided by the patron after payout of a large win
- online searches to determine the patron's source of wealth
- checking the patron's bag for large amounts of cash
- asking for the Club manager to approve continuing game play.



TIP

Consider writing more questions for the Club or contact your compliance advisor.



Clubs Assistance Pack

11.0 AML/CTF Focus™ worksheets
Monthly Gaming Staff Meetings

[TO BE PRINTED OUT FOR EACH MEETING]

AML/CTF Focus™: January

GAMING MANAGEMENT AND STAFF MEETING

Date:

Review AUSTRAC guidance and feedback for the Club's AML/CTF program

Agenda items

- Has AUSTRAC published any new guidance for Pubs and Clubs
- Has AUSTRAC published any general feedback which may be relevant?
- Has the Club updated its AML/CTF program to reflect the new guidance?
- Did the Club need to change any of its practices or procedures?
- Does the Club's AML/CTF risk assessment need to be updated?

Agreed Action Items	Responsible staff	Report back due by:

Manager: Signed:



Staying current with AUSTRAC guidance and strengthening the Club's practices and controls may also help reduce the risk of losses from fraud.

AML/CTF Focus™: February

GAMING MANAGEMENT AND STAFF MEETING

Date:

Lodge Compliance Report early

Agenda items

- Discuss the former year's preparation for the AUSTRAC Compliance Report
- Discuss key questions from the Compliance Report, for example:
 - What updates did we make to the Club's program and why?
 - Were there changes in customer profiles or transactions, impacting risk?
- Do we need prepare a report to the Club's committee or CEO?

Agreed Action Items	Responsible staff	Report back due by:

Manager: Signed:



Take reporting seriously. Providing false or misleading information to AUSTRAC may lead to large fines or imprisonment. Keep records to back up your answers.

AML/CTF Focus™: March

GAMING MANAGEMENT AND STAFF MEETING

Date:

AML/CTF risk awareness training (first review)

Agenda items

- Following training, how aware are staff of the ML/TF risks faced by the Club?
- Do staff understand the key obligations under the AML/CTF Act?
- Have any staff changed roles and so, need AML/CTF training?
- Is refresher training scheduled at regular intervals?
- Do new training options need to be considered given risk developments?

Agreed Action Items	Responsible staff	Report back due by:

Manager: Signed:



Does your Club training provider explain the WHY as well as the WHAT?

AML/CTF Focus™: April

GAMING MANAGEMENT AND STAFF MEETING

Date:

Managing changes in ML/TF risk (first review)

Agenda items

- Review of media coverage for locality and city: crime, money laundering and terrorism
- Discuss changes in customer profiles. Any Politically Exposed Persons visiting?
- Have there been any new gaming services or technologies introduced?
- Have there been any changes in Club layout, such as cashier location?
- Does this change the risk ratings (high, medium or low) for any services?

Agreed Action Items	Responsible staff	Report back due by:

Manager: Signed:



Your Club's transaction monitoring, such as CCTV, is an important source of risk intelligence.

AML/CTF Focus™: May

GAMING MANAGEMENT AND STAFF MEETING

Date:

Independent review

Agenda items

- Independent review must be 'regular' - does this mean yearly for the Club?
- Is an 'out-of-cycle' independent review needed following, say new products or customer types?
- How will the 'independence' of the review be supported (eg, access to key staff)?
- Has the Club Committee or CEO considered the review report?
- Following the review, are changes to compliance procedures needed?

Agreed Action Items	Responsible staff	Report back due by:

Manager: Signed:



How often the independent review occurs depends on the nature, size and complexity of the Club's business, and its risk profile.

AML/CTF Focus™: June

GAMING MANAGEMENT AND STAFF MEETING

Date:

EOFY AML/CTF - Reporting to Committee

Agenda items

- Does management regularly report to the Club's CEO and Committee?
- How can staff help in collating information, so management can effectively report?
- Have reports included AUSTRAC feedback and any compliance issues?
- What was the feedback from the Club Committee or CEO?
- Following consideration by the Committee, are changes to compliance procedures needed?

Agreed Action Items	Responsible staff	Report back due by:

Manager: Signed:



The governing Committee and senior management must oversight the AML/CTF program.

AML/CTF Focus™: July

GAMING MANAGEMENT AND STAFF MEETING

Date:

Internal review of AML/CTF record keeping

Agenda items

- Does the Club keep electronic (computer or 'cloud' based) or paper based records?
- How does the Club keep records of transactions?
- How does the Club keep records of payouts of winnings of \$10,000 or more?
- Where are records of the Club's past AML/CTF Programs kept?
- Does the Club have procedures to backup records?

Agreed Action Items	Responsible staff	Report back due by:

Manager: Signed:



Club records may be valuable evidence for police in tracking money flows related to serious crime.

AML/CTF Focus™: August

GAMING MANAGEMENT AND STAFF MEETING

Date:

Internal review of AML/CTF reporting

Agenda items

- Do we report Threshold Transactions where a customer seeks to play with \$10,000 or more in cash?
- How do we make sure Suspicious Matters are reported within 3 business days or 24 hours (if terrorism related)?
- Do we report Suspicious Matters even where the customer does not gamble?
- Other than money laundering, what is covered by a 'Suspicious Matter'?
- Do our procedures protect against 'tipping off' the customer of our suspicion?

Agreed Action Items	Responsible staff	Report back due by:

Manager: Signed:



The suspicion must be formed on 'reasonable grounds', so a 'hunch' is not enough.

AML/CTF Focus™: September

GAMING MANAGEMENT AND STAFF MEETING

Date:

Managing changes in ML/TF risk (second review)

Agenda items

- Review of media coverage for locality and city: crime, money laundering and terrorism
- Discuss changes in customer profiles. Any Politically Exposed Persons visiting?
- Have there been any new gaming services or technologies introduced?
- Have there been any changes in Club layout, such as cashier location?
- Does this change the risk ratings (high, medium or low) for any services?

Agreed Action Items	Responsible staff	Report back due by:

Manager: Signed:



Your Club's staff interact with customers on a daily basis. Their expertise is a valuable asset in judging the risks your Club faces.

AML/CTF Focus™: October

GAMING MANAGEMENT AND STAFF MEETING

Date:

AML/CTF risk awareness training (second review)

Agenda items

- Following training, how aware are staff of the ML/TF risks faced by the Club?
- Do staff understand the key obligations under the AML/CTF Act?
- Have any staff changed roles and so, need AML/CTF training?
- Is refresher training scheduled at regular intervals?
- Do new training options need to be considered given new risk developments?

Agreed Action Items	Responsible staff	Report back due by:

Manager: Signed:



Does your Club training provider have specific expertise in AML/CTF law?

AML/CTF Focus™: November

GAMING MANAGEMENT AND STAFF MEETING

Date:

Compliance Report preparation

Agenda items

- Print and circulate the most recent Compliance Report questions from AUSTRAC
- Discuss key questions from the Compliance Report
- Allocate responsibilities for finding relevant Club records and documents
- Are there any compliance 'gaps' we need to address, *this* year?
- Have we updated our Club risk assessment where the Club business has changed?

Agreed Action Items	Responsible staff	Report back due by:

Manager: Signed:



The Compliance Report will be due early in the next calendar year, but relates to your Club's activities **this** year. Early preparation means you can find any compliance 'gaps' and deal with them in time.

AML/CTF Focus™: December

GAMING MANAGEMENT AND STAFF MEETING

Date:

EOY AML/CTF - Reporting to Committee

Agenda items

- Does management regularly report to the Club's CEO and Committee?
- How can staff help in collating information so management can effectively report?
- Have reports included AUSTRAC feedback and any compliance issues?
- What was the feedback from the Club Committee or CEO?
- Following consideration by the Committee, are changes to compliance procedures needed?

Agreed Action Items	Responsible staff	Report back due by:

Manager: Signed:



Keeping records of reports to the Club's Committee and their response will be useful evidence of compliance if the Club is audited by AUSTRAC.



Andrew Fernbach
BA, LLB (Hons) (Melb)
Lawyer
0411 879 943
www.govlaw.com.au

LEVEL 2
696 Bourke St
Melbourne VIC 3000
(by appointment only)