



# **Code of Practice for Anti-Money Laundering and Counter-Terrorist Financing for Licensed Bookmakers**

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## INTRODUCTION

1. All gambling operators have a responsibility to keep financial crime out of gambling.
2. The Jersey Gambling Commission must abide by its Guiding Principles<sup>1</sup>, which include ensuring that gambling services should be regulated in accordance with generally accepted international standards to prevent fraud and money laundering, and should not be permitted to be a source of crime.
3. Furthermore, all gambling operators are subject to a mandatory condition, as set out in Article 16(c) of the Gambling (Jersey) Law 2012, to comply with Jersey's anti-money laundering and counter-terrorism legislation<sup>2</sup> as far as it applies to them.
4. This Code of Practice explains how licensed bookmakers can make sure they and their employees comply with their obligations under the Proceeds of Crime (Jersey) Law 1999 (PoCL), and the action to be taken when they receive money which is either known or suspected to be the proceeds of crime, for example, derived from drug trafficking, theft and robbery.
5. It is important to understand that the PoCL covers attempts by criminals to conceal the true origin of their criminal activities and the use or disposal of the proceeds of crime. It is also important to remember that PoCL makes it a legal requirement for any person to report knowledge or suspicions obtained in the course of their employment in relation to suspected or actual money laundering and use of monies believed to be the proceeds of crime.
6. Money laundering is a process whereby criminals attempt to conceal the true origin of their criminal activities by making their proceeds appear legitimate. In essence they endeavour to "launder dirty money" to make it look "clean" or spend monies they acquired through criminal activity. Most of a bookmaker's customers are law abiding; they are not betting as a means of laundering dirty money. However, bookmakers should be alert to this possible reason for bets being placed, particularly if they encounter any of the examples illustrated in paragraph 22 below.

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<sup>1</sup> Gambling Commission (Jersey) Law 2010, Article 4

<sup>2</sup> "anti-money laundering and counter-terrorism legislation" means any of the following enactments –

- (a) the [Proceeds of Crime \(Jersey\) Law 1999](#);
- (b) the [Terrorism \(Jersey\) Law 2002](#);
- (c) the [Money Laundering and Weapons Development \(Directions\) \(Jersey\) Law 2012](#);
- (d) the [Sanctions and Asset-Freezing \(Jersey\) Law 2019](#), other than Article 8;
- (e) any Regulations or Order made under an enactment falling within any of sub-paragraphs (a) to (d);
- (f) the [EU Legislation \(Information Accompanying Transfers of Funds\) \(Jersey\) Regulations 2017](#).

7. Some criminals like to have a bet, not necessarily to launder money, but to gamble money obtained through their criminal lifestyle. In a situation where the customer is known or suspected to have been found guilty of a criminal offence, or is simply betting way above what local knowledge indicates that they can afford, then a Suspicious Activity Report (SAR) should be completed (see paragraph 22).
8. PoCL applies equally to laundering dirty money and the spending of criminally obtained monies in the pursuit of leisure activities such as betting. The law does not make any distinction between spending and laundering criminal proceeds. The action a bookmaker should take, and the penalties for not taking action, are the same for both of these criminal activities e.g. it is an offence to identify and fail to report any suspicion in relation to either activity.
9. While PoCL places responsibilities on staff, the legislation also gives them protection if they report suspicious activity. The rule should be: **'if in doubt, report it'**.

## OFFENCES

10. PoCL creates a number of criminal offences that apply to all industries, including bookmaking, regarding money obtained by unlawful behaviour and money laundering. Jersey bookmakers are not within what is referred to as the "regulated sector" e.g. banks and investment firms, but as already referred to in paragraph 5 above, they nevertheless have a legal requirement to report knowledge or suspicion of money laundering. A key part of the legislation is applicable to all bookmaking activities, namely the basic offences of acquiring, using, possessing, concealing, disguising, transferring or converting criminal property, or removing criminal property from Jersey. A person guilty of such offences may be liable to a term of imprisonment of up to 14 years, or to a fine, or both.
11. In respect of the bookmaking industry, we are generally referring to the taking of cash, cheque, debit or credit card payments from persons in the form of a bet or holding money on account for the purposes of gambling.

## DISCLOSURE

12. The Jersey Financial Intelligence Unit (FIU) is the body responsible for the receipt and analysis of SARs in order to counter and combat money laundering.
13. In all instances where betting funds are known or suspected of having criminal origins, a disclosure must be made to the FIU at the earliest opportunity using the secure online submission service. To sign up please email [fiu.admin@jersey.police.je](mailto:fiu.admin@jersey.police.je) and you will receive registration instructions.

14. If a person carries out any action falling under the basic offences, then failure to make a disclosure to the FIU may result in a criminal offence, the penalty for which is imprisonment for up to five years, or a fine, or both. These offences can be committed by any person within a company or individual LBO. However, a person is deemed not to have committed an offence if the proper disclosure was made and, in certain circumstances, *consent* (see paragraph 25 below) was obtained from the FIU.

## **ESTABLISH INTERNAL REPORTING PROCEDURES**

15. LBOs must establish written internal reporting procedures. Staff need to know how to report suspicious transactions and who should receive these suspicions. In establishing a reporting chain the appointment of a Money Laundering Reporting Officer (MLRO) or nominated person (see below) is required. This person will have the responsibility of receiving internal reports and determining whether a SAR should be submitted to the FIU. The MLRO must have access to all relevant information and take into account the grounds for the suspicion. If, after assessment, they conclude the suspicion is valid, a SAR should be completed and promptly sent to the FIU. LBOs should be aware that there is no minimum financial threshold for the management and reporting of known or suspected money laundering activity.

## **MLRO/NOMINATED PERSON**

16. This person needs to be someone with a suitable level of seniority and experience in the betting industry, and in many firms they are typically a director, partner, or principal. A sole trader is not required to employ an MLRO; this is not exclusion, rather they must adopt the MLRO role themselves.
17. The MLRO/nominated person is responsible for receiving internal reports, deciding whether to report those disclosures to the FIU, making such external reports where appropriate, and recording all decisions made in this regard.
18. The MLRO must maintain a register of reports, recording certain minimum information, including the date of the internal report, the identity of the person making the report, supporting information, and the date the report was made to the FIU (where appropriate). If they decide not to make a report to the FIU, they should record the reasons for this decision. The MLRO is personally liable if they have received reports of money laundering that should have been passed on to the FIU and this was not done. All disclosures to the FIU are to be kept confidential. The MLRO should retain records for both those internal reports they decided not to report to the FIU and the external disclosures they made for a period of 5 years from the date the record was made.
19. Any person who informs another person who is not in the established reporting chain or an officer of the FIU, that a disclosure has been made

may commit an offence of “tipping off” and the penalty for this offence is severe (imprisonment for up to 5 years, or a fine, or both). Similarly, a person can commit an offence by doing anything else that could prejudice an investigation, before or after a disclosure being made. Reasonable enquiries of a customer regarding the background to a transaction or activity that is inconsistent with the normal pattern of activity, and which may be driven by social responsibility concerns, should not result in the offence of tipping off, unless the person making the enquiries knows or suspects that an investigation is current or impending and, importantly, makes the enquiries in a way that it discloses those facts.

20. The MLRO can delegate a number of anti-money laundering duties to other people in the employ of the operator, but should keep control of the individual processes in the company. They should also set up alternative deputising procedures to cover any significant periods when they are away from work. The MLRO and anyone else working in this area needs to be adequately trained for the job, and be provided with appropriate resources, including sufficient time, to perform their duties.

## **TRAINING & AWARENESS**

21. Apart from the responsibility for reporting suspicious activity, the MLRO must also provide appropriate training for employees to educate them on a regular basis about money laundering techniques, their obligations under the law, the internal procedures to forestall and prevent money laundering, and the procedures to follow where money laundering is known or suspected.

## **SUSPICION**

22. There are many things that can make someone either know or suspect that they are dealing with money laundering or a criminal lifestyle. The following examples are illustrative and should not be understood to be the only activities to arouse suspicion:

- A customer who is known to the operator is betting above their apparent means.
- Unusual betting patterns eg betting on an almost guaranteed return or with very little financial risk, such as betting on all possible outcomes of an event.
- Money is deposited or held over a period and withdrawn without being used for gambling.
- Large amounts of money deposited in gaming machines and withdrawn with little play.
- Local knowledge combined with otherwise unremarkable betting activity.

- Customer requests receipts for winning bets, or requests receipts from other customers in the shop, or looks for them in waste bins. This may be an attempt to gain what appears to be evidence of the legitimate origins of criminal funds.
  - Customer requests winnings to be returned via a different payment method to that used to place the bet eg bets placed with cash but winnings requested to be paid by debit/credit card.
  - Customer claims multiple Self Service Betting Terminal winning slips in one go, especially where the winnings on each individual slip are below the threshold that would trigger additional checks by the operator.
  - The customer regularly bets using high value notes eg £50. On its own this may not be suspicious, but if combined with other indicators a suspicion may arise.
23. Once knowledge or suspicion of criminal spend is linked to a customer in one area of the business (for example, over the counter bets), it is good practice to monitor the customer's activity in other areas of the business (for example, gaming machine play).
24. Operators should also be mindful that some risk indicators (for example, a pattern of increasing spend, spend inconsistent with apparent source of income or unusual patterns of play) could be indicative of money laundering, but also equally of problem gambling, or both (or, possibly, neither).
25. Suspicion may arise after bets have been taken. When money has been received and either held on account or a return is due but not yet paid, and a bookmaker suspects betting is associated with money laundering and/or a criminal lifestyle, the law provides a course of action to be followed which prevents a bookmaker from committing a criminal offence in handing money back to the customer. In such circumstances the MLRO must submit a SAR to the FIU as soon as possible and seek consent to pay the customer. The FIU normally acknowledge receipt of the report and request within 48 hours, but the determination of whether to grant the consent may take longer. They may consider more urgent responses dependent on the circumstances prevailing.
26. The FIU recognise that the withholding of consent to continue with a transaction or the handling of funds would place the bookmaker in a difficult position and where this is necessary, will work closely with the bookmaker to manage the situation.
27. It may be that in some circumstances it is not appropriate or practical to seek police consent before handling a transaction (for example owing to the real-time face-to-face customer interactions encountered during over the counter or on track betting, the potential for tipping-off by stalling, and importantly: personal safety concerns). In these circumstances, payment(s) can be made

subject to an immediate disclosure to the FIU who will always advise on this aspect and any other matter concerning disclosure.

28. The FIU is ready to offer advice and can be contacted during normal working hours on the general office number: 01534 612250.

### **SPECIAL PRECAUTIONS**

29. When issuing cheques to unknown customers, staff are to ask for acceptable photo ID e.g. passport or driving licence to confirm that the person receiving the cheque is the person to whom the cheque is made out.

30. Anyone wishing to set up an account through a betting shop must provide acceptable photo ID, copies of which should be made and retained.

### **TERRORIST FINANCING**

31. The Terrorism (Jersey) Law 2002 establishes several offences relating to terrorism. Operators should report instances of suspected terrorist financing to the FIU using the same methods as those for reporting known or suspected money laundering.

**Jersey Gambling Commission**

4<sup>th</sup> Floor Osprey House

Old Street

St. Helier, Jersey, JE2 3RG

Tel: +44 (0)1534 828 540

Email: [info@jgc.je](mailto:info@jgc.je)

Web: <http://www.jgc.je>