

行政院所屬各機關因公出國人員出國報告書

(出國類別：國際會議)

參加「2008年『亞太防制洗錢組織』洗錢態樣工作研討會」
(APG Typologies Workshop 2008)
出國報告

出國人 法務部調查局洗錢防制中心 藍調查專員家瑞、吳調查員惠卿

出國地點：斯里蘭卡可倫坡市

出國時間：97年10月25-30日

報告日期：97年11月26日

目錄

- 壹、參加「2008年『亞太防制洗錢組織』洗錢態樣工作研討會」報告
- 貳、附件一 參加 2008 年亞太防制洗錢組織洗錢態樣工作研討會提報之「國家報告」
(jurisdiction report)
- 參、附件二 參加 2008 年亞太防制洗錢組織洗錢態樣工作研討會提報之「透過賭博團洗錢及恐怖分子資金之調查」(ML/FT investigations involving movement of monies through casino "junket")
- 肆、附件三 參加 2008 年亞太防制洗錢組織洗錢態樣工作研討會提報之「沿著金錢軌跡追查洗錢與前置犯罪」(follow the money - ML and predicate crime)
- 伍、附件四 「防制洗錢金融行動工作組織與亞太防制洗錢組織對於賭場行業面對洗錢威脅之專案研究」成果及主要發現 (Money Laundering and Terrorist Financing Vulnerabilities and Indicators in the Casino and Gaming Sectors)
- 陸、附件五 MONEYVAL 「利用證券業洗錢態樣」研究報告 (Typology research-Use of securities in money laundering schemes)

參加「2008年『亞太防制洗錢組織』洗錢態樣工作研討會」報告

壹、前言

「亞太防制洗錢組織」洗錢態樣工作研討會從1998年以來，每年均舉辦一次，為亞太防制洗錢組織固定之會務活動之一，來自會員國家、相關國際組織之代表聚在一起，共同討論區域性之防制洗錢議題及分享工作經驗。其成果已經獲得區域及全球性認同，對改善區域合作與溝通打擊洗錢和資助恐怖主義層面上，扮演正面且積極之角色。

今年工作研討會討論主題包括：(i)賭場對洗錢威脅所暴露之弱點 (Casino sector vulnerabilities-outcomes of the joint APG/FATF project)；(ii)證券業對洗錢威脅所暴露之弱點 (Securities sector vulnerabilities)；(iii)資助恐怖分子之態樣 (Terrorist financing typologies)；(iv)犯罪所得與恐怖分子資產之調查與起訴 (Proceeds of crime and terrorist assets investigations and prosecutions)。

本次大會，依會議規定各國必須於會前繳交國家報告一篇，內容涵蓋資本市場簡介及證券市場交易量與種類、證券行業反洗錢與打擊資助恐怖分子作業規範與監理機關介紹、金融情報中心在證券行業反洗錢與打擊資助恐怖分子作業上所扮演之角色介紹、過去3年收到證券業申報疑似洗錢交易報告及處理情形之統計數據、資本市場犯罪涉及洗錢案件統計數據、與國際對等機構交換證券業洗錢情資狀況、列舉各類型洗錢案例、洗錢與資助恐怖分子手法與趨勢之研究或案例、洗錢前置犯罪之類型介紹、洗錢新興、遞減及持續之趨勢、有關最近反洗錢與打擊資助恐怖分子之法律、管理及執法作為、國際合作成效等。我國提會之國家報告如附件一。另大會在議程中安排我國在第一天的討論議程二「透過賭博團洗錢及恐怖分子資金之調查」(ML/FT investigations involving movement of monies through casino "junket")大會討論及第二天討論議程六「沿著金錢軌跡追查洗錢與前置犯罪」(follow the money - ML and predicate crime)分組討論時作案例報告，報告投影片影本分如附件二、三。

貳、 與會經過

今年「亞太防制洗錢組織」洗錢態樣工作研討會於 10 月 27 日至 29 日在斯里蘭卡首都可倫坡市的 Galadari 飯店舉行三天，前一日（26 日）下午另舉行洗錢態樣工作組（Typologies Working Group）會議。大會由斯里蘭卡金融情報中心（中央銀行下屬）主辦，計有來自會員國、觀察員國及「防制洗錢金融行動工作組織」（FATF）、「聯合國毒品犯罪防制署」（UNODC）、「世界銀行」（World Bank）、「國際貨幣基金」（IMF）、「亞洲開發銀行」（ADB）等國際組織代表共一百餘人參加。大會由「亞太防制洗錢組織」秘書處資深專員 Mr. David Shannon、斯里蘭卡中央銀行助理總裁 Mr. P Samarasiri、金融情報中心主任 Mr. H A Karunaratne、馬來西亞中央銀行副總裁 Mr. Dato' Zamani Abdul Ghani 等人共同主持。本局由洗錢防制中心調查專員藍家瑞、調查員吳惠卿代表與會，同行尚有金融監督管理委員會證期局簡任稽核蔡媛萍。會議議程如下：

10 月 26 日（星期日）

1630 - 1800 洗錢態樣工作組會議

本會議由馬來西亞證券管理局(Malaysia Securities Commission)的 Ms Foo Lee Mei 及「亞太防制洗錢組織」秘書處資深專員 Mr. David Shannon 共同主持，主要討論後續 3 天會議行程之確認、討論該工作組有關賭場防制洗錢與打擊資助恐怖分子專案研究之報告草案內容主要發現與文字修正、與其他國際防制洗錢組織之洗錢態樣研究合作及下一研究計畫係 2009 年洗錢態樣年度報告。

10 月 27 日（星期一）

0800 - 0850 報到 (Registration)

0900 - 1000 大會開幕 (Opening Ceremony)

由斯里蘭卡中央銀行總裁 Mr. Ajith Nivard Cabraal 致歡迎詞，接著由「亞太防制洗錢組織」秘書處資深專員 Mr. David Shannon 做會務報告，再由特別來賓-斯里蘭卡檢察總長 Mr. W P G Dep 致詞，最後由司法部首席

法官 Mr. Sarath N. Silva 作主要講演，內容提及由於全球化及許多跨國公司的貪婪，使洗錢及資助恐怖分子超越國界，必須採取預防性作為，監理機關要有全國性防制措施，而執法機關亦必須注意洗錢態樣及新技術之發展，以現代化科技及資訊交換技術，增進有效力的調查與起訴方式。

0930 - 1115 議程 1-亞太防制洗錢組織與全球防制洗錢態樣研究成果回顧
主要由全球反洗錢及打擊資助恐怖分子相關組織對於防制洗錢成效報告：

亞洲開發銀行 (ADB)：今年度出版「亞太地區貪瀆案件之司法互助、引渡及犯罪資產追查」(Mutual Legal Assistance, Extradition and Recovery of Proceeds of Corruption) 及「亞太地區資產追查與司法互助」(Asset Recovery and Mutual Legal Assistance) 兩本報告，可以供亞太地區國家於進行司法互助時參考使用。

艾格蒙聯盟 (Egmont Group)：艾格蒙聯盟提供加入會員之金融情報中心一個交換防制洗錢與打擊資助恐怖分子情資之平台，目前已有 108 個會員，亞太防制洗錢組織之會員國家，亦大多為艾格蒙聯盟會員，希望藉由情資分享，有效打擊洗錢及其前置重大犯罪。

國際貨幣基金會 (IMF)：已設計一些電腦軟體工具供會員國家作洗錢風險評估，以提升防制洗錢作為。

聯合國毒品暨犯罪防制署-全球防制洗錢辦公室 (UNODC - GPML)：在亞太地區之主要工作是提供一些島國對於毒品犯罪及洗錢犯罪追查之諮詢工作。

世界銀行 (WB)：配合會員國家提出之需求，提供防制洗錢與打擊資助恐怖分子之技術協助。

1115 - 1230 議程 2-賭場與賭博(Casinos & Gaming)

(i) 由亞太防制洗錢組織秘書處資深專員 Mr. David Shannon 報告「防制洗錢金融行動工作組織與亞太防制洗錢組織對於賭場行業面對洗錢威脅之專案研究」成果及主要發現如附件四。

- (ii) 由澳門與會代表 Mr. Daniel Tang 報告澳門賭場行業遵循「反洗錢與打擊資助恐怖分子」法令規定情形。
- (iii) 由我國調查局與會代表藍家瑞報告「賭博團洗錢與資助恐怖分子調查案例」。

1345 - 1530 議程 3-犯罪資產調查與起訴(Proceeds of Crime Investigations & Prosecutions)

- (i) 由澳洲與會代表 Mr. Nick McTaggart 報告犯罪資產之洗錢環境，基於犯罪資產具有易於移動、轉換、難與合法投資明顯區隔、不受限於國境及常被用於下一波犯罪等特性，而犯罪組織更藉由各種手段進行干擾，包括法律責任的分離、犯罪與所得的脫勾、利用專家處理犯罪資產、利用商業運作與程序隱匿犯罪所得、利用租稅天堂的固有隱私條款、利用信託與第三者控制以隱匿真實利益所有人等，因此政府機關必須透過良好的制度、法律、合作、訓練與情報作為，以有效打擊洗錢及其前置重大犯罪。
- (ii) 由斐濟與會代表 Mr. Rajas Swami 報告犯罪資產調查案例。
- (iii) 由新加坡與會代表 Mr. Solomon Veramani 報告犯罪資產調查案例，強調財務調查大致可以分為三個面向，第一面向包括財務過濾與情報、判定可追查與無法追查及其損失、攻堅與逮捕前置計畫，第二面向包括逮捕扣押、偵訊、國際合作及沒收資產管理，第三面向包括起訴及犯罪資產沒收與處置。
- (iv) 由泰國與會代表 Mr. Weekoon Nithimutrakul 簡介泰國反貪體制與重要政治人物 (PEP) 被起訴之案例。
- (v) 由緬甸與會代表 Mr. Sit Eye 報告打擊非法人口販運。

1600 - 1730 議程 4-證券市場面對洗錢威脅所顯露之弱點 (Vulnerabilities in the Securities Sector)

- (i) 由英國金融監理機關 Mr. Ian Matthews 代表防制洗錢金融行動工作組

織(FATF)報告相關問題及該組織研究專案，主要在於辨識證券行業類型、支付方式及交割之洗錢風險；提高證券行業之全面性洗錢與資助恐怖分子風險；確認在 FATF 詞彙表中所涵蓋相關定義之主要產品種類；購買與移轉證券之支付方式及交割管道；瞭解證券行業與銀行業間在證券交易之相互關係與其形成之弱點；瞭解 FATF 目前對於反洗錢與打擊資助恐怖分子要求標準之缺失。MONEYVAL 研究報告如附件五。

(ii) 由馬來西亞證券管理委員會 Ms. Foo Lee Mei 作案例報告，其中述及證券交易對洗錢之影響：

- 甲、 增加前置犯罪在證券業之複雜性；
- 乙、 增加跨國境之犯罪行為；
- 丙、 使用網際網路服務及金融服務中介增進洗錢犯罪；
- 丁、 使犯罪資產得以停泊在司法管轄權以外地區；
- 戊、 捨棄銀行系統而轉使用現金兌換商及匯款業者；
- 己、 現金注入股票資本市場及回收之資金再投注股市之循環。

(iii) 由菲律賓證券交易委員會遵循與執法處代表 Mr. Hubert Guevara 報告，虛擬辦公室(Virtual Office)與案例。所謂虛擬辦公室係指允許多人共用同一個場所從事生意，使用共同地址、事務機器、接待員、信件處理、電話、傳真、影印機、電腦，甚至電話答錄系統等。其典型主要目的，不僅在於提供辦公處所及設備，尚包括生意中介服務、管理顧問及其他專業服務等，易成為犯罪及洗錢之管道。

10 月 28 日 (星期二)

0900 - 1030 議程 5-資助恐怖分子-案例報告及區域性相關主題

(Terrorist Financing - Case Study & Regional Themes)

(i) 由斯里蘭卡金融情報中心與會代表 Mr. H. A. Karunaratne 作相關案例報告，主題為「塔米爾之虎籌資與金錢移轉作業模式」(Funding Models and LEET Money Transfer Operations)：

1. 第一代籌資方式：為塔米爾之虎剛成立國際網路時之籌資方式，

包括個人及企業強迫捐款、勒索及相關家庭共同分擔；辦理籌資活動如媒體特別活動、紀念日活動、文化活動、運動場合、食物節及演講等；毒品交易及犯罪活動籌資。

2. 第二代籌資方式：利用更多組織化前置公司規避所在國法律系統以及利用非正式匯款系統。
 3. 第三代籌資方式：利用提供塔米爾海外聚居地各種服務，籌得米爾之虎所需最大之資金。
 4. 第四代籌資方式：透過塔米爾海外聚居地，以人頭方式收取固定資金，成為塔米爾之虎固定經費來源。
- (ii) 由巴基斯坦聯邦調查局與會代表 Mr. Altaf Hussain 報告「犯罪資產／恐怖分子資金之區域問題及犯罪資產追查之機會」(Crime Proceeds/Terrorist Funds - Regional Issues & Opportunities for Asset Recovery)，內容主要為該國法律架構之介紹，而目前面臨之區域性問題，包括洗錢及資助恐怖分子為跨國性組織犯罪；各國間缺乏相關資訊之交換；缺少涉及資助恐怖分子之情資；跨國境現金攜帶問題；替代性匯款系統之興盛及非營利組織與慈善團體被濫用等。
- (iii) 大會討論打擊資助恐怖分子於起訴後面臨之國際合作問題與困境，目前各國對於文件認證大都需要相當長之時間完成程序，造成作為起訴或判決時間拖延之問題，而對於非營利組織未予以妥善管理，造成資助恐怖分子之漏洞，亦有待各國共同繼續努力。

1030 - 1730 議程 6-分組研討

本議程分為三組進行，分別為「證券行業面對洗錢威脅之弱點-區域問題及經驗分享」(Vulnerabilities in the securities sector - regional issues and shared experience)、「建立『緊追贓錢』的財務調查文化-洗錢及其前置重大犯罪」(Building a culture of financial investigations to “follow the money” - ML and predicate offences)及「犯罪/資助恐怖分子資產-財產追查之區域性問題與機會」(Proceeds of

crime/terrorist funds - regional issues and opportunities for asset recovery)，由於調查局與會代表係參加「建立『緊追贓錢』的財務調查文化-洗錢及其前置重大犯罪」，會議由香港警察與會代表 Mr. Raymond Lam 及加拿大金融情報中心與會代表 Ms. Lida Towstiak 兩人主持，討論主題涵蓋財務調查工具、賭場及人口販運相關案例、案件管理等。並由下列人員作報告。以下謹就該分組會議情形摘述如下：

- (i) 聯合國毒品犯罪防制署與會代表 Mr. Bruce Miller 報告「調查技術」(Investigative Techniques)，首先要研判犯罪情報之真實性及來源可靠性，進而評估可能涉及違反之刑法、民法或其他法規，決定要採取之行動以證明該犯罪行為，包括蒐集金融交易紀錄文件、訊問投訴者、證人及涉嫌人、辨識當事人所擁有之資產、個人處理事務之物品、口袋及汽車之垃圾、手機通訊、訪談/偵訊、通信監察、犯罪資料庫搜尋、公開資料及其他額外資訊來源等。對於財務調查必須具有創造性、追查到底、系統性、注意細節、避免以井窺天、避免自滿等思維，記住立即、積極與全面性調查的財務調查在扣押及進一步執法行動上有其必要性。
- (ii) 由尼泊爾與會代表 Mr. Lekhanath Niraula 報告「尼泊爾反洗錢與打擊資助恐怖分子體制」(Nepalese AML/CFT Framework)，其中該國目前面臨之問題包括：以現金為基礎的經濟體系和交易、國境開放、現金移動容易、政治不安定、非營利組織及不動產業未妥適管理、基本教義派暴動激增及對於洗錢與資助恐怖分子調查技術之缺乏等。
- (iii) 由我國調查局與會代表藍家瑞報告「洗錢及其前置犯罪財務調查技術與案例」。主要內容為我國金融情報中心(調查局洗錢防制中心)，如何從金融機構申報之疑似洗錢交易報告中，發掘洗錢及其前置重大犯罪線索，進而如何進行財務調查之技術簡介。
- (iv) 由加拿大金融情報中心與會代表 Ms. Lida Towstiak 報告財務調查案例，主要介紹加拿大金融情報中心功能、案例及主要犯罪活動在金融

交易上容易出現之表徵，包括普通詐欺、組織型詐欺、大麻買賣、大麻走私、毒品走私、資助恐怖分子等。

- (v) 由亞洲開發銀行與會代表 Ms. Rita O' Sullivan 報告「證券市場洗錢犯罪追查」(Follow the Money into Securities Markets)，介紹證券市場交易相關名詞，詐欺交易活動如侵占、內線交易、證券詐欺及市場炒作等，值得注意的是在證券市場利用他人或公司名義進行交易以避開認識客戶要求、非法透過櫃檯買賣股票交易及跨國境交易等。
- (vi) 由澳門金融情報中心與會代表 Mr. Daniel Tang 報告「金融情報中心對洗錢案件管理與合作機制」(Case Management and cooperation mechanism of Financial Intelligence Office)，重點在於重建資金流向，包括透過相關銀行取得當事人帳戶資料、支票影本及額外交易歷史紀錄，透過相關機關及公開資訊確認資金擁有者背景，搜尋相關資料庫瞭解更多當事人資訊，依據相關指標及經驗確定風險等級，由首長決定是否分送檢察署作進一步追查。
- (vii) 由香港警察與會代表 Mr. Raymond Lam 報告財務調查案例，強調藉由財務調查與犯罪調查之並行，強化犯罪者之犯罪證據並得以追查犯罪資產，確保財務調查作為前置犯罪判決之證據，沒收犯罪資產以增進刑事判決效果，藉以鏟除犯罪組織。

10月29日(星期三)

0900 - 1000 議程 7-分組研討總結報告(Report of Breakout Session Outcomes)-由各分組研討主持人就研討內容概要，發言討論情形，作綜合性報告。

1000 - 1100 議程 8-區域性洗錢方式、趨勢及主題研討(Regional Overview of Methods, Trends and Themes)

- (i) 由「亞太防制洗錢組織」秘書處資深專員 Mr. David Shannon 報告各國「國家報告」(jurisdiction typologies reports) 中提及洗錢之

主要手法、技術及新興趨勢，其中特別提到我國在國家報告提出諸多案例及洗錢手法，值得參考。

- (ii) 由尼泊爾與會代表 Mr. Kamal Prasad Gyawali 報告「替代性匯款與洗錢」(Alternative remittance and money laundering)，內容提及該國在國外工作之人民選用地下通匯系統”Hundi”的常見理由包括：快速、容易使用及費用便宜；對使用銀行匯款之知識缺乏；教育不足；銀行費用較高；偏遠地區沒有銀行提供服務；時間不足等，然因該國南部地區面對武裝團體的威脅，替代性匯款系統是否被濫用，是一個值得注意之問題。

0130 - 1230 議程 9-貪瀆、反洗錢與打擊資助恐怖分子與犯罪資產追查-金融情報中心與肅貪機關間之合作(Corruption, AML/CFT and the Recovery of Proceeds - Cooperation between FIUs and Anti-corruption bodies)

- (i) 由亞洲開發銀行與會代表 Ms. Rita O’ Sullivan 報告反貪瀆行動，重點如下：

1. 洗錢與貪瀆間之關聯：

➤ 貪瀆是洗錢的前因與結果：

✓ 貪瀆製造大量犯罪資產需要清洗。

✓ 全球每年貪污資產高達一兆美元。

➤ 金融機構對於商業人士、政府官員及政治人物之貪污是脆弱的。

➤ 罪犯行賄金融機構以取得對洗錢管道之影響。

➤ 金融機構牽涉任何洗錢都會危及客戶信任-一個金融機構成長的基本要素。

➤ 貪污會破壞反洗錢與打擊資助恐怖分子之成效。

2. 貪污對金融市場之影響：

➤ 金融機構可能係犯罪者、受害者及洗錢工具之角色。

➤ 金融機構與罪犯間之勾聯，會破壞對金融系統之信用與信心，特別是新興經濟體。

- 會產生對金融機構的信譽風險。
 - 會產生作業上之風險—如詐欺、竊取等。
3. 反洗錢與打擊資助恐怖分子系統對於貪瀆所顯現之弱點：
- 資訊不足-缺乏貪瀆有關之洗錢態樣。
 - 重要政治人物之不當影響。
 - 國際/區域性合作所需之代價與複雜性。
 - 金融情報中心缺乏貪瀆預防。
 - 信託及公司服務業之濫用。
4. 亞洲開發銀行反貪瀆行動目標
- 促進政策對話 - 經驗分享以孕育革新。
 - 提供政策分析 - 指出反貪工作優先重點。
 - 建立供反貪能量與技術建言。
5. 亞洲開發銀行反貪瀆行動計畫：
- 主軸 1：發展公共服務的廉能與透過系統：公用服務的廉潔性、課責性及透明性。
 - 主軸 2：加強肅貪行動及提升商業運作之廉潔，包括有效預防、調查與起訴貪瀆，以及企業責任與課責。
 - 主軸 3：支持民眾積極參與，包括民眾參與貪瀆討論、相關資訊之取得及參與實際反貪行動。
6. 打擊貪瀆行動方案：
- 支持一個決策者與執行者間之聯繫網路。
 - 與區域性與全球性反貪行動結合。
 - 支持透過監控與彼此間之相關檢討。
 - 支持有效的執行改革。
7. 反洗錢與肅貪機關間之結合：
- 責任區分造成肅貪機關與反洗錢體制間之合作。
 - 肅貪機關很少使用反洗錢機關所蒐集之金融情報。

- 面臨之挑戰，包括缺乏與貪瀆洗錢有關之訓練、缺少有用且實務性之態樣、少有肅貪機關與反洗錢機關間之成功合作案例。
8. 國際防制洗錢金融行動工作組織（FATF）在反貪瀆洗錢報告中重要建議如下：
- 建立一個反洗錢與肅瀆運作模式，包括增進金融情報中心與肅貪機關間之相互瞭解、提升對涉及貪瀆洗錢金融交易之警覺性。
 - 在金融情報中心內部執行反貪作為並提升警覺，以避免政治干擾。
- (ii) 由印尼與會代表 Mr. I Nyoman Sastrqwan 報告反貪案例，結論特別強調機關之間及與其他金融情報中心合作對於揭露貪瀆洗錢至為重要，以及金融交易分析有助於追查與辨識犯罪資產。
- (iii) 由世界銀行與會代表 Ms Cari Votava 報告「StAR 行動計畫」（貪瀆所得資產追查行動，Stolen Assets Recovery）：
1. 貪瀆所得資產追查成為打擊犯罪重點之原因：
 - 全球每年貪瀆金額龐大，相當於協助發展款項之 20%-40%。
 - 貪瀆耗費之成本：
 - 公家機關的腐敗，特別是治理及公共財務管理之機關。
 - 破壞私部門投資環境。
 - 造成社會服務機制毀壞，通常如健康及教育。
 - 對窮人造成最大衝擊。
 2. 貪瀆所得資產追查新發展：
 - 傳統性的反貪瀆作為僅能在自己國內發揮作用。
 - 貪瀆所得資產藏匿於國外。
 - 行賄經常係由國際公司支付。
 - 貪瀆官員通常需要中介協助移轉及隱藏贓錢。
 - 追查貪瀆所得資產面臨跨國境之高障礙。
 3. 各國面臨之挑戰：

- 國內法律不足以應付洗錢及沒收貪瀆所得資產。
 - 刑事司法系統不足以從司法互助請求得到有效結果。
 - 死亡、潛逃及政治干預等妨礙資產追查。
 - 貪瀆所得資產一旦送往國外，追查的可能性即明顯下降。
4. 需要進行洗錢之資金
- 一般犯罪所得：毒品、仿冒、人口及武器走私、非登記之原油販售。
 - 貪瀆所得：行賄、勒贖、詐欺及侵占。
 - 逃稅。
5. 貪瀆所得資產需要：
- 清洗犯罪所得。
 - 將資產外表合法化以逃避偵查。
 - 創造涉及多人的貪污金字塔。
6. 聯合國反貪瀆公約：
- 預防性作為
 - 防制洗錢金融行動工作組織(FATF)提出有關公私部門作為。
 - 建立金融情報中心分析可疑交易報告。
 - 擴大罪刑化範圍。
 - 移除銀行秘密法之障礙。
 - 資產追查：強化有效之跨國境合作與司法互助
 - 跨國境證據之蒐集與傳遞。
 - 引渡。
 - 證人保護。
7. 值得注意之課題：
- 缺乏透明度及公共事務課責性會促進貪瀆之發生。
 - 儘管貪瀆比率高，只要踏出透明度及公共事務課責性的一小步，就可以顯著降低貪瀆之發生。

- 貪瀆洗錢方式：
 - 電匯。
 - 跨國境現金攜帶。
 - 在充足保護銀行秘密之地區設立人頭公司。
 - 直接存入外國銀行。
 - 追查貪瀆所得資產之路：需要堅強及持久的政治意志：
 - 建立合宜之法律機制。
 - 起訴官員並排除權力與影響力之考量。
 - 沒有貪瀆所得資產藏匿地之國家的合作難以達到肅貪效果。
 - 偵查貪瀆所得資產要在送往國外的處置階段(Placement)最有可能。
 - 一旦送到國外，要辨識及追蹤該貪瀆所得資產的可能性即明顯降低。
 - 另外對於返還之貪瀆所得資產如何使用要有監控機制。
8. StAR 行動計畫在 2007 年 9 月 17 日正式啟動，誠如世界銀行總裁 Mr. Robert B. Zoellick 所言：該計畫是要讓那些從窮人盜取財富之人不再有安全蔽護所，並協助開發中國家追查貪瀆所得資產作為公益，使貪污者注意到再也無從逃避法律制裁。而聯合國秘書長 Mr. Ban Ki Ki-Moon 亦強調：此一行動將加強已開發與開發中國家及公私部門間的合作，以確保被竊佔的公共資產能夠返還其真正擁有者。
9. StAR 行動計畫的指導原則：
 - 基本架構是聯合國的反腐敗公約。
 - 重點在於國際的貪瀆所得資產追查。
 - 貪瀆所得資產是一個需要取向及國家主導的行動。
 - 提供追查貪瀆所得資產的技術面向。
10. StAR 行動計畫的發展目標：鼓勵並促進更多有系統並及時的返

還被重要政治人物因貪瀆所竊取之公共資產。

11. 構成 StAR 行動計畫的三大要素：

- 全球性的認知與提倡。
- 貪瀆所得資產追查。
- 權責機關之建立及專業能力之提升。

12. 未來行動計畫：

- 發展相關業務執行者之專業知識手冊。
- 降低主要金融中心對於貪瀆所得資產追查所形成之障礙。
- 擴大訓練計畫。
- 加強各國對於貪瀆所得資產追查之參與。

0400 - 1515 議程 10-改善調查與起訴洗錢與資助恐怖分子犯罪所需金融資訊之取得與運用(Improving quality of, access to and use of financial information for ML/FT investigations and prosecutions)

(i) 由英國金融監理機關與會代表 Mr. Ian Matthews 報告「改善客戶審查及疑似洗錢交易報告申報程序_涵蓋重要政治人物」(Supporting improved CDD and STR processes-including PEPs)。

1. 防制洗錢金融行動工作組織反洗錢第5項建議-客戶審查(Customer Due Diligence):

- CDD 是一項重要預防性作為且為識別可疑交易之必要指標。
- 可以採用依風險高低之對應作為。
- 延伸作為：
 - 由獨立的資訊來源確認客戶身分。
 - 識別並確認利益擁有者及控制者。
 - 建立生意往來關係之意圖及本質。
 - 進行持續性之 CDD 並檢視往來關係與交易。
- 進行 CDD 之時機：
 - 要建立一個持續性之生意往來關係時。

- 偶發性交易且其金額達一定門檻時（如美金/歐元 15,000 元）。
- 偶發性電匯交易。
- 有洗錢或資助恐怖分子嫌疑時。
- 對於先前取得之客戶資訊有懷疑時。
- 對於現存客戶之 CDD 處理：
 - 應有政策處理在有 CDD 要求前既已存在之客戶。
 - 處理程序應以實務與風險為基礎。
 - 業務本質與規模。
 - 提供服務之類型。
 - 因特別因素所發動之作為。
 - 發生特別重大交易。
 - 客戶身分有明顯轉變。
 - 帳戶運作上有重大變化。
 - 注意到客戶重要資訊有欠缺。
 - 對先前帳戶是否使用匿名或假名要特別留意。

2. 利益擁有狀態識別：

- 金融機構應識別並採取合作作為確認利益擁有人。
- 利益擁有人係指最終擁有利益或控制該客戶及/或出面處理該交易之代理人，涵蓋最終能夠有效控制法人或法律合意之人。
- 所謂採取合理作為係依該機構之風險政策而定。
- 利益擁有之主要情形：
 - 個人隱身法人之後。
 - 與法律合意有關之當事人（如委託人、受託人、保護人或信託受益人）。
 - 帳戶持有或交易之代理人（非公開之帳戶擁有人）。

3. 以風險為基礎之指引涵蓋：

- 高階人員管理責任。

- 內控機制。
 - 客戶審查。
 - 可疑交易申報。
 - 職員警覺與訓練。
 - 紀錄留存。
4. 重要政治人物 (PEPs) 除了一般正常之客戶審查外，金融機構必須：
- 有適當風險管理系統以決定該客戶是否屬於重要政治人物。
 - 在與重要政治人物建立業務往來關係時需經管理階層同意。
 - 採取合理作為以建立財富與資金來源。
 - 加強生意生來關係之持續監控。
5. 重要政治人物 (PEPs) 之識別：係指在其他國家被賦予重要公共事務之個人：
- 高階政府官員及政治人物：涵蓋政府部門、政黨高階人員及公營事業之主管。
 - 家庭近親：高階政府官員之父母、兄弟、配偶、子女、姻親、祖父母及孫子。
 - 親近同僚：眾所週知與高階政府官員關係密切之個人或團體。
 - 現職或過去曾任會引起公眾注意之職位，以及財務狀況、活動或影響力可能成為公眾焦點之人物。
6. 重要政治人物 (PEPs) 引起注意之因素：
- 貪瀆活動所得資產通常被移轉到其他國家且透過重要政治人物所擁有或控制之私人公司、信託或基金會進行隱匿。
 - 建立並維持與重要政治人物有往來之金融機構，會增加涉及貪瀆洗錢之風險，特別是來自無相當洗錢防制標準或未達到國際透明要求標準之國家的重要政治人物。
 - 固定與重要政治人物維持關係之金融機構將被視為高風險，可能暴露法規遵循與商譽風險。

- 必須小心過濾任何將與重要政治人物建立生意往來之關係。

7. 可疑金融交易活動之申報：

- 任何金融機構懷疑或有理由懷疑資金源自犯罪活動所得資產或涉及資助恐怖分子，必須基於法規要求，及時向金融情報中心申報可疑活動。

- 申報可疑金融交易活動：

- 要有明確法律課以義務。
- 要申報所有可疑之交易，涵蓋已、未遂交易且不管金額多寡
- 可以使用以風險為基礎之作為。

(ii) 由聯合國毒品犯罪防制署與會代表 Mr. Bruce Miller 報告金融情報中心及執法機關如何有效使用金融資訊。

- 結合執法機關、金融情報中心、金融管理機關及私部門的夥伴關係，以有效執行犯罪調查。
- 說明銀行在國際貿易往來處理信用狀上之角色。
- 分析對象金融交易及比對收支，從中發現可能之不法收益。

0545 - 1700 議程 11-調查/起訴機關與私部門間之合作(Cooperation between investigation/prosecution agencies and the private sector)

(i) 由馬來西亞中央銀行金融情報中心 Mr. Abd Rahman Abu Baker 報告公私部門間之合作：

- 合作類型：

- 國際合作。
- 國內合作：包括公部門間之合作、公私部門間之合作及私部門間之合作。

- 公私部門間之合作：

- 政策/管理層面：討論政策/管理需求、將國際要求標準推展到國內。
- 執行層面：分享專業知識、改善金融情報之品質及通報時間、回

饋機制。

➤ 私部門間之合作：

- 反洗錢與打擊資助恐怖分子之法規遵循屬於非同業間競爭之領域。
- 彼此合作將使遵循反洗錢與打擊資助恐怖分子之法規更有成效。
- 容易形成共識和公部門進行討論。
- 可以形成產業共同面對之問題。

➤ 私部門間之合作目標：

- 加強遵循效能之專業化。
- 促進產業之有效管理。
- 提升遵循實務效能。
- 形成與公部門機關間之聯繫管道。

(ii) 由防制洗錢金融行動工作組織與會代表 Ms. Alexandra Eckert 報告私部門如何提升對資助恐怖分子金融活動之警覺：

➤ 恐怖分子如何使用經費：

- 直接用於支持製造恐怖活動：支付恐怖攻擊及製造衝突所需成本、薪資及通訊費用、訓練、旅行及後勤費用。
- 用於推動組織：慈善活動、媒體公關。

➤ 恐怖分子如何籌募經費：

- 透過合法管道籌募：慈善捐款、經營合法事業、自行籌募。
- 透過犯罪活動所得：販毒、信用卡/支票詐欺、勒贖。
- 透過流氓國家支援。

➤ 恐怖分子如何移動資金：

- 正統金融行業。
- 貿易。
- 現金攜帶。
- 替代性匯款系統。

- 慈善機構及非營利組織。
- 高風險因素：
 - 客戶：與恐怖組織有關或來自恐怖主義盛行地區之自然人及法人
 - 行業特質：非營利組織、基金會及使用現金之行業。
 - 交易類型：替代性匯款及使用新興支付工具，如網路轉帳系統、手機支付系統及預付卡。
 - 地理位置：恐怖主義盛行地區。
- 公私部門對於資助恐怖分子之回應：
 - 目標必須著重在預防恐怖分子籌募、移動與使用資金。
 - 洗錢與資助恐怖分子之差異性：源自犯罪或合法來源、金額及可能涉及流氓國家。
- 打擊資助恐怖分子之特別作為：
 - 特別建議 III-凍結特定對象資產。
 - 特別建議 VII-電匯必須跟隨匯款人資訊。
 - 特別建議 VIII-增加非營利組織之課責、透明度、監理與聯繫。
 - 特別建議 IX-增進跨國境現金攜帶之偵查與資訊分享。
 - 特別建議 IV-擴大可疑交易申報範圍。
- 打擊資助恐怖分子之其他配合作為：
 - 訂定遵循文件。
 - 訂定其他指引：貿易洗錢、武器擴散金融活動、以風險為基礎之防制作為。
 - 加強與私部門之協調及重視私部門之回饋意見。
- 其他需要加強之作為：
 - 國家層級問題：要有機制辨識支持恐怖分子之洗錢國家及處置作為、要有嚇阻資助恐怖分子之決心與清楚立場及協助私部門判斷風險等級以便採取因應作為。
 - 提供私部門相關資訊：金融機構需要有關資助恐怖分子之金融交

易表徵及特定目標之資訊，各國需要考慮將打擊資助恐怖分子資訊（如高風險地區、活動及個人等）納入私部門辨識資助恐怖分子之程序與風險模組。

- 透過公私部門合作更透徹瞭解資助恐怖分子：瞭解資助恐怖分子與洗錢之區別、瞭解資助恐怖分子資金來源與移動方式有助於偵測其改變及採取有效因應作為、增加結合金融資訊與打擊資助恐怖分子情資之價值。
- 金融資訊與打擊資助恐怖分子情資之價值：單獨之金融資訊不足以打擊恐怖主義，必須結合反恐情報，以增進辨識及攔截恐怖活動之能力，因此分享金融資訊成為優先課題，而金融調查必須成為調查恐怖主義犯罪活動之一部分。

參、 研討會重點

賭博業在洗錢及資助恐怖分子弱點與指標（Money Laundering and Terrorist Financing Vulnerabilities and Indicators in the Casino and Gaming Sectors）

法務部調查局洗錢防制中心 吳惠卿

一. 前言：

鑑於我國正考量於離島設立賭場，而目前尚無有關規劃成立賭場規模、限制及配套措施等資訊，由於此次洗錢態樣研討會重點之一即在探討賭場於洗錢犯罪之弱點，復鄰近之澳門已儼然成為亞太地區賭場最大收益國家，本報告綜整防制洗錢金融行動工作組織（Financial Action Task Force, FATF）」與「亞太防制洗錢組織（Asia/Pacific Group on Money Laundering, APG）」聯合發表之「賭博業在洗錢及資助恐怖分子弱點與指標（Money Laundering and Terrorist Financing Vulnerabilities and Indicators in the Casino and Gaming Sectors）」文件草案，併同會中與會代表之演說內容以供參考。

二. 世界各國賭場業概況：

1. 藉由設立賭場，政府及業者可以透過稅收或規費得到大筆收益。據估計，世界賭場業在 2006 年收益 700 億美元，其中北美（美國及加拿大）即佔將近一半，而澳門是近年來賭場業發展最快速的國家，2007 年收益大約有 100 億美元。此外，尚有網際網路賭場，估計全球收益約 150 億美元。
2. 賭博業因具備下列特性，使得賭博業在 AML/CFT（反洗錢與資助恐怖主義）上產生極大的挑戰：
 - （1）賭博業是現金密集的行業，24 小時營業，經常短時間內有大額現金交易。
 - （2）賭博業提供許多金融服務（例如：帳戶、匯款、外幣兌換、現金等），但賭博業卻仍多被視為娛樂業，而非金融機構。
 - （3）在部分國家，鮮少規範賭博業在 AML/CFT 上的作為。
 - （4）許多賭場設在管理不良、政治不穩定或有重大犯罪及恐怖分子問題的邊界地區。
 - （5）賭場資金移動是否確為觀光賭博無法證實，且可能造成洗錢風險，尤其是賭博團的跨國資金移動。
 - （6）有些國家賭場營業額很高，但在員工訓練卻形成弱點，或在 AML/CFT 的訓練較不足。
3. 亞太區國家賭博業概況：
 - （1）澳大利亞、紐西蘭、南韓、寮國、澳門、馬來西亞、尼泊爾、菲律賓、越南、斯里蘭卡、柬埔寨等國都有合法賭場；新加坡將於 2009 年成立第一家合法賭場；另外日本、帛琉、中華民國、泰國、東帝汶等國都在考慮賭博業立法；但目前孟加拉、汶萊、中國、中華民國、緬甸、印尼、蒙古、巴基斯坦賭博業都是非法的。
 - （2）澳門賭博業現況：澳門是中國特區，人口僅 40 萬，主要經濟收益即來自賭博業，2005 年佔政府總稅收 70% 以上，境內有 29 家

賭場，每日約有 3000 名觀光客，其中一半以上來自中國，其他則來自香港、中華民國及東南亞國家。主管機關為賭博管理監督局（Gaming Inspection and Coordination Bureau，DICJ）及司法警察，洗錢犯罪調查由司法警察負責，洗錢預防措施則由賭博管理監督局負責。現在澳門對於賭博團及 VIP 貴賓室已設立登記系統來管理。

- (3) 香港境內無賭場，許多居民因地理位置方便，常到澳門賭博，但雖然香港境內賭博是非法的，但卻有許多遊輪可以到公海地區，並提供賭博。
- (4) 泰國境內賭博雖是非法的，但該國長久以來存在非法賭博的問題，且有許多大規模的賭客到其他國家賭博。

4. 賭博業需要有犯罪風險評估，包含組織犯罪、重利罪、色情業、毒品交易、人口販運等，這些犯罪都涉及洗錢及不法資金流動的問題。

三. 賭場用以洗錢的方法

- 1. 以現金購買賭場籌碼，之後持籌碼換或賭場支票、匯票或匯款；洗錢者通常會持有籌碼一段時間，或將籌碼拿去賭博以獲得賭贏證明，之後再將籌碼換回現金、支票或匯款。甚至為掩人耳目，洗錢者可能以高於一般行情代價，向背景清白的賭客購買賭場籌碼，以證明籌碼的來源是乾淨的。
- 2. 有些賭場的賭贏支票可以換成現金，這些高價值的賭場支票可視為一種無記名可轉讓金融工具，亦可透過地下通匯方式流向其他國家。
- 3. 賭場籌碼也可以作為洗錢犯罪及重大犯罪的交易工具，受領人拿到籌碼以為非法活動的代價，一段時間之後再持籌碼到賭場兌換成現金。這種方式也可以是跨境交易或兌換，因為大部分國家並未將賭場籌碼視為有價金融工具，所以在入出境時也就不必向海關申報，而有些國

家的賭場籌碼在其他國家的賭場是通用的，洗錢者為避免引起賭場的懷疑，可能將籌碼帶到其他國家的賭場，分批以低於必須申報的門檻兌換回現金、支票或匯款。

4. 購買大量的「賭場禮品憑證 (casino gift certificates)」，作為支付非法交易的代價，可以交由第三者兌換回來。
5. 從合法的賭客那邊以高於面額的價錢購買「賭場獎勵卡 (casino reward cards)」。
6. 運用「分散 (structuring) 方式逃避申報門檻或引人懷疑。例如定期存入或交易固定現金到賭場帳戶、或利用多個第三者的帳戶轉入、或使用不同金融機構開立之票據、或經常在連鎖之賭場間轉換不同賭博檯、賭場室，且交易故意分割必須申報之門檻。
7. 利用「整合 (refining)」方式將低面額的現金或票據分散進入賭場，最後再整合成高面額的現金或票據出場。
8. 利用賭場帳戶 (casino accounts) 洗錢。例如「國外持股帳戶 (Foreign Holding Accounts, FHAs)」指繫屬同一集團之賭場，允許開立在 A 國家之帳戶，但帳戶資金卻可以在 B 國家內同集團之賭場內使用，事實上帳戶內資金並無實質移動，且不受大額現金申報之規範。
9. 洗錢者與賭場員工串通進行洗錢，讓賭場員工故意忽視可疑交易，或讓洗錢者遂行分割交易，而促成洗錢犯行。
10. 利用信用卡 (credit cards) 或簽帳卡 (debit cards) 洗錢。因為有些賭場允許客戶使用信用卡購買籌碼，但實際支付信用卡之資金其實來自不法所得；或賭博團內利用不同新成員每日以簽帳卡最高限額購買籌碼，事實上他們很少進場賭博，甚至購買一次籌碼後未曾再賭場出現，而這些所購買的籌碼則交給該賭博團之成員作不法運用。

四. 賭博團行業的弱點

1. 部分地區賭博團行業（junket）盛行，尤以亞太地區發展最為快速，例如澳門政府已核發 196 張賭博團業者的證照，其中 126 張是給公司，70 張給個人。這些賭博團仲介是在賭場與賭博大亨之間提供服務，運作方式通常為招募賭客籌組賭博團，並提供交通、住宿、餐飲、娛樂給賭客，而從賭博收益中賺取佣金。
2. 賭博仲介業成為防制洗錢之弱點在於其可以在跨國賭場間處理大量資金移動，而多層次的隱匿資金來源，尤其若洗錢者與賭博團仲介勾結，將使得大量犯罪不法資金轉變為合法資金。
3. 賭博仲介業可以代理客戶電匯以移動資金，但賭客身分卻未知，且能在金融機構或賭場間傳送及接收資金。
4. 賭博仲介業之規範限制。在美國許多州，賭博團代表採登記制度，甚至需要指紋檢查及犯罪前科及軍事記錄等詳細資料；在澳門及澳大利亞，賭博團業者同樣採登記制度。大部分國家賭博團業者須經過調查、核發證照，並遵循法律及法規。有些國家強制規定賭博業者申報疑似洗錢交易報告之義務，而有些則將該義務賦予賭場，因此當賭場發現賭客或賭博業者有非法活動時，必須申報疑似洗錢交易報告。另外，因為賭博團執照可能發給個人或賭場，但有些賭場於其他國家設有分支機構，因此，賭博團業者除了在當地國提供服務外，亦可能在分支機構所在國提供服務，而申報可疑交易之義務應由誰負責則並未明確規定。
5. 有些賭博團業者會利用替代性匯款管道（Alternative Remittance System, ARS）移轉資金，亦即運用類似我國地下通匯之模式。由於賭博業可能在許多國家設立分支機構，各分支機構均有代理人，各分支機構間如需資金調度，根本無須透過銀行進行實質移轉，僅需分支機構間互為拆帳即可。但這對可疑交易申報義務應由那一方負責則不明確。

6. 賭博團運用「死籌碼 (Dead chips)」幫助洗錢。所謂「死籌碼」係指賭場提供給賭博團仲介以為佣金的一種不可轉讓的籌碼，它可以當成賭博籌碼在賭場使用，但不能直接兌換成現金（相較於「活籌碼 (live chips) 是可以直接兌換回現金的」），也不能直接換成「活籌碼」，且只有賭博團業間可以轉讓，除非這些業者拿「死籌碼」進場賭博賭贏了，才能換回「活籌碼」。但有些賭客向業者以較大的折扣購買大量的「死籌碼」，將它用作毒品交易或其他犯罪交易之現金使用，取得方再轉賣回賭博業者完成洗錢；甚或將「死籌碼」跨境攜帶，亦無須向海關申報。

五. 賭場業的新興議題

1. 賭場 VIP 客戶：這些賭客通常都有專屬賭博室，賭場也都提供特別待遇，他們通常都在賭場內有鉅額交易，依據 2007 年加拿大皇家騎警 (Royal Canadian Mounted Police, RCMP) 統計，VIP 賭客含括賭場 80% 的營業額；同樣地，在澳門，VIP 賭客營業額佔 50-70%。但許多國家賭場員工視這些 VIP 賭客之大額現金使用或巨額存提款為正常，而提供他們近似銀行業的服務，但在防制洗錢層次卻遠不及銀行業。如果賭場並無需確認 VIP 賭客身分的要求，一旦執法機關需要追蹤這些錢來源及流向，根本無法得到任何資訊，這將形成一嚴重漏洞。以往澳門就曾因滿足客戶需求允許客戶匿名賭博，結果卻造成官方監督的庇護所，許多中國地區犯罪不法資金大量流向澳門賭場。在澳大利亞曾有案例，A 先生在賭場飯店內從事海洛因走私交易，並利用賭博活動掩飾非法獲利，他是該國賭場的 VIP 客戶，在賭場內擁有高交易額，兩年內他從賭博得到的獎勵高達 250 萬澳幣，甚至在賭場飯店內住宿均無須付費，直到執法機關調查他，賭場才開始注意他的賭博交易。

2. 賄賂或員工訓練不足：賭場需要有效的 AML/CFT 規範，以避免因員工訓練不足無法偵測洗錢活動或員工收受賄賂。依據以往發生的案例顯

示，賭場員工為獲取高營業額之佣金，曾有為個人或協力幫助其他人，故意不申報疑似洗錢及達一定門檻之交易、或破壞原始交易紀錄、或竄改、偽造原始文件以掩飾洗錢犯罪。

3. 新興賭博市場：亞太地區及非洲地區的開發中國家是賭場業發展最快速的地方，這些地區許多國家明顯是為經濟基礎，但卻管理不良而形成弱點，對 AML/CFT 執行能力也有限，通常這些國家賭博業的發展總比反洗錢與執法能力走得快，因而促成犯罪集團的洗錢及貪污。以澳門為例，大部分主要經濟全繫於賭博業，在過去不到六年的時間，成為世界上最大的賭博市場，自從 2002 年以來，該地雖持續改進賭場在 AML/CFT 的措施，但對於有效實行 FATF 的標準仍是一大挑戰。
4. 公海（High Seas）賭博：這是香港特有的議題，許多香港的遊輪或豪華客輪駛到國際海域提供賭博。香港國內並不允許賭博業，由於公海已超出該國領土，缺乏監督使得香港暴露在公海賭博幫助洗錢的危機。
5. 資助恐怖分子：資助恐部分子特性並不容易偵測，且相對交易金額低，但因此認為賭場不可能成為資助恐怖分子的管道則是一大錯誤。只要傳統犯罪活動資金可以用偵查技巧偵測到的管道，同樣適用資助恐怖分子。

六. 對策之運用

1. 將 AML/CFT 範圍涵蓋賭博業。
2. 賭場應落實執行確認客戶身分。
3. 賭博團業者必須採登記及執照制度。
4. 賭場 VIP 室應嚴加管理，尤其亦應落實確認客戶身分的控管。
5. 加強賭場監督主管機關與反洗錢主管機關間的協調。
6. 建立賭場業應遵循之 AML/CFT 養成教育。
7. 執法機關、金融情報中心與賭場主管機關之間情報分享與 AML/CFT 之

合作（其中應包含立法讓主管機關有權要求賭場提供客戶資料與紀錄）。

8. 國際合作。

肆、 心得與建議：

- 一. 「亞太防制洗錢組織」洗錢態樣工作研討會主要目的在於共同討論區域性之防制洗錢議題及分享工作經驗，是一個充分瞭解區域性新興洗錢手法、趨勢及防制作為之場合，各國除了提出國內防制洗錢及打擊資助恐怖分子之國家報告外，亦會針對會議之討論主題分享相關經驗，譬如今年主題涵蓋賭場業面對洗錢及資助恐怖分子威脅所顯露之弱點與防制作為、證券業面對洗錢及資助恐怖分子威脅所顯露之弱點與防制作為及犯罪資產調查與起訴等。我國有關機關歷年均派代表與會，今年我國與會代表所提出之國家報告，獲得研討會主席「亞太防制洗錢組織」資深專員 Mr. David Shannon 特別在會中公開表揚我國提出諸多防制洗錢案例，對區域性防制洗錢著有貢獻，另在二場研討會中提出案例及財務調查技術報告，亦獲得各國與會代表讚揚，充分張顯我國防制洗錢之成效。
- 二. 我國防制洗錢工作，經過十餘年來各機關共同努力下，已有相當良好成效，跟其他亞太地區國家相較，不管是金融情報中心之功能、相關法律、金融監理、執法及國際合作，均已建立完整體制與執行措施，未來應可以多運用參與國際會議場合加以宣導，讓其他國家瞭解我國政府與國際接軌之決定並分享我國成功經驗，亦可藉此建立友誼。只有積極參與相關會務活動，對未來爭取亞太防制洗錢組織在我國舉辦年會或工作研討會才會有助益。
- 三. 值此國內正考慮是否於離島設立賭場，綜觀世界各國賭場之發展與其賭場內允許使用工具，及可能造成的洗錢弱點，主管機關可參考以決定我國所欲設立賭場的規模、允許賭場可從事之金融交易活動，建立賭場應遵循之規範，並考慮是否同意與他國賭場形成連鎖

企業，籌碼互為流通等議題。

- 四. 賭場業易形成洗錢管道，我國若欲設立賭場，建議由法務部、內政部、財政部、金管會等單位組成跨部會協商，將賭場納入洗錢防制法第五條所列之金融機構，賦予賭場應申報疑似洗錢交易及大額通貨交易之義務；另賭場籌碼亦可能作為犯罪活動之現金使用，因此洗錢防制法第十條旅客跨境攜帶達一定金額之外幣及有價證券應向海關申報之義務，申報範圍擴及賭場籌碼之攜帶。
- 五. 賭博業在我國目前尚屬非法，但依據洗錢防制中心之調查已有賭博仲介業，招募賭客前往國外賭博（詳如此次會議中我國代表藍家瑞所發表之賭博團案例）。由於其並非在國內賭博，仲介國人前往澳門賭博並無違反國內任何法律，但所衍生的問題在於賭博團成員身分不明，賭博資金來源不明，是否藉此管道將不法所得洗到國外，亦無法追查，形成防制洗錢一大漏洞，建議相關機關在未通過賭場設立法案前，應先注意此一問題，並建立管制措施以防止成為洗錢管道。

附件一

參加2008年亞太防制洗錢組織洗錢態樣工作研討會提報之「國家報告」(jurisdiction report)

APG Typologies Jurisdiction Report – *Chinese Taipei*

SECTION 1 – Supporting the APG’s input to the FATF project on vulnerabilities in the securities sector

General

1. Please provide an overview of the capital market and the type and volume of securities trading in your jurisdiction

a. Size of markets

According to the information of 2007, there were 133 securities firms in the market of Chinese Taipei. The total assets of the firms reached NTD\$ 1,122.88 billion. The trading value was more than NTD\$ 33,527 billion. There were 39 securities investment and trust enterprises and the issued securities investment funds reached NTD\$ 2,040 billion in total. There were 18 futures commission merchants and the total trading volume reached NTD\$ 25,470 billion.

b. types of products used in the securities market

Stocks, TDRs, Derivative Warrants, Securities investment funds, ETFs, Beneficiary Securities, Bonds, Futures, Options and Asset swap etc.

c. the delivery channels

The delivery channel in this jurisdiction makes payment/settlement through book-entry transfer. The securities brokers use the securities accounts opened by the consignors at the Centralized Securities Depository Enterprise and the banking accounts opened by the consignors at the financial institutions designated by the securities brokers to transfer the securities and money by book-entry transfer. Futures traders entrust Futures Commission Merchants to engage in buying and selling through Taiwan Futures Exchange.

d. payment methods

Securities firms entrusted by consignors to sell and buy securities shall transfer the money through the dedicated checking accounts opened by the consignors in banks to complete the securities transaction. Regarding to Futures Commission Merchants entrusted to engage in futures trading, all the payments shall be completed through the dedicated futures margin accounts opened by the consignors at the banks designated by authorities and all the transactions in the accounts can only use transfer manner. When Futures Commission Merchants pay the residual margin or option premium according to the orders of consignors, the money shall be allotted to the banking accounts opened by the consignors in transfer manner.

e. Identified financial crime vulnerabilities

According to the regulations of Money Laundering Control Act, there are three major financial crimes being listed as the predicate crime of money laundering in securities sector, including stock price manipulation, insider trading and default in settlement.

2. Please list the ML/TF techniques identified involving securities?

- a. Please provide copies of relevant case studies from the last two years.

3. Which are the competent authorities for AML/CFT regulation and supervision of the securities sector?

The Financial Supervision Commission, established on July 1, 2004, has been the single governmental agency responsible for the integral supervision of the banking, securities, futures and insurance industries. Its functional duties include the development, supervision, administration, and inspection of the financial market and financial service enterprises. Additionally, the Financial Supervision Commission has responsibilities and obligations in anti-money laundering and combating terrorist financing activities by adhering to and performing the 40 Recommendations

and the 8 Special Recommendations published by the Financial Action Task Force on Money Laundering when fulfilling its supervisory and administrative duties regarding the operations of financial institutions.

The Securities and Futures Bureau (SFB) is a department under the FSC and in charge of administering and supervising securities issuance, securities trading and futures trading, and "facilitating national economic development, and protecting investors' interests", and "developing the futures market, and maintaining futures trading orders". The missions include:

- Approval, regulation and supervision of securities placement and issuance ;
- Approval, regulation and supervision of securities listing ;
- Approval, regulation and supervision of futures contracts ;
- Approval, regulation and supervision of options contracts ;
- Approval, regulation and supervision of securities trading over the counters of securities firms ;
- Approval, regulation and supervision of securities investment trust enterprises, securities financing enterprises, securities investment consulting enterprises, securities centralized depository enterprises, and other securities and futures service enterprises ;
- Approval, regulation and supervision of securities firms and futures commission merchants ;
- Direction and supervision of securities dealers associations and futures associations ;
- Approval, regulation and supervision of the establishment of the securities exchange, futures exchange, and OTC securities markets ;
- Regulation and supervision of responsible persons and associated persons of securities firms, futures commission merchants, the securities exchange, and the futures exchange ;
- Regulations of public-held companies and supervision of their finance and operations ;
- Regulation and Coordination of margin purchases and short sales ;
- Analysis and computer operations of securities and futures ;
- Research, development, and evaluation of the regulation of securities and futures ;
- Drafting and of promulgation of securities and futures regulations ;
- Administration and supervision of the audits of public-held companies' financial reports carried out by certified public accountants ;
- Other matters related to administration of securities and futures.

The "financial institutions" referred to in Article 5 of the Money Laundering Control Act and subject to the supervision and administration of the SFB include securities firms, securities investment trust enterprises, securities finance enterprises, securities investment consulting enterprises, securities centralized depository enterprises, and futures commission merchants.

4. What role does the FIU play in relation to AML/CFT for the securities sector?

- MLPC, which affiliated to the Investigation Bureau, was established to operate its functions in 1997. It performs the role of FIU in Chinese Taipei and its main functions include: 1) Researching AML/CFT strategies; 2) Receiving STRs, CTRs and cross border currency movement declaration reports; 3) Analysing and disseminating ML/FT information; 4) Supporting authorities to investigate ML/FT cases and coordinating related matters; 5) International cooperation on ML/FT information exchange and related matters; 6) Creating and Maintaining ML/FT computer database.
- The MLPC maintains close cooperation with securities sector through following measures: 1) delivering the prints which published by the MLPC; 2) assisting securities sector to educate employees to comply with the AML/CFT requirements; 4) maintaining an updated website for providing the newest information to securities sector; 5) providing online consultations to securities sector for AML/CFT compliance.

5. Please provide statistics of the numbers of STRs received from securities sector entities over the past three years.

| year | securities sector entities | numbers of STR received |
|------|--|-------------------------|
| 2005 | Securities brokers | 2 |
| | Securities investment trust and consulting enterprises | 2 |
| | Taiwan securities depository and clearing corporation | 236 |
| | Futures brokers | 7 |
| 2006 | Securities brokers | 1 |
| | Securities investment trust and consulting enterprises | 1 |
| | Taiwan securities depository and clearing corporation | 162 |
| | Futures brokers | 2 |
| 2007 | Securities brokers | 0 |
| | Securities investment trust and consulting enterprises | 0 |
| | Taiwan securities depository and clearing corporation | 227 |
| | Futures brokers | 0 |

6. Please provide statistics of the number of money laundering cases involving proceeds of crime from capital market offences.

| year | capital market offences | numbers of money laundering cases |
|------|---------------------------|-----------------------------------|
| 2005 | Insider trading | 3 |
| | share price manipulation | 3 |
| | business misappropriation | 5 |
| | default in delivery | 0 |
| 2006 | Insider trading | 2 |
| | share price manipulation | 4 |
| | business misappropriation | 1 |
| | default in delivery | 1 |
| 2007 | Insider trading | 0 |
| | share price manipulation | 0 |
| | business misappropriation | 6 |
| | default in delivery | 0 |

7. Have you shared information on securities related money laundering cases with foreign competent authorities? Yes.

With respect to the countries or areas with deficiencies in their AML/CFT regime as determined by the International Co-operation Review Group (ICRG) of the FATF, the FSC has disseminated relevant information to all financial institutions and related associations.

Financial institutions are urged to take into account the risks arising from the deficiencies in the said jurisdictions, and to exercise enhanced due diligence.

Pursuant to the lists of terrorists and groups provided by the American Institute in Taipei (AIT), the FSC has disseminated 68 requests to all financial institutions and related associations to act in accordance with the "Regulations Regarding Article 8 of The Money Laundering Control Act", i.e. upon the finding of transactions related to the listed terrorists or groups or transactions of which they are the ultimate beneficiaries, a financial institution shall file a prompt report of the suspected transactions with the Money Laundering Prevention Centre, Investigation Bureau of the Ministry of Justice and send a copy thereof to the FSC.

- a. Was this done through the FIU, through law enforcement or through securities regulators, or by other channels?

The MLPC, FIU of Taiwan, usually serves as the contact point with foreign counterparts to share information on AML/CFT.

- b. Please describe results of previous international cooperation in relation ML/TF or predicate offences that involved the securities sectors.

In 2005, relying on the information provided by foreign counterparts, the prosecutor's office in this jurisdiction successfully prosecuted a responsible person of a listed company who had stolen more than USD\$ 50 million by issuing Euro-Convertible Bond and using shell companies registered offshore to embezzle it through false transactions.

SECTION 2 – MONEY LAUNDERING & TERRORISM FINANCING METHODS

Please provide case studies, including amounts of proceeds or terrorist finances.

- a) Alternative remittance services/underground banking (details of settlement systems)**

Mr. A is the responsible person of X Underground Remittance System. He ever had been sentenced one year imprisonment by court for violating the Banking Act. Beginning from 2003, Mr. A used the names of Y and Z two companies to open 57 accounts in 9 different domestic banks to engage in underground remittance business. He also accepted ordinary people to exchange NTD and RMB to gain the profit from exchange rate difference. His associates set up many branches in Mainland China to facilitate the operation of the underground remittance system.

One of the major businesses of X Underground Remittance System was accepting public to remit money from Taiwan to China and south Asia countries. The criminal organization had remitted more than USD 566m from January 2003 to March 2006 and charged 0.16% from the remittances as service charges and obtained benefits from the differences of exchange rate. The illegal benefit was about NTD 31m during the period.

For attracting customers to use the underground remittance system, Mr. A even printed fliers which carried:

- Many years experience to deal with remittance, the amount over NTD 100m per month;
- Outward remittance from Taiwan to most places of the world in 30 minutes only to reach the destination;
- Service area covered Philippines, Thailand, Singapore and Mainland China etc.
- Customers could use the banking accounts of Y and Z two companies as remitters to avoid government agencies tracing the real remittance originators.

The earliest information of this criminal case was sourced from some suspicious transactions reported by various bank during 2005. The Money Laundering Prevention Center, FIU of Chinese Taipei, began to trace the related financial transactions and required G bank to provide relevant

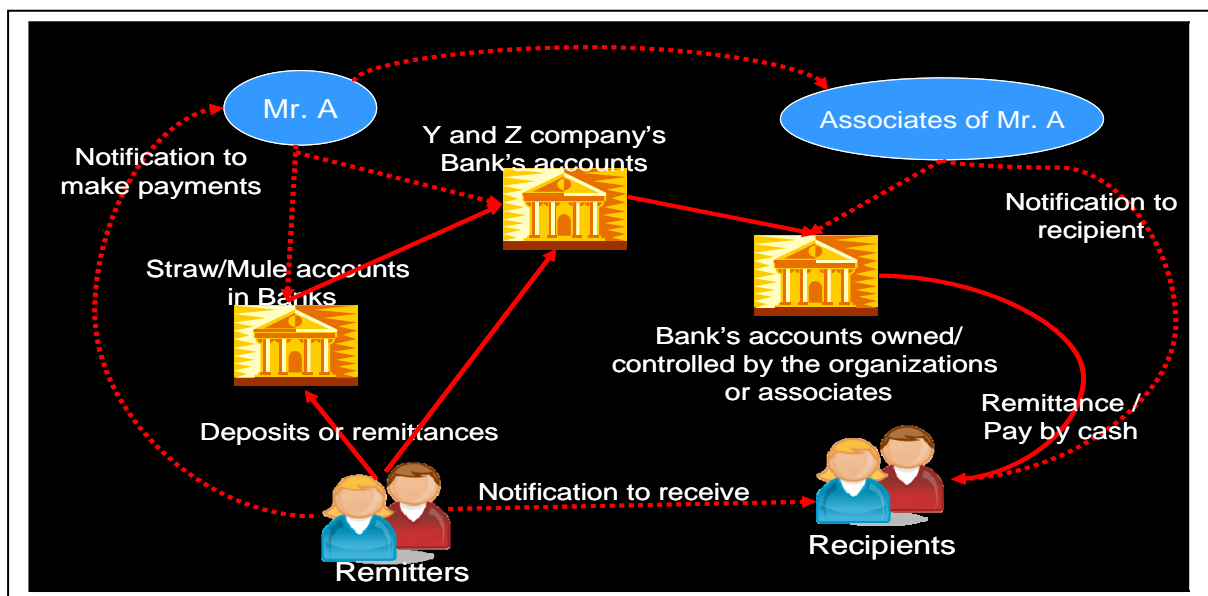
transaction records. From the statements of the banking accounts, the Center found there were 3 cash deposits and 12 inward remittances at the same day which amount of NTD6.8m. The amount of money was exchanged into USD and immediately being remitted outward to other jurisdiction. The Center also found from its CTR database that Y and Z two companies have many significant currency transactions reports and screened all the reports and found many significant cash transactions were deposited into the banking accounts of Y and Z from different people and from different banks. It was obviously abnormal to usually financial transactions of business activities.

The MLPC suspected this case involving in underground remittance system from the following indicators that the financial transactions had revealed:

- Banking account had intensive small amount of inward remittances and immediately withdraws a huge amount or in a scattered manner and left only a nominal balance, with the amount apparently incommensurate with the client’s identity or income and irrelevant to the attributes of his/her profession.
- Banking account, shortly after opening, had deposited and remitted inward in a huge amount of money apparently incommensurate with the client’s identity and income, or irrelevant to the client’ business and the deposit has been quickly transferred out.
- Bank account holder intentionally hid his/her real identity.
- Bank account holder did not recognize the depositors or remitters and had no business relationship with them.
- Accumulating the deposits or inwards to a certain amount and then remitted outward at one time.
- Bank account opener had no close geographic relationship to the bank (no reasonable ground to support the bank’s holder to open the account at the location).

The MLPC disseminated the information to police for further investigation. Police found X underground remittance system ever laundered illegal funds for many other criminal organizations, including telecommunication fraud groups, internet fraud groups, extortion groups, prostitutes groups, gambling and lottery fraud groups etc. Then, the police took actions to crack down the group and Mr. A was prosecuted 10 years imprisonment for engaging in underground remittance business and money laundering.

Operation pattern of X underground remittance system:



The settlement systems were using the remittances to reach balance between the banking accounts controlled by the underground banking system domestically and abroad, and using couriers to move the funds cross border.

b) Cash couriers/currency smuggling (concealment, security, amounts etc)

Mr. A was an important assistant of the candidate of a county magistrate Mr. B. Mr. A was detected for carrying HKD\$ 5 million currency to enter this jurisdiction by taking airplane but failed to declare it to customs. Excepting the USD\$10,000 in equivalence being returned to Mr. A according to the law that allows passengers to carry less than USD\$10,000 in equivalence to cross border without declaration, the rest was confiscated. During the investigation, Mr. A claimed the fund was for commercial purpose of land selling and he failed to declare for ignorance of the law, but the law enforcement agency strongly suspected the motive was not so innocent because Mr. B was collecting money for the campaigning of county magistrate.

c) Trade-related money laundering and terrorist financing (eg over/under invoicing)

Mr. A was the responsible person of X Investment Consulting Corporation and conspired with the responsible persons of some companies, which had been facing difficulties on business and finance, to establish shell companies in neighborhood countries and jurisdictions. Then, they made forgery trading certificates of importing commodities for applying time credit to defraud the quota of financing. After that, they imported the commodities to obtain the certificates of customs cleaning and then immediately exported to the sell companies. They rendered all the customs cleaning certificates, bill of lading, commercial invoices and shipping bills to the credit writing bank to pay the money to the shell companies. The credit writing banks were defrauded more than 4.28 million from 2002 to 2006. When the shell companies received the payments, Mr. A and the fellows moved the illegal funds back to Taiwan through underground banking system and by couriers.

The criminal information of this case was sourced from few International Currency Transportation Reports which were declared by cross border passenger Mr. B. The reports triggered the red flag of suspicious money laundering activities and brought notice by the Money Laundering Prevention Center. Mr. B carried significant foreign currency cross borders 14 times during October 2003 and September 2004. The amount reached USD\$ 3 million. Analysts of the Center found Mr. B had criminal record of violating the Banking Act for engaging underground banking system. Mr. B ever deposited or transferred from his banking accounts millions of NT dollars into the banking accounts and straw banking accounts of Mr. A and Mr. A was a fugitive. The Center strongly suspected they might involve in some kind of criminal activities and decided to disseminate the information to law enforcement for further investigation. The law enforcement agency applied telecommunication surveillance permission to Mr. A from court and then summoned the related parties to question the details of the criminal activities. At last, Mr. A and Mr. B were prosecuted for violating the Criminal Code of fraud.

d) Real estate - laundering or terrorist financing through the sector

Mr. A was the responsible person of the technology company X and Mr. B was the responsible person of the technology company Y. The two companies were partners in commercial market and had signed contract for selling products. Later, the two companies had dispute for the marketing contract which was worth of NTD\$ 43.5 million. Mr. A considered his rights and benefits had been damaged by Mr. B. Through intermediate introduction by Mr. C, Mr. A knew Mr. D who was a prosecutor and requested Mr. D for assistance to force Mr. B to solve the dispute face to face.

Mr. D abused his working power and commanded police to detain Mr. B without appropriate reason and let Mr. A to download related data from Mr. B's personal computer. For appreciating the assistance of Mr. D, Mr. A transferred the ownership of a house to Mr. D's father-in-law and spent NTD\$ 610,000 and NTD\$ 2.2 million to decorate the housed of Mr. D and Mr. C respectively as reward. At last, Mr. C was prosecuted and sentenced life imprisonment for bribery and jobbery.

e) Abuse of non-profit organizations/charities

Mr. A was a councilor and served as the president of X foundation. The foundation had a C/D of 30 million New Taiwan Dollars in bank. According the rules of the foundation's constitution, the fund can only be used on social welfare purposes and any investment in capital market for increasing the interests of the fund must be reported to central supervisory authority for prior permission. Mr. A conspired with other one of the directors of the foundation Ms B to embezzle the fund. They wittingly ignored the above mentioned procedures and directed the innocent accountant to annul the C/D before the maturity and withdrew cash in full. Then, the accountant delivered 6 million to Mr. A and 24 million to Ms B. Mr. A deposited 6 million cash into his banking account in other bank at the same day. Ms B deposited 20 million cash into her banking account in other bank and kept the left 4 million cash. Ms B used the 20 million dollars to buy bonds next day. Although the fund was put back its banking account immediately after Mr. A and Ms B were aware of the law enforcement agency was investigating the criminal offence and the central supervisory authority was tracing the fund's flow, the criminal offence of embezzlement was transferred to prosecutor's office for prosecution.

The criminal information of this case was sourced from the CTRs (the threshold is NTD \$ 1 million) being reported by banks and raised notice by the Money Laundering Prevention Center, FIU of Chinese Taipei, from its CTR computer database alert system. The analysts of MLPC traced the fund's flow and found the possible criminal offence and then disseminated the information to the Investigation Bureau for further investigation.

f) Use of shell companies/corporations

Mr. A and Mr. B were the masterminds of a transnational fraud organization. They got information from Mr. C who was a former staff of bank Y to recognize company X had a bank savings of USD\$ 8 million in a foreign bank Z located in other country for futures investment and cast greedy eyes on the fund. They colluded together to establish a shell company selecting the same English name with X company on purpose and open a foreign currency banking account. Then, they contacted the foreign bank Z by email attached with an eye-catching logo of company X to win the confidence of the bank's staff. The content of the email clearly expressed to annul the deposit and the fund must be remitted back this jurisdiction for urgent use. After that, they immediately facsimiled an authorization document with forgery signature of the person in charge of company X. When the bank Z was processing the remittance, the fraud organization informed the bank to re-remmit the fund divided into four parts to 4 banking accounts in another jurisdiction. After the remittances being completed, the fraud organization presently withdrew the whole amount of money and converted to 14 cashier's checks. Three of the cashier's checks amounted to HGD\$ 28million were cashed in a casino located in a nearby jurisdiction. The case was revealed when the staff of bank Z contacted company X to confirm the remittance being received.

At last, the three suspects were arrested and prosecuted for fraud and the bank Z compensated the loss of company X due to its negligence on business operation.

g) Use of "gatekeepers" professional services (lawyers, accountants, brokers etc)

Mr. A was an attorney of the law firm X and also served as the responsible person of the investment company Y. Mr. B who was the responsible person of the investment company Z. They colluded to empty the property of company Z for embezzling it. In October 2003, Mr. B ignored the objections from the financial staff of the company Z and was determined to lend NTD\$ 70 million to Mr. A. Then, Mr. A used the fund to buy the shares of a property managing company and an animation company in other country through his company Y. The fund was found by the Investigation Bureau, a law enforcement agency in Chinese Taipei, to be remitted back to a technical company which Mr. A was also the responsible person. Thereafter, the fund was divided into two parts of 10 million and 60 million which were respectively remitted into Mr. A and Mr. B banking accounts. The two persons were prosecuted for violating the criminal code of embezzlement.

h) Purchase of portable valuable commodities (gems, precious metals etc)

The CTR database in MLPC revealed Mr. A had two huge cash transactions amounted to NTD\$ 47.9 million in sequent 2 days that brought notice by the Center. In addition, the Center also received a STR reported by the bank Y that described “Mr. A deposited 3 commercial checks into his banking account which amounted to NTD\$ 145.5 million and he respectively withdrew cash NTD \$43 million and 4.9 million in sequent 2 days from the banking account and transferred NTD \$97.6 million to Mr. A banking account in another bank Z after the checks were cashed”. The analysts of the Center traced the checks were issued by a construction corporation X for the down payment of buying a construction site. The \$97.6 million was transferred to another financial institution to buy 100 gold bars which 1 Kg per bar. The analysts believed the unusual financial transactions and the abnormal activity of leaving this jurisdiction of Mr. A with the 100 gold bars in the next day might involve in some kind of criminal activities and decided to disseminate the information to law enforcement agency for further investigation. At last, the law enforcement agency found the certificate of the construction site ownership was forgery and this case was transferred to prosecutor’s office for prosecution of fraud offence.

SECTION 3 – MONEY LAUNDERING & TERRORISM FINANCING TRENDS

Trends – *are the general or continuing tendencies or patterns of methods used.*

Please provide information /case studies /reports of significant trends identified:

a) Research or studies undertaken on ML/TF methods and trends – please give references if published or key findings if available

Statistics of the most common money laundering channels in the past 3 years:

| year | bank | postal service for money transfer | credit union | farmer’s & fishermen’s credit association | securities sector | others |
|------|------|-----------------------------------|--------------|---|-------------------|--------|
| 2005 | 871 | 287 | 6 | 2 | 2 | 0 |
| 2006 | 465 | 213 | 4 | 2 | 2 | 0 |
| 2007 | 24 | 2 | 1 | 1 | 0 | 3 |

Statistics of the most common money laundering methods in the past 3 years:

| year | dummy accounts | wire transfer to abroad | accounts of relatives | repayments of debts | others | total |
|------|----------------|-------------------------|-----------------------|---------------------|--------|-------|
| 2005 | 1,135 | 15 | 6 | 0 | 12 | 1,168 |
| 2006 | 674 | 3 | 5 | 0 | 4 | 686 |
| 2007 | 17 | 6 | 2 | 3 | 3 | 31 |

b) Association of types of ML or TF with particular predicate activities (eg terrorist organisations, terrorist training, corruption, drugs, fraud, smuggling, etc)

Statistics of being prosecuted money laundering offence types in past three years:

| year | general criminal offences | narcotic offences | corruption | economic offences |
|------|---------------------------|-------------------|------------|-------------------|
| 2005 | 83 | 2 | 7 | 1,081 |
| 2006 | 51 | 1 | 11 | 626 |
| 2007 | 7 | 1 | 4 | 19 |

c) Emerging trends; declining trends; continuing trends

The usually methods to launder money in Chinese Taipei include cash couriers, structuring, purchasing portable valuable commodities, wire transfers, alternative remittance systems, using offshore shell companies/corporations, using offshore banks and offshore businesses, using family members or third

parties, using foreign bank accounts and using false identification etc. The emerging trends of money laundering threads include utilizing new technological methods, cross border financial transactions and currency movement, and increasing of mule accounts. It has shown the new threads from the mentioned methods in many money laundering cases happened in recent years.

SECTION 4 – EFFECTS OF AML/CFT COUNTER-MEASURES

Recent results from legislative, regulatory or law enforcement counter-measures:

a) The impact of legislative or regulatory developments on detecting and/or preventing particular methods (eg tracing proceeds of crime, asset forfeiture etc)

The Financial Supervisory Commission has proposed the draft “Regulations Governing Cash Transactions Reports and Suspicious Transaction Reports by Financial Institutions” which will come into effect in the latter of this year for incorporating the “Regulations Regarding Article 7 of the Money Laundering Control Act” and “Regulations Regarding Article 8 of the Money Laundering Control Act”. The major regulatory developments in the said draft Regulations are as follows:

- The threshold for occasional cash transactions that triggers CDD obligation and cash transaction reporting is lowered from NT\$1 million to NT\$ 500 thousand (approximately US\$16,000) for pursuing the threshold specified in the FATF Recommendations (i.e. USD/€15,000) and with reference to the examples of other countries.
- Financial institutions are required to perform CDD and keep transaction records of large-value transactions even when they are exempted from cash transaction reporting.
- Financial institutions are required to file STRs of attempted transactions, to pay special attention to transactions from jurisdictions that do not or insufficiently apply the FATF recommendation instead of the NCCT listed jurisdictions stipulated in the existing Regulations, and to report a transaction that is suspicious, irrespective of the amount.

b) Cases developed directly from suspicious or unusual transaction reports

| Year | STRs disseminated | Cases developed directly from STRs |
|------|-------------------|------------------------------------|
| 2005 | 239 | 26 |
| 2006 | 578 | 61 |
| 2007 | 383 | 59 |

c) Overall statistics on:

- **Number of suspicious transaction reports received and disseminated;**

| year | reports category | reports received | reports disseminated |
|------|------------------|------------------|----------------------|
| 2005 | STR* | 1,034 | 239 |
| | CTR* | 1,028,834 | 114 |
| | ICTR* | 1,453 | 8 |
| 2006 | STR* | 1,281 | 578 |
| | CTR* | 1,065,879 | 92 |
| | ICTR* | 2,632 | 4 |
| 2007 | STR* | 1,741 | 383 |
| | CTR* | 1,190,753 | 73 |
| | ICTR* | 5,157 | 5 |

STR*: Suspicious Transaction Report

CTR*: Currency Transaction Report

ICTR*: International Currency Transportation Reports

- **Amount of seizures & confiscation related to ML and TF** **Unit: New Taiwan Dollar**

| year | 2005 | 2006 | 2007 | 2008(up to August) |
|---------------------------|---------------|----------------|----------------|--------------------|
| Amount of Laundered money | 7,709,658,074 | 25,778,707,743 | 69,103,390,744 | 1,768,035,025 |
| Amount of seizure | 213,253,506 | 20,919,094,183 | 102,604,672 | 6,140,000 |
| Amount of confiscation | 57,028,401 | 641,904,368 | 864,333,675 | 8,465,251,020 |

- **Number of AML/CFT supervisory inspections and statistics of sanctions**

Article 2 of the "The Provisional Organic Regulations of the Financial Examination Bureau of the Financial Supervisory Commission, Executive Yuan" authorizes the Financial Examination Bureau to carry out financial examinations on financial holding companies, banking enterprises, securities enterprises, futures enterprises, insurance enterprises, and their overseas branch units.

The FSC's AML/CFT examination of financial institutions includes examination on compliance with the Guidelines and the FSC can order correction when it discovers non-compliance.

Points 4 and 5 of the "Directions for the Examination of Financial Institutions by the Financial Supervisory Commission, Executive Yuan" (which were issued pursuant to authorization under Paragraph 2, Article 2 and Article 29 of the FSC Organic Act) empower the FSC, acting either on its own or in consultation with other institutions, to appoint personnel to carry out on-site financial examinations. And there are two types of financial examinations:

1. Routine examinations: Risk-oriented examinations focusing primarily on the examinee's financial, operational, and overall business status.
2. Targeted examinations: Examinations focus on particular aspects of the examinee's business.

The Financial Examination Bureau conducted financial examination as follows in the past two years:

Routine examinations:

| year | financial holdings | banking sector | securities sector | insurance sector | others | total |
|------------|--------------------|----------------|-------------------|------------------|--------|-------|
| 2007 | 9 | 116 | 38 | 33 | 40 | 236 |
| 2008 (1-6) | 2 | 66 | 25 | 13 | 83 | 189 |

Targeted examinations: the bureau conducted 633 targeted examinations in 2007 and 263 targeted examinations in 2008 up to the end of June.

The CBC takes operational audit for the Foreign Exchange Bureaus very seriously and has already conducted intensive examination 5 times to the industry since August 2007 for enhancing the effectiveness on AML/CFT of the industry.

From January 2007 to April 2008, the FSC has imposed fines on 2 banks and 1 post office for violating Article 7 of the MLCA.

- **Statistics related to international cooperation – MLA, extradition, FIU info etc.**

| year | Mutual Legal Assistance | Extradition | FIU information exchange |
|------------|-------------------------|-------------|--------------------------|
| 2007 | 28 | 0 | 86 |
| 2008 (1-9) | 19 | 0 | 69 |

SECTION 5 – INTERNATIONAL COOPERATION & INFORMATION SHARING

Please provide information /case studies /reports of AML/CFT typologies-related international cooperation or information sharing:

a) Cooperation between jurisdictions

In 2007, the MLPC has respectively signed AML/CFT MOUs with Bermuda and Cook Islands, AML/CFT agreements with Solomon Islands and Saint Kitts & Nevis. In the first half year of 2008, the MLPC has respectively signed AML/CFT MOU with United States and Aruba.

b) Information exchanged between jurisdictions

The MLPC exchanged 86 pieces of information on AML/CFT in 2007 and 69 pieces up to September of 2008.

c) Impediments or difficulties with information sharing / international cooperation

Some countries need MOU or other instrument as precondition to exchange information with foreign counterparts and Chinese Taipei faces impediments to sign MOU or other instrument with those countries. It really jeopardizes the effectiveness of information sharing with international counterparts on AML/CFT.

Looking forward, the MLPC will continue similar initiatives to enter Cooperative Agreements or Memorandum of Understanding concerning the exchange of information related to AML/CFT with other FIUs.

附件二

參加2008年亞太防制洗錢組織洗錢態樣工作研討會提報之「透過賭博團洗錢及恐怖分子資金之調查」(ML/FT investigations involving movement of monies through casino "junket")

Casino Junket case studies



Presented by Mike C.J. Lan
Money Laundering Prevention Center (FIU of Taiwan)

Cross border foreign currency movement declaration system in Chinese Taipei

- ◆ **According to the regulation of the Money Laundering Control Act, the anti-money laundering law in CT:**
 1. Passengers cross the border with the carrier and carry the following items shall make declarations to the customs. The customs shall report subsequently to the Money Laundering Prevention Center, FIU of Chinese Taipei:
 - **Cash of foreign currency with total amount exceeding a certain amount.**
 - **Negotiable securities with face value exceeding a certain amount.**
 2. The threshold of declaration is USD\$10,000 in equivalence.

Cross border foreign currency movement declaration system in Chinese Taipei

3. Foreign currencies carried but failed to declare shall be confiscated. In the event of untruthful declaration with regard to the amount of foreign currency carried, the amount exceeding the number declared shall be confiscated;
4. Failure to make declaration with regard to the amount of negotiable securities carried according to paragraph 1 or in the event of untruthful declaration, a fine in the amount equivalent to the amount not declared or not truthfully declared shall be imposed.



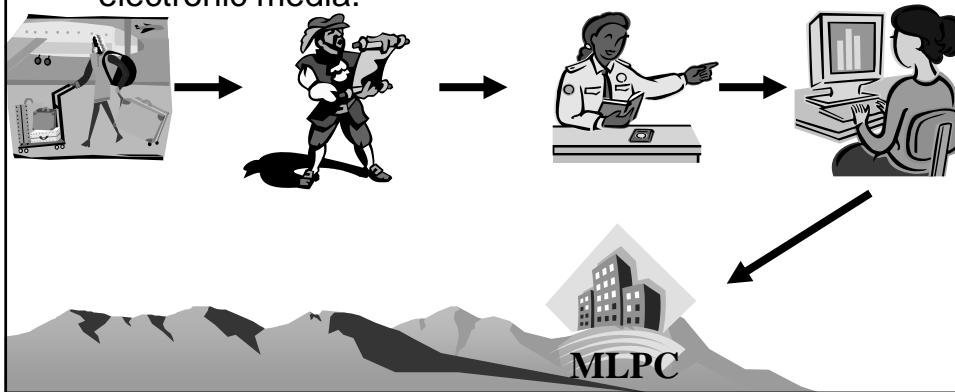
Statistics of cross border foreign currency movement declaration reports

| year | reports received | reports disseminated |
|------|------------------|----------------------|
| 2005 | 1,453 | 8 |
| 2006 | 2,632 | 4 |
| 2007 | 5,157 | 5 |



How to process the cross border foreign currency movement declaration reports

- At first, after receiving declaration reports from passengers, the customs service shall forward the declaration reports to the MLPC every ten days by electronic media.



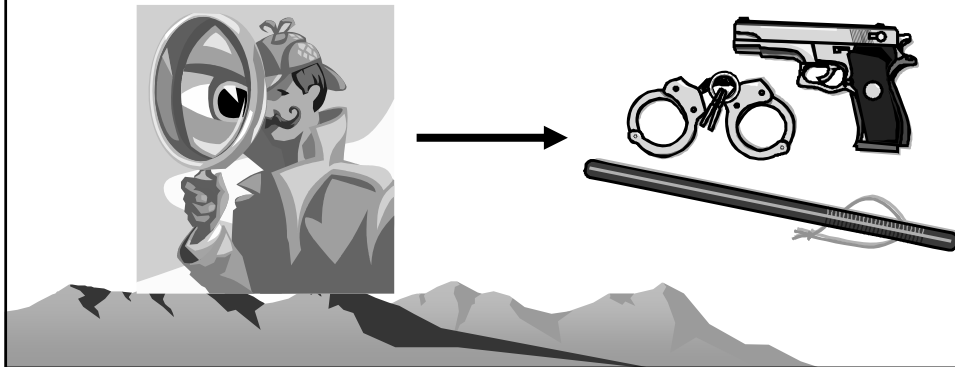
How to process the cross border foreign currency movement declaration reports

- Secondly, when the declaration reports received by the MLPC, the data will be merged into the computer database. Then the computer alert system will automatically filter the suspicious activities behind the reports.



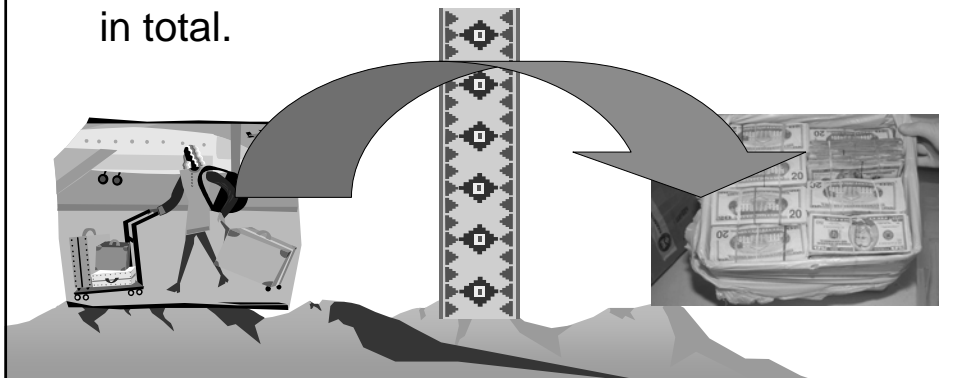
How to process the cross border foreign currency movement declaration reports

- Thirdly, the selected cases shall be assigned to the MLPC analysts for further analysis. If any suspicious criminal activity being found, it will be disseminated to law enforcement agency for further investigation.




Casino Junket case study 1


- From the computer database, the MLPC found Mr. A repeatedly carried significant amount of foreign currency cross border, 5 times in 1 month and almost 1 million USD in total.



Casino Junket case study 1

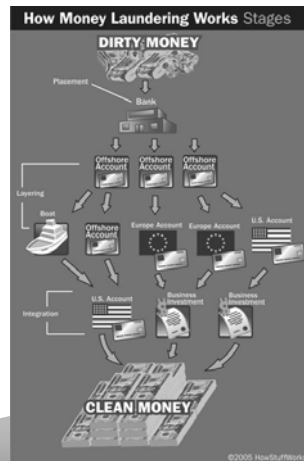
- The analysts of MLPC also found from other information:
 - Mr. A was a police officer who had been suspended payment of salary but retain the position.
 - Mr. A had two very close girl friends Ms. B and Ms. C also engaged in the same activities.
 - Ms. B was a cosmetologist and Ms. C was a pharmacist.
 - Their activities obviously did not match with personal backgrounds.
 - Ms. C intentionally concealed her domestic residence address on the declaration reports.
- 

Casino Junket case study 1

- The analysts of MLPC began to trace the subjects' domestic financial activities and found:
 - The CTR database in the MLPC revealed they had a large number of significant currency transactions at home country.
 - Their income obviously did not match the foreign currency cross border movement and domestic financial activities.
 - The border entry/exit records and manifest of flights revealed they had a group to engage in the same activities.
 - They always carried foreign currency to some neighbor countries where have casinos and almost carried the same amount of foreign currency to come back Chinese Taipei about two or three days later.
 - One of the neighbor countries is adjacent to an another country which is rampant of faking greenback.
- 

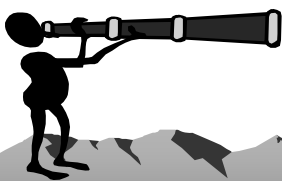
Casino Junket case study 1

- The analysts of MLPC strongly suspect the unusual activities may involve in the criminal activities as follows:
 - Underground banking system
 - Counterfeiting greenback
 - Drug trafficking
 - Casino gambling
 - Money laundering



Casino Junket case study 1

- Based on the above suspicion, the MLPC decided to:
 - Cooperate with customs service to take strict inspection to the subject's luggage and notice if the carried foreign currency notes were fake.
 - Cooperate with law enforcement agency to take physical surveillance to Ms. C who carried foreign currency cross border the most frequent.
 - Continue tracing the sources and destinations of the funds.



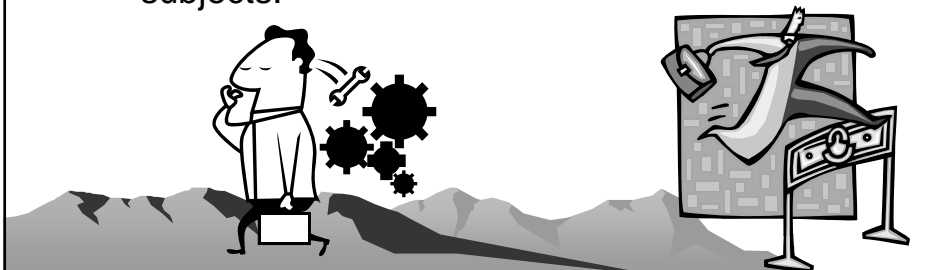
Casino Junket case study 1

- Findings from luggage inspection and surveillance:
 - The foreign currency notes they carried were genuine.
 - Mr. A and Ms. C lived at same building and they always organize a group of people to go abroad together and came back with them by taking the same flight, but the indoor activities could not be monitored because the physical surveillance could only be taken in public place.
 - The members of the group continued to carry significant foreign currency to cross border.



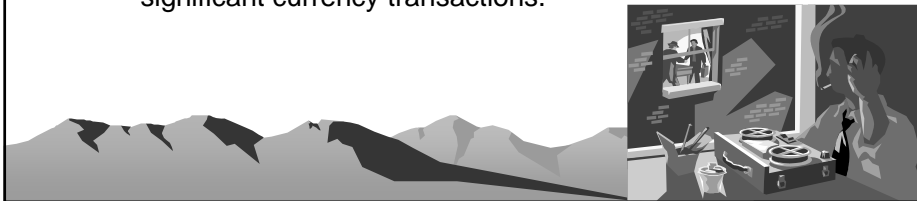
Casino Junket case study 1

- Bottlenecks of the investigation:
 - According to the findings mentioned above, It was very hard to connect the suspicious activities to any criminal activity. The MLPC and law enforcement agency decided to apply the permission from court for wire taping the subjects.



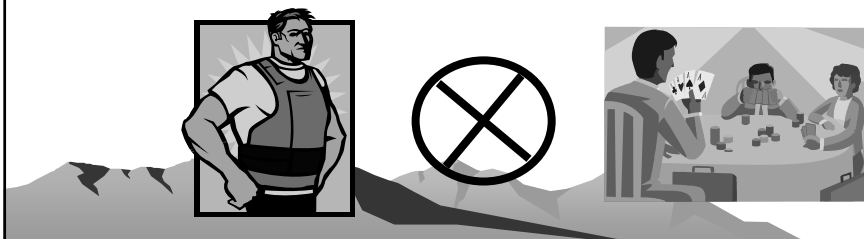
Casino Junket case study 1

- Findings from wire taping:
 - The group members were habitual gamblers and also engaged in introducing customers to casinos as part time job to earn commission.
 - For recruiting new customers to participate in the casino junket, the group members even published an extraordinary book for gambling and computer software for customers to learn gambling techniques.
 - The foreign currency USD they held was stored in a bank's safe that the reason why their banking accounts did not have significant currency transactions.



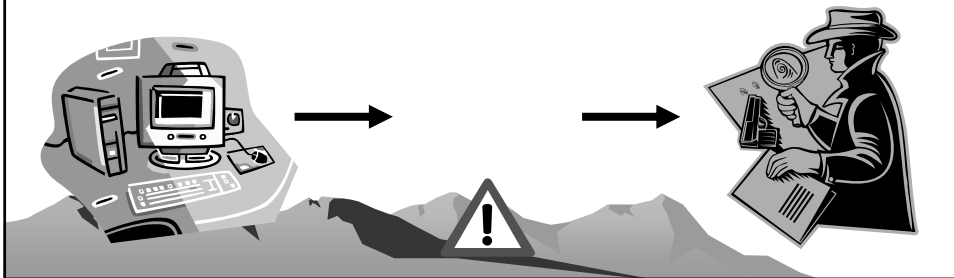
Casino Junket case study 1

- Consequences of the casino junket case:
 - Although Gambling is illegal in Chinese Taipei – no casino permitted to operate legally, the criminal activities venues were beyond the legal jurisdiction of Chinese Taipei.
 - Mr. A was a police officer. Even though his behaviors did not violate criminal law in this case but his professional ethics had problem, he was suspected of violating the Service Law of Public Servants. Then, this case was forwarded to the national police administration for further punishment to Mr. A.



Casino Junket case study 2

- The cross border foreign currency movement declaration alert system in MLPC computer database triggered red flag to reveal Mr. A carried USD\$ 500,000 and HKD\$ 500,000 currency to cross border outbound at one time.



Casino Junket case study 2

- The analysts of MLPC also found from other information:
 - Mr. A had many criminal records including purchasing of stolen goods, violating the law of negotiable instrument, gambling and forgery of public documents etc.
 - Mr. A had a son Mr. B who also carried USD\$ 100,000 currency to cross border outbound at the same time by taking the same flight with Mr. A.
 - Mr. A ever exchanged foreign currency at Bank X from local dollars to USD\$ 500,000 according to the Central Bank foreign exchange transaction records.
 - Mr. A usually entered and exited a fixed neighbor country.

Casino Junket case study 2

- The analysts of the MLPC requested Bank X to provide a copy of the foreign exchange transaction documents and found:
 - The fund was for the security deposit and rent for renting a casino VIP room in a neighbor country.
 - Mr. A rent the VIP room at the casino for luring players to gamble there.
 - Mr. A banking account frequently had large amount of remittances inward.

Casino Junket case study 2

- The analysts determined Mr. A was a broker to bring nationals travelling to the neighbor country for gambling and the activities did not violate any law in Chinese Taipei.
- It is vulnerable and easy to be used as a money laundering and terrorist financing channel.
- The MLPC decided to disseminate this case to police for keeping an eye on the casino junket for crime prevention.



This is the casino VIP room



Vulnerabilities of the casino junket on AML/CFT

- An easy channel to launder money and finance terrorists
- Using legal behaviors to cover illegal activities
- Lack of international cooperation mechanism and experiences on this field
- Beyond the jurisdiction boundary of law enforcement



Prevention of casino junket to launder money/finance terrorists

- **Enhancing supervisory mechanism and establishing CTR and STR system to casino**
- **Detecting casino junket activities from cross border currency movement declaration system**
- **Exchanging related information between FIUs of different countries**
- **Coordinating domestic authorities to work together for preventing the usage of casino junket to launder money**



The End
Thanks for your attention



附件三

參加2008年亞太防制洗錢組織洗錢態樣工作研討
會提報之「沿著金錢軌跡追查洗錢與前置犯罪」
(follow the money – ML and predicate crime)

Follow the Money – case study of ML and predicate offences



Presented by Mike C.J. Lan
Money Laundering Prevention Center (FIU of Taiwan)

Underground remittance system and money Laundering

- Preface
 - Remittance business is an exclusive and licensed business for banking institutions
 - Existence of underground remittance system
 - Facilitating ML for criminals
 - Disturbing the order of financial market
 - Reasons for favoring URS
 - Anonymity, low remittance cost, convenience, avoid attention from government agencies, political reason etc.

EEC Elite Express

17 years of service

Laging Maasahan

Branches:

ChungShan, Taipei Train Station, Wuku, Tuzheng, HsinChuang, Linkou, Taoyuan, Chungli, HsinChu City, Hukou, OSD, Hukou, Ilan, Tainzi, Taichung City, ChaYi, Tainan, Nantzu, GangShan, Indo Taoyuan, Indo Chungli, Indo Hsinchu, Indo Taichung, Indo Tainan

Hotline:

0800-075725

(02) 2595-8686

Remittance

- * Door to Door
- * Bank to Bank
- * Cash Pick-Up Centers
- * Elite Cash Card
- * SSS Payments
- * Loyola Plans Payments



Grocery

- * Philippine Goods
- * Indonesian Goods
- * Thailand Goods
- * Vietnam Goods
- * PhoneCards



Cargo

- FREE**
- * EEC Packaging Tape
 - * Pick-Up & Delivery

PLUS

- * Cargo Insurance
- * Accepts Odd Size Cargoes
- * Offers Proof of Delivery Receipt



Other Services:

Plane Ticket, Globe & Smart E-Load, ABS-CBN Now Subscription, Gaming Reload



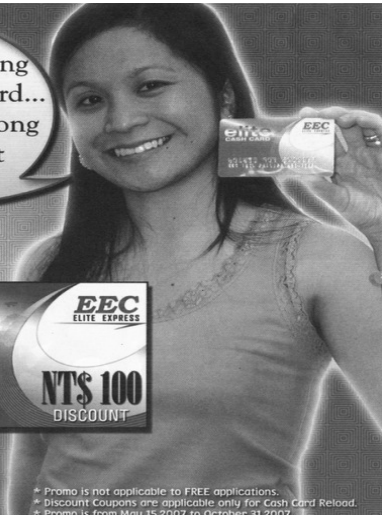
elite CASH CARD INSTANT CASH

WORRY FREE

- FULLY SECURED
- NO ACCOUNT OPENING
- NO MAINTAINING BALANCE
- SMS TEXT ENABLED
- DEBIT CARD
- PRE-PINNED
- NO ANNUAL FEE



Sa bawat apply ng Elite Cash Card... may libre kayong 2 Discount Coupons.



EEC ELITE EXPRESS

FOR ASSISTANCE: 0800-075-725 / 02-2595-8686

* Promo is not applicable to FREE applications.
* Discount Coupons are applicable only for Cash Card Reload.
* Promo is from May 15, 2007 to October 31, 2007.



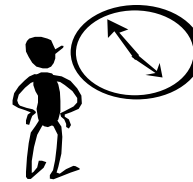
Financial Investigation techniques

- **Financial Transactions Document Checks**



Financial Transactions Document Check

- Basic work of financial investigation
- Time consuming and boring work
- Needs expertise of accounting and economy
- Team work can increase efficiency
- Using computer software to facilitate the analyzing work



Financial Investigation techniques

- Debrief Informants/witness



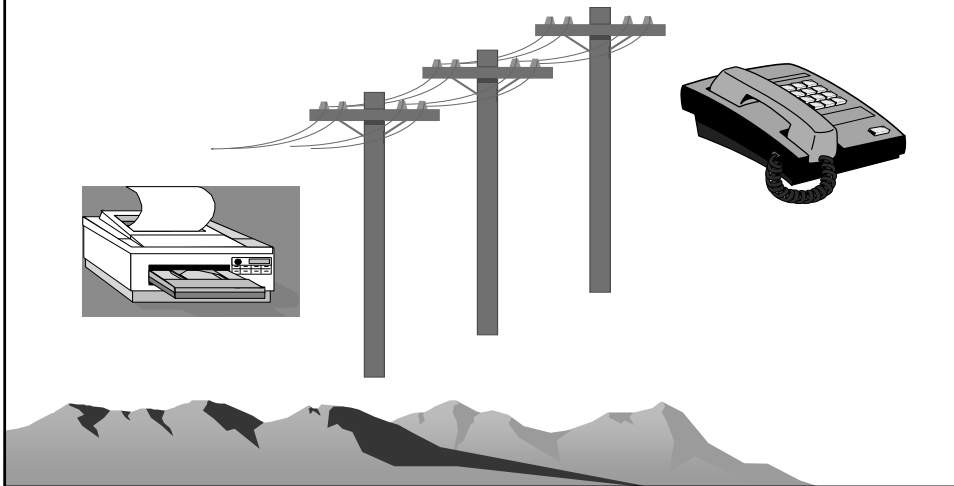
Financial Investigation techniques

- Physical Surveillance



Financial Investigation techniques

- Electronic Surveillance



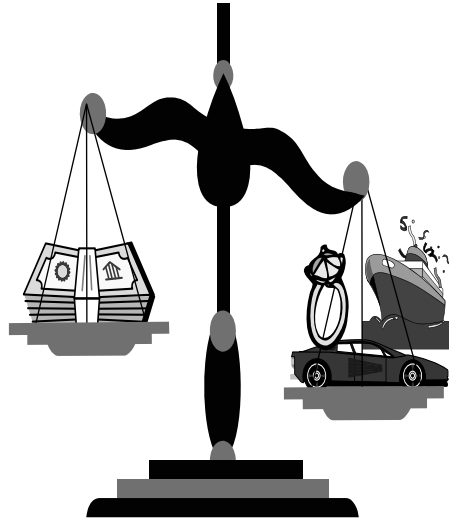
Financial Investigation techniques

- Financial experts participation



ASSETS NET WORTH ANALYSIS

- Demonstrating the suspect's assets is inconsistent with the income to prove the existence of possible criminal activities.



How to Overcome Nominee Ownership

- ✓ To interview the nominee
- ✓ To conduct financial investigation to the nominee
- ✓ To use surveillance
- ✓ To interview the seller
- ✓ To debrief informant
- ✓ To check telephone and utility records

Benefits of financial investigations

- To strengthen the evidence of criminal case
- To keep criminals out of crime business
- To deprive money from the criminals



Conclusion

Criminal
Investigation

+

Financial
Investigation

=

Successful
Prosecution



The End
Thanks for your attention



附件四

「防制洗錢金融行動工作組織與亞太防制洗錢組織對於賭場行業面對洗錢威脅之專案研究」成果及主要發現 (Money Laundering and Terrorist Financing Vulnerabilities and Indicators in the Casino and Gaming Sectors)

DRAFT

Financial Action Task Force

Asia/Pacific Group on Money Laundering



Money Laundering
and Terrorist Financing
Vulnerabilities and Indicators
in the Casino and Gaming Sectors

Joint APG/FATF Project

Led by Rachael Horton, New Zealand
Department of Internal Affairs

October 2008

DRAFT

Table of Contents

Introduction..... 3

Chapter 1: Casino Sector..... 6

Chapter 2: Money Laundering Methodologies and Indicators..... 16

Chapter 3 – Sector Vulnerabilities and Emerging Issues..... 35

Chapter 4 - Policy Implications..... 45

Conclusion..... 49

Bibliography..... 50

Acronyms and Abbreviations..... 51

Appendix 1..... 52

Introduction

1. The APG and FATF have undertaken a joint study of vulnerabilities in the gaming and casinos sector. The project is led by New Zealand, with Ms Rachael Horton of NZ Department of Internal Affairs leading the work, including the drafting of this report. The work arose due to mutual evaluations and earlier typologies work, which noted a range of ML/FT risk factors related to gaming and casinos.
2. The project has examined and illustrated areas of vulnerabilities in the gaming and casino sectors with an emphasis on legal sectors that have a physical presence. The project has sought to identify sector-specific money laundering or terrorist financing indicators; and to highlight possible policy implications for effective implementation of the FATF standards to cover casinos and gaming.

Scope of Research

3. Typologies produced by the FATF and APG over the last 10 years have consistently identified a money laundering risk from casinos and gaming. The casino and gaming sector, which is characterised by diverse types of gambling activity, size and rate of development, as well as public and private sector ownership models.
4. Within the sector, the FATF recognised that casinos represent the greatest risk for money laundering activities and this was reflected in the revision of the FATF 40 Recommendations 2003, with obligations on casinos being significantly enhanced in relation to Customer Due Diligence (CDD), record keeping, reporting of suspicion, and comprehensive regulation and supervision.
5. Casinos are the only form of gaming or gambling explicitly covered by the FATF standards, however the FATF standards do not define casinos or gaming, nor do they set out the activities undertaken by casinos. It is left to each jurisdiction to determine the forms of gaming included in its coverage of "casinos".

Magnitude of casino sector globally

6. Statistics from 2007 show that over 150 countries participate in some kind of legal gambling, 100 of those countries have legalised casino and card room gambling. Over 100 countries offer some kind of lottery product and over 60 countries participate in the race and sports betting industry.¹
7. Casinos generate enormous revenue streams for providers and for government through taxation and licensing fees. The size of the global casino business was estimated at over \$70 billion in revenue in 2006. Casinos in North America (US and Canada) account for almost half of that figure. Macao China, the fastest growing casino jurisdiction, recorded more than USD\$10 billion in gaming revenue in 2007. In addition there is a proliferation of Internet gambling sites, with global revenues estimated around USD15 billion,² plus a significant amount of illegal gambling occurring around the world, which is largely unmeasured.
8. The nature and expanding scope of the casino sector presents a number of challenges for AML/CFT implementation. In particular:

¹ "Overview of Gaming Worldwide", *Casino City, Global Gaming Almanac*, 2007, <http://www.casinocitypress.com/GamingAlmanac/globalgamingalmanac>.

² "eGaming Data Report: Global Internet Gambling Revenue Estimates and Projections", *Christensen Capital Advisors 2005*, <http://www.cca-i.com>.

- Casinos are cash intensive businesses, operating 24hrs per day, with high volumes of large cash transactions taking place very quickly.
 - Casinos offer many financial services (accounts, remittance, foreign exchange, cash issuing etc), but are typically regulated as 'entertainment' venues, rather than financial institutions.
 - In some jurisdictions casinos are poorly regulated or unregulated for AML/CFT.
 - A number of jurisdictions with well regulated casino sectors continue to identify significant levels of money laundering.
 - Many casinos are located in geographic areas characterised by poor governance, political instability or bordering regions with significant crime or terrorist problems.
 - The movement of funds associated with gaming-related tourism is poorly understood and may pose particular money laundering risks, e.g. international movement of funds for casino 'junket' operations³.
 - In some jurisdictions casino staff turnover is high, sometimes due to seasonal factors, which can lead to weaknesses in staff training and AML/CFT competencies.
9. A significant number of countries have recently established, expanded, or are considering expanding their gaming and casino sectors.
10. In response to these issues the FATF and APG began a project to consider money laundering and terrorist financing vulnerabilities in the Casino and Gaming sector.
11. This paper examines ML and TF vulnerabilities with legally operating casinos. The paper does not consider issues related to online gaming, but rather is concerned with casinos that have a physical presence. The aim of the project is to share information on the casino sector for the following purposes:
- assist jurisdictions to understand money laundering and terrorist financing methods
 - increase understanding in the casino sector of money laundering and terrorist financing vulnerabilities
 - assist law enforcement and gatekeepers in the industry to detect and deter forms of money laundering
 - strengthen capacity and international information exchange
 - provide evidential basis to justify domestic implementation
12. The following chapters will:
- Examine the scope and nature of regional casino sectors;
 - Identify and examine money laundering methodologies from known cases;
 - Identify related indicators to support operational and policy objectives;
 - Examine sector vulnerabilities and emerging issues;
 - Highlight possible policy implications for effective implementation of the revised FATF 40 + 9 recommendations to cover casino operations.
13. Unless otherwise referenced, all data contained in this report is sourced from jurisdictional reports and research questionnaires submitted to APG and FATF in 2007 and 2008.

Project scope / methodology

³ The term Junket has its origins in Chinese where Jin literally means introducing and Ke means customers. It is a method of casino marketing developed in the late 1930s for introducing customers to the expanding Macao, China gaming industry. Over time this method has been adopted elsewhere and the term has gradually evolved to be known as Junkets.

14. The 2007 FATF/APG Typologies Meeting included a workshop on casinos and gaming. The workshop was very well supported by members of the FATF, APG and other FSRBs. The following jurisdictions were involved in the 2 day breakout session which considered issues in depth: Australia; Austria; Belgium; Canada; Ireland; Japan; Netherlands; New Zealand; Spain; United States; China; Hong Kong, China; India; South Africa; OECD; Cambodia; Macao, China; Malaysia; Papua New Guinea; Philippines; Thailand; and Vietnam.
15. Following on from the workshop in Bangkok, the FATF and APG distributed a short survey to FATF and FSRB members. The survey results were in addition to materials provided by APG member jurisdictions. The following jurisdictions provided a response to the survey:
- | | | |
|---------|----------|----------------|
| Austria | Latvia | Spain |
| Belgium | Malta | Sweden |
| Brazil | Mexico | Ukraine |
| Finland | Poland | United Kingdom |
| Germany | Romania | |
| Iceland | Slovenia | |
16. This project would like to acknowledge the particular input of New Zealand (Department of Internal Affairs), Australia (NSW Casino Control Authority and Austrac), Canada (RCMP), Macao, China (Gaming Inspection & Coordination Bureau and Office of Financial Intelligence); Hong Kong, China; Belgium; Austria, Spain, Vietnam, US and OECD.

Chapter 1: Casino Sector

17. There is very wide range of legal gaming / gambling across the globe. This includes various games of chance and gambling forms ranging from casino and card room gaming, lotteries, online gaming, race and sports wagering and charitable gaming, such as raffles, bingo and other low technology games. Legalised gambling has become more prevalent over the last 25 years as more jurisdictions take advantage of the revenue sources from the taxation and regulated gambling industries. Over this time many governments have allowed for the expansion of legal gambling, including casinos, or introduced regulatory regimes over existing gambling.
18. Based on information generated by the gaming sector, it is estimated that over 150 countries participate in some form of legal gambling and 100 of those countries participate in legalised casino and card room gambling. The broad AML/CFT network of FATF and FATF-style regional bodies includes over 180 jurisdictions globally. At least 77 of these 180+ jurisdictions have been identified from the responses to research questionnaires and other requests for information, as having legally operating casino sectors.
19. **Appendix 1** provides summary tables of each the casino sectors operating in each region.
20. The casino market is in a major growth phase in most regions. At least three jurisdictions (Albania, Singapore and Papua New Guinea) have newly passed legislation and a greater number have recently expanded their casino sectors (South Korea; Macao, China; Chile). At least five jurisdictions have been identified as taking active steps towards legalising or giving consideration to legalising casinos (see section Emerging Markets).
21. A number of jurisdictions report significant problems from illegal gaming. Illegal gaming is largely beyond the focus of this study. It is recognised that illegal gaming is a factor in governments considering regulated gambling. A number of jurisdictions have casinos operating outside of legal frameworks. These include Sri Lanka (not clearly legal) and Myanmar.
22. A number of countries, recognising the social harms associated with gambling, have recently moved to restrict gambling growth in an effort to curb rising social costs (UK in relation to its 'super' casino and Russia through its four designated gaming zones).
23. There are a significant number of jurisdictions where gambling is illegal for religious and other reasons. In a number of these jurisdictions proponents are making a case for legal and regulated gambling to be introduced.

Africa

24. Sector studies view Africa as a significant growth region for casinos. This is the case in both the major casino market in South Africa and in smaller developing markets in other African jurisdictions. A number of casino jurisdictions in Africa do not regulate the sector for AML/CFT and a greater number appear to be poorly regulated. A number of jurisdictions have sought to restrict casinos only to foreigners.
25. Based on information from FSRBs, commercial databases and commercial studies casinos are known to be legally operating in Egypt (25), Lebanon (1), Morocco (8+) and Tunisia (4) (MENAFATF members).

26. Casinos operate in Cameroon (3), Central African Republic (2) Gambia, Liberia (1), Mali (1) and Senegal (4) (all GIABA countries). Casinos operate in Botswana (11), Comoros (3), Ghana (3), Kenya (15+), Malawi (1+), Mauritius (7+), Mozambique (3), Namibia (3), Seychelles (3), Swaziland (5+), Tanzania (7+), Uganda (3), and Zimbabwe (6) (ESAAMLG region).
27. South Africa is the only FATF member of this region and has over 40 legal casinos operating, making it by far the biggest casino sector in Africa. Casinos in South Africa are covered by AML/CFT controls There are a number of cases reported in the press of criminals attempting to launder proceeds of crime through one or a number of South Africa's casinos.

Middle East

28. Online commercial directories⁴ list casinos operating in Iraq and Lebanon (1), both jurisdictions members of MENAFATF, but the nature and extent of casino gambling in these countries is unknown. Israel operates licensed cruise-ship casinos as well as land-based casinos.

Asia/Pacific

29. The Asia/Pacific region has the world's fastest growing economies, the world's strongest growth in tourism, and a vast array of cultures, languages, religions, political structures and consumer preferences. The region is also characterised by significant differences in wealth distribution ranging from well developed economies with strong governance and AML/CFT controls to some geographic areas characterised by poor governance, political instability or bordering regions with significant crime or terrorist problems. Some legal casino sectors are located in jurisdictions that have predominant cash-based economies and weak regulatory controls and/or no controls for AML/CFT. These factors present a significant challenge for governments and regional bodies committed to ensuring effective AML/CFT controls.
30. Within Asia there are legal casino sectors in: Korea (17); Lao PDR; Macao, China, China (29); Malaysia (1); Nepal (6); Philippines (14); and Vietnam (2). Sri Lanka has nine large casinos which are not regulated and are not subject to AML/CFT controls, but pay a levy to the government to operate pursuant to the Betting and Gaming Levy Act.
31. There is a mix of state and private ownership and some jurisdictions, such as Cambodia (21), Korea, Nepal and Vietnam restrict citizen access to casinos, only permitting tourists to enter the casinos and gamble. Casinos in India are only permitted in one state.
32. All of the sectors are regulated and subject to AML/CFT controls, except for India, Nepal and the Philippines. Casinos in India are only permitted in one state under that state's authority and are not subject to AML controls as yet. Press reports from late 2005 noted that draft bill has been prepared to regulate casinos in Nepal but this has not been enacted. Casinos in the Philippines are regulated, but there is no competent authority for AML/CFT matters, although the Philippine Amusement and Gaming Corporation (PAGCOR) have voluntarily agreed to submit suspicious transaction reports (STRs) to the Anti Money Laundering Council.
33. Hong Kong, China does not have a legal casino sector; many residents favouring travel to Macao, China due to its proximity and ease of access. Although the operation of casinos is illegal within the jurisdiction, Hong Kong, China is the home port for several

⁴ Casino City.

cruise ships offering cruises into international waters principally to provide casino operations (see Chapter 3 for more information on 'high seas gambling').

34. Singapore is due to open its first casinos in 2009. Jurisdictions considering legalising casino gambling include Indonesia, Japan, Palau, Chinese Taipei, Thailand and Timor Leste (see box 2 below).
35. Casinos are illegal in Bangladesh, Brunei Darussalam, China, Chinese Taipei, Myanmar, Indonesia, Mongolia, Myanmar, and Pakistan.

Box 3

A Closer Look at Macao, China

Macao, China is a Special Administrative Region of China. Macao, China's population is just 0.4 million. The majority of the economy is linked to the casino industry, which now outstrips Las Vegas with casino revenue. Total tax collected in 2005 made up approximately 70% of government total revenue. Macao, China holds the monopoly over casino-style gaming in the region with 29 casinos in operation.⁵ There are approximately 30,000 tourists to Macao, China per day, over half are from mainland China, the remaining predominantly from Hong Kong, Chinese Taipei and South East Asia. In 2002 Macao, China ended the gaming monopoly which had been dominated by Mr Stanley Ho's *Sociedade de Turismo e Diversões de Macao, China* (STDM) for 40 years. It liberalised the gaming industry by granting three casino gaming concessionaires and 3 sub-concessionaires.

The competent authorities responsible for the regulation of the casino sector are the Gaming Inspection and Coordination Bureau (DICJ) and the Judiciary Police. Criminal investigation of money laundering activities is undertaken by the Judiciary Police, whilst the preventative measures against money laundering are the responsibility of the DICJ.

Macao, China has introduced a registration system to regulate junket operators and VIP rooms, although there are challenges to information sharing between competent authorities.

36. Online directories list seven jurisdictions with legal casino sectors in the Pacific. These include Australia (13), New Caledonia, New Zealand (6), Northern Mariana Islands, Réunion, Solomon Islands, and Vanuatu (1). Papua New Guinea passed legislation in 2007 for 23 land-based and online casinos and Palau and Timor Leste are considering legalising casinos. All of the jurisdictions with casino sectors or considering legalising casinos are APG members, except for Timor Leste, New Caledonia, Northern Mariana Islands, and, Réunion. Casinos are not operating in Niue, the Cook Islands, Fiji, Tonga or Samoa.
37. Cruise ships operating in the Pacific include offshore gaming, but do not operate while in harbour on Pacific islands. Pacific jurisdictions do not have a clear understanding of the operation and regulation of these gaming cruise ships.
38. Australia is the largest casino sector in this region with 13 legally operated casinos, the first opening in Tasmania in 1973, and each state and territory having a least one. The casinos vary in size from 18 tables and 250 gaming machines to 350 tables and 2500 gaming machines. Total gaming revenues from Australian casinos was recorded as AUD2.8 billion in 2005/06.⁶ Gaming revenue, the largest component of casino revenue, has experienced a 4.1% cumulative annual growth and average annual growth rate since 2002/03. Each state and territory has its own regulatory and licensing control over casinos, which includes investigation and enforcement. In addition, all casinos are classified as "cash dealers" under law and supervised by the FIU (AUSTRAC) for compliance to AML/CFT laws. Casinos are commercially owned and operated in

⁵ As at September 2007, reported by The Gaming Inspection and Coordination Bureau.

⁶ "Australian Casino Economic Report 2005/06", July 2007, *Australian Casino Association*, <http://www.auscasinos.com/documents/publicationsSubmissions/ACAFinalReport200506v3.pdf>

Australia and open to both citizens and tourists.

39. New Zealand has six legally operated casinos, the first opening in 1994. Gambling revenue in casinos was reported at NZ469 million in 2007.⁷ They are all commercially owned and operated and open to both citizens and tourists. New Zealand, however, does not have AML/CFT supervision of casinos, but has draft legislation underway to rectify this. Current laws provide financial reporting responsibilities to the FIU. General casino supervision is the responsibility of the Department of Internal Affairs, but casino licensing is the responsibility of a separate Gambling Commission. In 1997 the New Zealand Government passed a moratorium on new casinos, capping the number of legal casinos allowed to operate at six.

Central Asia

40. The Eurasian Group (EAG) report casinos operating in Kazakhstan and Kyrgyzstan (18). In Kazakhstan laws passed in April 2007 limit casinos to two provincial cities – Kapchagai and Shchuchinsk, but it is unknown if any regulation of AML controls are in place. The 18 casinos reported in Kyrgyzstan are regulated, including for AML/CFT, however a recent ME noted the casinos are showing some resistance to these laws.
41. Tajikistan, Turkmenistan, and Uzbekistan report no casinos operating, although it is uncertain if this is because of legal restrictions or market limitations.

Europe

42. Europe has long-established casino and gaming sectors and has experienced large-scale growth in recent years. Within Europe European Union (EU) members have responsibility to implement AML/CFT measures on casinos following the relevant EU directives. There are 39 jurisdictions in the Europe with reported legal casino sectors in operation. These include: Austria (12), Belgium (9), Corsica (1), Cyprus (20+), Czech Republic (158), Denmark (6), France (160), Finland (1+), Georgia (2), Germany (62), Greece (9), Hungary (6), Italy (4), Latvia (14), Luxembourg (1), Malta (4), Poland (27), Portugal, Romania, Russia (348), Slovakia (4), Slovenia (14), Spain (39), Sweden (4), Switzerland (19), and the United Kingdom (165 licensed 140 operating). See Annex A for full details.
43. Casino ownership across Europe varies between state and private ownership, but some jurisdictions, such as Germany, Slovenia and Sweden have a mix of both. There is no citizenship prohibition reported. Most casino sectors are regulated and all are subject to AML/CFT controls. Casino jurisdictions rely less on junket or casino tourism operations and very few European jurisdiction reports identify commercial arrangements between casinos and junket promoters to support casino tourism.
44. In most European countries there exists alongside traditional casinos a much less formal, low stakes gaming machine market. These machines can be found in many places, including sports betting shops and poker clubs.⁸ With regards to the size of each sector, Russia has the largest sector with 348 operating casinos. After 1 July 2009, all gaming in Russia will be prohibited except within four newly created special gaming zones in Kaliningrad, Rostov-na-Donu, Altai and Primorie Krai (Vladivostok) France, the Czech Republic, and the United Kingdom follow closely with 160, 158 and 140 respectively. Some jurisdictions provided figures to illustrate the size of their casino sector and are listed in Table 1 below:

⁷ Department of Internal Affairs. *Gambling Expenditure Statistics 1983 – 2007*, [http://www.dia.govt.nz/Pubforms.nsf/URL/Expendstats07.pdf/\\$file/Expendstats07.pdf](http://www.dia.govt.nz/Pubforms.nsf/URL/Expendstats07.pdf/$file/Expendstats07.pdf)

⁸ Rich Geller. "Saturation or Malaise?" *Global Gaming Business*, June 2008, p. 40.

Table 1

| Jurisdiction | Casinos | Year | Revenue/Turnover | Other statistics |
|--------------|---------|------|--------------------------|--|
| Austria | 12 | 2007 | EUR193.5 million revenue | 2,44 million visitors |
| Finland | 1 | 2007 | EUR30.9 million turnover | |
| Germany | 62 | 2005 | EUR9.94 million revenue | <ul style="list-style-type: none"> • 5000 staff employed. • 7.7 million visitors • 7000 slot machines account for 75% of gross earnings |
| Malta | 3 | | | <ul style="list-style-type: none"> • Largest tax revenue generator • employment of over 600 people |
| Spain | 39 | 2006 | | 3,364,006 million visitors in 2006 |

45. Online directories also list casinos operating in FATF jurisdictions of Moldova, and the Netherlands, but the nature and extent of casino gambling in these countries is unknown.
46. Ireland has a number of private gaming clubs operating casino-like facilities that create an AML/CFT risk, but which fall outside the scope of their AML laws. Casinos are reported to be illegal in Iceland, Norway and Turkey.

South America

47. Many Central and South American jurisdictions have well established gaming sectors (lotteries, sports betting, etc) but fewer have well established casino sectors. GAFISUD and online directories report casino sectors operating in Argentina (70+), Chile (17+), Uruguay (18), Peru (7), and Venezuela (5), however it is unknown the extent of regulation and/or AML controls over these sectors. Uruguay and Venezuela also report casino sectors, but no further information is available. It is unclear the extent to which South American casinos rely on introduced junket operations.
48. Argentina has a well established gaming market with further expansion taking place in the casino sector. Casinos do not operate in Bolivia, and it is unknown if Colombia, Ecuador and Paraguay have casino sectors.
49. Bolivia and Brazil prohibit casinos.

The Caribbean and Central America

50. The Caribbean has more than 120 casinos on 15 islands. The CFATF reports casinos operating in the Bahamas (4), Belize (2), Costa Rica (35), Dominican Republic (44), Jamaica (10), Panama (14), and Suriname (9), but the level of regulation and AML controls is not clear.
51. Trinidad and Tobago have no legal casinos but have 72 registered Private Members Clubs that operate like casinos, but are not supervised by the government.
52. Open source material reports that Panama has 14 full-scale casinos with three additional licences being recently granted, and 29 gaming machines halls. Combined with non-casino gaming revenues, Panama has the second-largest gaming market in Latin America behind Argentina. Again open source material suggests AML/CFT

controls are still lacking in Costa Rica, El Salvador, and Nicaragua despite recent attempts by their respective governments to better control and regulate the industries, and the Dominican Republic have not regulation/AML controls.

53. In Bermuda, the Cayman Islands, Guatemala and Guyana casinos are illegal.

Northern America

54. Canada and the United States account for almost 50% of the global casino market.

55. Casinos in Canada are relatively recent with most opening in the early 1990s (except for Yukon where a charity casino was legalised in 1973). Canada now has 63 casinos operating in seven provinces and one territory (Yukon). 29 of these are commercial casinos which are usually state-owned or operated through service contracts with private corporations. There are 24 charity casinos licensed in Alberta, and one in Yukon, which are all privately owned. In Alberta, only religious or charitable groups may hold a casino licence. Also in Canada there are nine First Nations⁹ casinos operating in Ontario, Manitoba and Saskatchewan. The provincial and territorial authorities are responsible for regulating all casinos, as well as municipal, provincial and federal law enforcement agencies. The Canadian FIU (FINTRAC) is responsible for ensuring that casinos are compliant with their responsibilities under AML/CFT laws.

56. Cruise ships operate out of Canadian waters and do offer casino facilities (except within five nautical miles of a Canadian port). As with many FATF/APG jurisdictions AML/CFT measures do not apply to cruise hip gambling.

57. The 2005 revenues and profits for commercial and charity casinos in Canada are shown in Table 2 below:

Table 2

| | Revenues 2005 | Profits 2005 |
|----------------------------|----------------------|---------------------|
| Commercial Casinos | CAD 3.7 billion | CAD 1 billion |
| Charity Casinos in Alberta | CAD 1.2 billion | CAD 147 million |

58. The United States has approximately 845 casinos and card clubs operating in at least 30 jurisdictions (including Puerto Rico, the U.S. Virgin Islands and Tinian). Casino ownership in the United States is a mix of commercial and tribal ownership. In 2003, more than USD 800 billion was wagered at casinos and card clubs in the United States. In particular, there has been a rapid growth in riverboat and tribal casino gaming as well as card room gaming over the last ten years (see Box 5 for more on Indian Gaming in the United States). Collectively, tribal casinos took in USD25.7 billion in revenue in 2006, compared with Nevada's revenues of USD12.06 billion for the same year.

59. Gambling is primarily a matter of state/territory law and responsibility for regulating casinos falls on state gaming commissions and the National Indian Gaming Commission. All legally licensed casino and card clubs with gross annual revenues greater than USD\$1 million are subject to Federal AML requirements in the BSA. Covered gaming establishments (state licensed land based, riverboat, tribal casinos and card clubs) are subject to AML requirements. The US FIU (FINCEN) administers the BSA but does not directly examine casino for compliance with the law. That is delegated to the Internal Revenue Service (IRS).

Box 5

Indian Gaming in the United States

Tribal government-sponsored gaming is an evolution dating back to the late 1970's. After the Supreme Court confirmed (in 1987) the right of the tribal governments to establish gaming operations, Congress passed in 1988 the Indian Gaming Regulatory Act (IGRA) (25 USC 2701) which recognized, but limited, the right of tribes "to conduct gaming operations" and embodies a compromise between state and tribal interest. According to the IGRA, the states are given a voice in determining the scope and extent of tribal gaming by requiring tribal-state compacts for all forms of casinos style gambling and other gaming activities. Most recently tribal casinos have moved rapidly from relative obscurity within the casinos industry to prominent position with ample potential for money laundering and other types of financial crimes. There are 567 federally recognised Indian Tribes, half of which are in Alaska, and 225 of them operate 411 gaming facilities in 28 states.¹⁰ Of these 307 are considered casino operations, while the remainder are basically bingo halls. Collectively, the tribal casinos took in USD25.7 billion in revenue in 2006, more than twice the amount generated by Nevada casinos.¹¹ If the tribal gaming industry were a single company, rather than 307 casinos, it would rank near the top 100 corporations in America. Tribal gaming interests have what is currently the largest casino in the United States, Foxwoods Resort and Casino, located in Mashantucket, Connecticut and owned by the Mashantucket Pequot Tribe. The west coast, primarily California, represents the fastest growing region for the Indian gaming industry.

60. Mexico reports a growing gaming industry; however, the only casino-style of gambling authorised is in betting game halls exclusive to regional fairs with cards, dice and roulette. These are Temporary permits for large-scale "salones de Apuestas ", regulated by the Secretaría de Gobernación (Ministry of Interior), but not subject to AML controls. The Mexican government do not foresee any permanent casinos being located or permitted to operate within national territory.

Emerging Markets

61. Given the scope of potential revenue and the interest in foreign direct investment, a number of regions have significant emerging markets in the casino and gaming sectors. This is particularly the case in the Asia/Pacific region and in Africa.
62. A number of developing countries with predominantly cash-based economies and weak or limited AML/CFT capacity are giving active consideration to establishing casino sectors. Some of the smaller less developed countries considering legalising casinos include Palau and Timor Leste.
63. Singapore has passed legislation and granted two licences for large-scale casinos (the first is due to open in 2009). Papua New Guinea passed legislation in 2007 for approximately 20 land-based and online casinos.
64. Japan has indicated has organised crime groups running casino-like operations for online gaming, but is giving consideration to establishing luxury casino resorts by 2012 if liberalisation of the gaming market goes ahead.
65. Chinese Taipei is considering proposals to open up the island nation's gambling business by revising legislation that may allow casinos on the offshore islands of Chinese Taipei.¹²
66. Thailand is also considering legalising gambling after the findings of a detailed study on

¹⁰ "An Analysis of the Economic Impact of Indian Gaming in 2006", *National Indian Gaming Association*, http://www.indiangaming.org/info/pr/press-releases-2007/NIGA_econ_impact_2006.pdf

¹¹ "Tribal casino revenue up 5 percent nationwide", *Associated Press*. June 19 2008,

http://blog.mlive.com/kzgazette/2008/06/tribal_casino_revenue_up_5_per.html

¹² Global Gaming Business., "Asia Update", June 2008, p. 30.

the prevalence of illegal casinos at the border between Thailand and Myanmar and related flows of funds to neighbouring casino jurisdictions. Thailand estimates USD\$4-17 billion in illegal gambling turnover annually and 100,000 people arrested per annum for illegal gaming.

Box 2

Drivers for Change in Asia

The Asia region is considered undersupplied in terms of quality legal casino venues. Market analysts view it as having the greatest potential for growth in casino revenue and venue development. The key drivers for regulatory change in the Asia region include:

1. Economic growth resulting in increased disposable income
2. Changing social attitudes
3. Increased media and government attention on existing illegal gambling industries
4. Need for increased taxation revenues driven by events such as tsunami and the Asia Financial Crisis
5. Need for tourism infrastructure development
6. Availability of private sector capital for foreign direct investment.

However, some of the resistors to regulatory change come from:

1. Social conservatism
2. Religion
3. Corruption in government
4. Incumbent illegal and legal operators
5. Government inefficiency or insufficient capability to affect change
6. Voter/communities lack of faith in government to control industry post legalisation

Casino sector risk assessments for money laundering & terrorist financing

The need for casino sector-specific risk assessments

67. The casinos project group considered the need to conduct periodic assessments of ML/TF risks in the casino and gaming sector. The project group discussed the benefits of understanding the nature of the ML/TF environment to allow regulatory and enforcement agencies to better allocate resources to address priority risks in the casino sector.
68. ML/TF is one aspect of criminal risk. Risk assessments of the casino sector may look at broader risks including organised crime, loan sharking, prostitution, drug dealing, human trafficking etc.

Guidance on Typologies Risk Assessments

69. The FATF WGTYP June 2008 paper on Risk Assessments identifies factors that may influence the ML/TF risk in a county and suggests information to access when conducting a risk assessment. The WGTYP paper highlights a wide range of factor to be covered in a risk assessment. For the casino and gaming sector, these may include:
 - Legal and regulatory environment;
 - Characteristics of the economy as well as the casino/gaming sector;
 - Ownership structure, integrity, internal controls and corporate governance of casino/gaming institutions;
 - Ownership structure, integrity internal controls and corporate governance of intermediaries and associated businesses (junket promoters, agents, gaming equipment, financial service providers);
 - types of products and services offered and clients served;

- criminal activities and proceeds of crime generated domestically as well as generated abroad but laundered domestically.
- Financial services offered by casino/gaming institutions and by casino intermediaries (junket promoters, agents etc).

Sources of information

70. Responses received from FATF/APG questionnaires indicate that many jurisdictions are receiving suspicious activity reports from casinos or that relate to casino activity. Casino regulators, law enforcement, bank regulators and FIUs hold useful information to begin to assess risk areas.
71. The project group noted that a number of commercial providers provide good baseline information on national and regional casino and gaming trends, including size, scope and nature of markets; trends in investment and regulation and criminal exploitation, including money laundering. This information can assist competent authorities understand the nature of their sector as well as offshore sectors.

Risks for jurisdictions without a casino sector

72. The casinos project group discussed why and how a jurisdiction without a casino sector may undertake an ML/TF risk assessment. These may be undertaken in response to illegal gaming as well as the movement of persons and funds to another gaming jurisdiction to launder the proceeds of crime.

Models for casino sector risk assessments

73. A number of countries have recently undertaken casino sector risks assessments. The models of assessment have varied, depending on the agency undertaking the assessment and the purpose (eg policy settings, law enforcement responses, regulatory compliance).

Police-led assessment - e.g. Canada

74. Canada's RCMP has recently undertaken a police-led assessment of ML risks in the casino sector. This involved working with a very wide range of stakeholders to identify national sector-specific risks. As with other risk assessments, the RCMP drew on a very wide range of information sources to understand risks in the sector. These included typologies trends derived from the FIU; interviews with operators in the sector, including staff of casinos (pit bosses, owners, security etc); and information collected from intelligence databases on related crime trends.

75. The assessment aimed to understand:

- the scope of the casino sector: number, type, location, ownership, risk profile etc of casinos;
- how Casinos are used as financial intermediaries;
- law enforcement cases / intelligence of how casinos are used for ML or are associated with predicate offences (fraud, loan sharking etc); and
- criminal trends linked to casinos.

Academic Sectors – e.g. Thailand

76. Thailand is a jurisdiction where casinos and gaming are illegal. Thai authorities have long recognised a very significant illegal gaming problem and the large scale movement of Thai nationals to foreign casino jurisdictions.
77. In order to better understand background issues, Thailand sought the assistance of the academic sector to undertake a scoping study of the impact of illegal gaming on Thailand, including ML and TF risks to the country. Thai authorities have given some

consideration to regulatory reform and the possible licensing of some forms of gaming, including casinos.

78. The scope of the Thai assessment included the value of gaming sector (illegal and offshore gaming); scope of illegal gaming; movement of Thai people to foreign jurisdictions for gaming; risks for ML/TF and other predicate offences (smuggling, drugs, human trafficking etc); and impact on the community from illegal gaming.
- Over 100,000 people are arrested each year for illegal gambling offences;
 - It is estimated that there are 200 to 300 illegal gambling houses in Bangkok;
 - Annual turnover for illegal gambling houses in Bangkok is estimated at between USD 4 to 17 billion and for those outside Bangkok is USD 2 to 4 billion.
 - There are 27 legal or semi-legal casinos operating in neighbouring countries within very close proximity of the Thai border servicing Thai gamblers.
 - Thai junket operators offer casino tourism services in major Thai cities to move people and funds to these 'offshore' casinos.
 - Movement of Thai citizens to border casinos increases risks associated with currency smuggling and cross-border crime risks including smuggling, human trafficking and drug trafficking.

Regulator-led assessments – e.g. Australia

79. In Australia, AUSTRAC, as the AML/CFT regulator, and various state-based casino regulators have worked together to conduct a preliminary assessment of key typologies and regulatory risk related to money laundering and terrorist financing. This has involved considering a range of law enforcement information, regulatory information and sector information to identify areas of specific risk.

Conclusion

80. What is shown in this chapter and in detailed tables at Annex A is the extent of casino gambling around the world and the diversity of each region's sector. Demand for casino gambling services is high and increasing and is associated with high revenues for government. This is leading some jurisdictions to legalise gambling particularly in developing countries.
81. There are established casino sectors in jurisdictions with government oversight, but are unregulated for AML/CFT.
82. The next two chapters will demonstrate the vulnerability of casinos to money laundering by describing the methods and indicators of money laundering from past cases and the sector vulnerabilities and emerging issues that are impacting current AML efforts.

Chapter 2: Money Laundering Methodologies and Indicators

83. This chapter will identify and examine money laundering methods from known cases and draw out related indicators to support the detection of money laundering activity.

Broad risks in casinos

84. Casinos are by definition non-financial institutions. As part of their operation casinos offer gambling for entertainment, but also undertake various financial activities that are similar to financial institutions, which puts them at risk of money laundering. Most, if not all, casinos conduct financial activities akin to financial institutions including: accepting funds on account; conducting money exchange; conducting money transfers; foreign currency exchange; stored value services; debit card cashing facilities, cheque cashing; safety deposit boxes; etc. In many cases these financial services are available 24 hours a day.
85. It is the variety, frequency and volume of transactions that makes the casino sector particularly vulnerable to money laundering. Casinos are by nature a cash intensive business and the majority of transactions are cash based. During a single visit to a casino a customer may undertake one or many cash or electronic transactions, at either the 'buy in' stage, during play, or at the 'cash out' stage.¹³ It is this routine exchange of cash for casino chips or plaques¹⁴, TOTI tickets¹⁵, and certified cheques, as well as the provision of electronic transactions to and from casino deposit accounts, casinos in other jurisdictions and the movement of funds in and out of the financial sector, which makes casinos an attractive target for those attempting to launder money.
86. As this research is solely focused on casinos, the data collected is not wide enough to carry out trend and vulnerability analysis. Chapter 3, however, does provide specific sector vulnerabilities and emerging issues as a start to this broader study. It is also recognised that methods and indicators are immediately useful to private sector organisations seeking to develop effective AML/CFT processes.
87. The importance of studying money laundering methods – the “how to” - cannot be overstated. Such studies provide government decision-makers and operational experts with the material to target policies and strategies for combating financial crime. The sharing of these methods, together with indicators to detect money laundering activity, with responsible financial and non-financial organisations is equally important. They are a necessary tool for financial institutions, other financial intermediaries and gatekeepers who are on the front line in confronting activities that may or may not be suspicious (and thus may or may not be related in some way to money laundering, terrorist financing or some other financial crime).
88. For the private sector, and in this case casino owners and operators, valid money laundering indicators are therefore essential in establishing and “calibrating” mechanisms that help to identify suspicious or unusual transactions which must then be reported to a financial intelligence unit.

¹³ The 'buy in' stage is when a customer enters a casino and purchases casino chips, tickets, or gaming machine credits in order to commence gambling. The 'cash out' stage is when a customer converts casino chips, tickets or gaming machine credits for cash, casino cheque, credits an account or transfers funds to another casino.

¹⁴ The term 'casino chip' also refers to plaques and other wagering instruments provided by the casino.

¹⁵ Ticket Out/Ticket In (TOTI) is a gaming machine system that allows a gaming machine to accept either banknotes or tickets with a credit value printed on them (Ticket In) to commence play. TOTI also prints tickets with a credit value when a player wishes to 'cash out' of the gaming machine (Ticket Out). The player can then redeem his/her ticket for cash at a cashier's desk or insert the ticket into another TOTI machine and continue playing.

89. For the purposes of this chapter the following definitions apply:¹⁶

- *Method*: a particular procedure for carrying out money laundering activity. There are further distinctions in the concept of a money laundering method:
 - *Technique*: a particular action or way that the activity is carried out, for example, purchasing a cashier's cheque.
 - *Mechanism*: a system or thing that carries out part of the process. An example of a money laundering mechanism is a casino.
 - *Instrument*: an object of value (or representing value) that is somehow used in the money laundering process, for example, a casino cheque or casino chips.

90. For example, the action of depositing funds into a casino account relates to all three concepts: (1) depositing the funds is a *technique*, (2) the casino managing the account is a *mechanism* and (3) the funds deposited are an *instrument*. It should be noted as well that, for the most part, the examples provided for each of these concepts may not in and of themselves represent illegal activities. Indeed it is only when these *techniques*, *mechanisms* and *instruments* are put together to form a money laundering activity that they become illegal.

91. With regards to indicators, there is sometimes confusion between a money laundering indicator and a money laundering method. While it is sometimes true that the methods defined below could indicate money laundering activity, they are not synonymous. For example, exchanging chips for cash is not by itself an indicator of money laundering. By the same token, indicators are not all necessarily money laundering methods.

Criminal interest in casinos – players and infiltration of casinos

92. Casinos are attractive venues for criminals. Casinos are consistently targeted by criminals for criminal influence and criminal exploitation. Criminals attempt to infiltrate or influence casinos to facilitate theft, fraud, money laundering and other crimes. A core function of all casino regulators is making certain that gaming is conducted honestly by approving the rules of the games and requiring the operator to provide a high standard of surveillance and security systems. This ensures public confidence in the gaming product, minimises opportunities for criminal activity and provides certainty of government revenue streams.

93. Criminal influence and exploitation of casinos appears to be both for possible money laundering, but also for recreation and in some cases enhancing their criminal endeavours outside the casino. Feedback from police also indicates that large casinos with sophisticated security and surveillance systems may be viewed by criminals as providing a safe haven to meet and associate in without fear for their personal safety.

94. Gaming venues attract ancillary criminal activities including loan sharking, vice and other crimes.

Loan Sharking

Loan Sharking (also known as usury) is prevalent in casinos in a number of jurisdictions. Loan sharking is a crime that involves loaning money to individuals at an interest rate that is above a maximum legal rate, sometimes collected under blackmail or threats of violence. Loan sharks may be financed and supported by organised crime networks who are also involved in money laundering activities. A loan shark usually preys on individuals who are problem gamblers, struggling financially or, for some reason, are unwilling to seek credit from legal sources.

Persons in debt to loan sharks may be coerced into assisting with money laundering schemes in the

¹⁶ Financial Action Task Force. *Money Laundering & Terrorist Financing Trends and Indicators Initial Perspectives*.

| |
|---------|
| casino. |
|---------|

Credit card scam using the casino

A jurisdiction reported a credit card point scam where casino chips are purchased using credit cards. The chips are then cashed out and instead of crediting the credit card, casinos usually issue cash or a casino cheque. The balance on the credit card is eligible for consumer points. The balance on the credit card is paid back using the cash or cheque received from the casino. This method enabled large amounts of credit card points to be accumulated in a short period of time and can be used for merchandise purchases.

Money laundering methods and techniques in Casinos

95. The money laundering methods outlined in this chapter are:

- Use of Casino Value Instruments (cash / casino chips / TOTI / gaming machine credits / cashier's orders / casino cheques / gift certificates / chip purchase vouchers / casino reward cards)
- Structuring / Refining
- Use of Casino Accounts (credit accounts, markers¹⁷, foreign holding accounts)
- Intentional losses
- Winnings / intentional losses
- Currency Exchange
- Employee Complicity
- Credit Cards / Debit Cards
- False Documents

96. Each method is illustrated by representative cases¹⁸ and followed up with related indicators that can be used to detect suspicious or unusual transactions by casino owners and operators. The methods, cases and indicators have been generated from the following research material:¹⁹

- sanitised case material from regulatory, law enforcement and security organisations;
- international case study and typology reports including FATF, APG and the Egmont Group; and
- open source research.

¹⁷ Casino markers act as a credit line through a personal checking account, no transaction occurs, but are issued once a patron submits their checking account number and a cheque to the casino. The casino has the right to deposit the marker at any time but usually waits a few months to allow for customers to pay back the credit if the losses are high. Money launderers will pay back the debt with the proceeds of crime.

¹⁸ The cases outlined are provided from jurisdictions contributing to the project research, and while some countries may appear to be over/under-represented in the cases, this is not an indicator of high or low levels of money laundering within that country, but merely a reflection of that government's willingness to share money laundering information to support global AML awareness.

¹⁹ It is important to note that this chapter does not provide a description of all methods used to facilitate money laundering. It is limited to those methods that have been reported to FATF or APG and from cases that have been approved for use in the public forum.

CASINO VALUE INSTRUMENTS

Cash / Casino Chips / TOTI / Gaming Machine Credits / Cashier's Orders / Casino Cheques / Gift Certificates / Chip Purchase Vouchers / Casino Reward Cards

97. Casinos utilise various value instruments to facilitate gambling by their customers. These value instruments, and the way they are used, differ among casinos and regions depending on the casino's ownership and the legislation and rules governing the jurisdiction in which the casino is located. Casino value instruments are most often used for converting illicit funds from one form to another.
98. ***Buying chips for cash or on account, then redeeming value by way of a casino cheque, bank draft of money transfer.*** Launderers typically buy chips with cash or through their casino account. Chips bought on account may use a Chip Purchase Voucher (CPV) or similar value instrument. Repayment is then requested by a cheque, draft or transfer drawn on the casino's account. This method can be made more opaque by using a chain of casinos where the chips that were purchased with illicit cash are converted to credit, and transferred to another jurisdiction in which the casino chain has an establishment; the credit is then converted into in the form of a casino cheque at the second casino.
99. Money launderers may hold the chips for a period of time, either using the chips to gamble in hopes of generating certifiable winnings or later redeeming the chips for cash/ cheque / transfer.
100. ***Purchase of chips from 'clean' players at a higher price*** - Money launderers may purchase chips from other money launderers or unassociated casino patrons with 'clean' backgrounds. This is done at a price greater than the chips' face value. This is referred to as *value tampering*.
101. ***Casino cheques payable to cash*** - in some jurisdictions, casinos allow winning cheques to be made payable to 'cash'. High-value casino cheques payable to cash have been observed in secondary circulation and bearer negotiable instruments. It appears that these originate from VIP rooms, which provide underground banking services between player's home jurisdictions, neighbouring jurisdictions and the casino jurisdiction.
102. ***Combining winnings and cash into casino cheques*** – although few jurisdiction allow this, money launderers seek to add cash to casino winnings and then exchange the combined cash and winnings for a single cheque.
103. ***Use of chips as currency in illegal transactions*** - money launderers may retain casino chips to be used as currency to purchase drugs or other illegal goods. Carrying chips from a drug transaction may also contribute to an alibi for the predicate offence. The recipient of the chips will later cash them at the casino.
104. Casino chips to be used as currency may be taken across borders and exchanged for payment of an illegal enterprise then returned by the third parties and cashed at the issuing or honouring casino in amounts below a reporting threshold. Most jurisdictions do not list casino chips as money value instruments and therefore do not require Customs declaration.
105. In some jurisdictions, casino chips from one casino can be utilised in another associated casino. Cases showed that the money launderers will take advantage of this arrangement to avoid attracting attention to their activities at the one casino. This may take in another jurisdiction. To prevent this some jurisdictions require casinos to have casino-specific chips and do not allow inter-casino chip cashing.
106. ***Purchase of large numbers of 'casino gift certificates'*** – Cases have been

detected of money launderers purchasing high value or numerous low value casino gift certificates which can be redeemed by 3rd parties. The certificates are then sold or given to other persons distancing the money launderer from the illicit funds.

107. **Purchase of casino reward cards** - Money launderers use illicit funds to purchase casino reward cards from legitimate customers paying them a premium above the value of the reward.

Case 1

Casino used as preferred method to launder millions

| | |
|---------------|---|
| Offence: | Money Laundering |
| Jurisdiction: | Australia |
| Technique: | Chip purchase and cash out, claiming credits as jackpot wins, playing games with low return and high win. |
| Mechanism: | Casino |
| Instrument: | Casino chips, casino cheques |

Information identified alleged money launderers were using the casino as a preferred method of laundering millions of dollars accumulated from criminal activities. The methods used to launder the money included purchasing and cashing out chips without playing, putting funds through slot machines and claiming credits as a jackpot win and playing games with low returns but higher chances of winning. The same group were also utilising bank accounts and businesses to launder funds.

Case 2

Purchase of chips and gambling without clear intention to win

| | |
|---------------|---|
| Offence: | Money Laundering |
| Jurisdiction: | Belgium |
| Technique: | Chip purchase and cash out, claiming credits as jackpot wins, playing games with low return and high win. |
| Mechanism: | Casino |
| Instrument: | Casino chips, casino cheques |

Two Asian males residing in Belgium, went to a Belgian casino twice to purchase chips for a total amount of almost 25,000 EUR. When visiting they did not play at the tables and immediately collected funds through a third person, also an Asian national.

Investigations indicated that the three persons were students and lived at a common address with other Asian students. It appeared that the transactions were likely to be linked to trafficking in human beings. By not playing at the casino and collecting the money through a third person they wanted to leave a trace in order to justify the origin of the funds.

Case 3

Proceeds of drugs used to purchase chips and claim funds as winnings

| | |
|---------------|---|
| Offence: | Drug importation |
| Jurisdiction: | Australia |
| Technique: | Chip purchase and cash out |
| Mechanism: | Casino |
| Instrument: | Casino chips, chip to cash transfer, casino cheques |

A cargo consignment addressed to a person contained approximately 3.4 kilograms of black opium resin, concealed within the contents. The person was arrested when attempting to collect the consignment. Further investigation revealed the person to be a regular customer of a casino, having conducted approximately 50 betting transactions, predominantly chip cash outs totalling AUD890,000. Very little casino gaming play was recorded for the person and it was assumed that he used the proceeds from previous importations to purchase chips and claim the funds as winnings.

Case 4

Proceeds from stolen cheques used to purchase casino chips

| | |
|---------------|-----------------------|
| Offence: | Money Laundering |
| Jurisdiction: | United Kingdom, India |
| Technique: | Purchase casino chips |
| Mechanism: | Casino |
| Instrument: | Casino chips |

In November 2007 two men were convicted for their part in a £25,000 cheque scam. The victim was robbed at New Delhi Railway Station in India in March 2006 and among the items stolen were two Barclays cheque books. The money laundering trail led authorities to a casino in London where cash withdrawn from the defendants account was used to purchase gambling chips. Both men claimed gambling addictions. STRs were not submitted by the casino in this case.

Case 5

Cash laundered through casino used to bribe officials

| | |
|---------------|---------------------------------------|
| Offence: | Money Laundering |
| Jurisdiction: | Korea |
| Technique: | Cash to chip to cash/cheque transfers |
| Mechanism: | Casino |
| Instrument: | Casino chips, casino cheques |

Early 2006 a bribery case involving money laundering at a casino was investigated by the Public Prosecutor's Office. A legal broker bought casino chips with cheques to a total of KRW20 billion (approx USD20 million) from 2003 to 2005 and then changed the chips with cash and cheques issued by the casino. He then used the money to bribe politicians and senior government officials.

Case 6

Casino reward cards traded for gold coins

| | |
|---------------|--|
| Offence: | Money Laundering |
| Jurisdiction: | United States |
| Technique: | Purchase casino reward cards from legitimate customers |
| Mechanism: | Casino |
| Instrument: | Casino reward cards, gold coins |

A suspect purchased casino reward cards from legitimate customers at a US casino. The cards increase in value with each casino visit and with each gambling session. The cards were purchased with illicit funds and were then traded for gold coins at the casino's store. An employee at the store was an accomplice in the laundering scheme.

Case 7

Embezzled money laundered through casino

| | |
|---------------|---|
| Offence: | Money Laundering |
| Jurisdiction: | United States |
| Technique: | Purchase and cash out with little or no gaming activity |
| Mechanism: | Casino |
| Instrument: | Casino chips |

A lawyer was sentenced in New Jersey for embezzling more than USD500,000 and laundering USD250,000 of it through an Atlantic City casino. The defendant wire transferred USD250,000 to the casino and arrived at the casino later the same day to launder the funds. He purchased casino chips and gambled for an hour on a roulette table losing USD10,000. He then cashed out the remaining USD, 240,000 into currency and left the casino.

Case 8

Embezzled money laundered through casino

| | |
|---------------|--|
| Offence: | Money Laundering |
| Jurisdiction: | Spain |
| Technique: | Purchase and cash out with little or no gaming activity, casino cheques in the name of 3rd parties |
| Mechanism: | Casino |
| Instrument: | Casino chips, |

Different people entered separately in a casino and bought chips. After playing minor amounts of chips they tried to change chips and requested a cheque paid to the name of a third person. They tried to do the same operation with different people and lower amounts one day later, which raised suspicion of casino operators.

Indicators of ML using casino value instruments

- Inserting funds into gaming machines and immediately claiming those funds as credits
- Customers claiming gaming machine credits/payouts with no jackpot
- Customers claiming a high level of gaming machine payouts
- Noticeable spending/betting pattern changes
- Frequent gaming activity on games with low returns but with higher chances of winning
- Frequent even-money wagering
- Customer's intention to win is absent or secondary
- Two or more customers frequently wagering against one another on even-money games
- Customer in possession of large amounts of coinage or bills
- Customer befriending/attempting to befriend casino employees
- Purchasing and cashing out casino chips with little or no gaming activity
- Customer requests to add cash to casino winnings and then exchanging the combined cash and winnings for a single cheque
- Multiple cheques being requested or drawn on account
- High volume of transactions within a short period
- Multiple chip cash outs on the same day
- Structuring of chip/cheque transactions
- Chip cash out is same/similar to chip purchase
- Requests for credit transfers to other casinos
- Use of multiple names to conduct similar activity
- Use of third parties to purchase casino chips
- Use of credit cards to purchase casino chips
- Use of personal cheques, bank cheques and traveller's cheques to purchase casino chips
- Customer due diligence challenges, e.g. refusals, false documents, one-offs, tourists passing trade
- Customer purchases chips and leaves casino shortly after
- CPV, TOTI, ticket or voucher dated prior to date of redemption
- Large chip purchases
- Frequent purchase of casino gift certificates
- Unexplained income inconsistent with financial situation/customer profile
- Supposed winnings do not correspond with recorded winnings
- Dramatic or rapid increase in size and frequency of transactions for regular account holder
- Detection of chips brought into the casino

STRUCTURING

108. Structuring, or 'smurfing' involves the distribution of a large amount of cash into a number of smaller transactions in order to minimise suspicion and evade threshold reporting requirements. Common methods of structuring include:

- Regularly depositing or transacting similar amounts of cash, which are below a country's reporting disclosure limit
- The use of third parties to undertake transactions using single or multiple accounts
- Using cheques from multiple financial institutions or branches of a financial institution to 'buy in' while the amount of each cheque is below the reporting threshold
- Utilising shift changes to systematically 'cash in' chips or other value instruments to avoid threshold reporting
- Regularly switching gaming tables, gaming rooms, junkets or casinos within a chain when the wagering amounts are approaching the reporting threshold
- Requesting the division of winnings or prize money, which exceeds the reporting threshold, to be broken down into cash and chips below the reporting threshold in order to exchange it at the cashier 's desk

109. While money launderers will often structure their transactions to avoid financial institutions filing reports to authorities, it has been found that some money launderers using casinos have the opposite strategy and seek to trigger a cash transaction report to further authenticate a transaction.

Case 9**Using reporting thresholds to legitimise suspicious transactions**

| | |
|---------------|--|
| Offence: | Money laundering |
| Jurisdiction: | United States |
| Technique: | Use of third parties, triggering transaction reports to legitimise suspicious transactions |
| Mechanism: | Casino |
| Instrument: | Casino chips, casino cheque |

A number of persons purchased chips with illicit cash in amounts below the CTR threshold, but then passed the chips to one individual who cashed out, receiving a casino cheque and triggering the filing or a CTRC that gave the appearance of further authenticating the transaction. Over a twelve-month period, one individual was named in casino CTRCs reporting UDS1.1million paid out, but was not named in a single CTRC for cash taken in.

REFINING

Exchanging low denomination for high denomination currency

110. Individual launderers or organised groups use casino services to refine large amounts of low denomination bank notes into more manageable high denomination notes. Some countries note this as being associated with drug dealers who accumulate large amounts of small denomination bills from drug sales. In cases of groups, they may seek to refine money by dividing it amongst the group before entering the casino. The group enter the casino, individually refine their portion of the money and meet again outside the casino to assemble the total amount. The refining techniques most commonly identified are listed below:
111. ***Refining using the cashier's desk*** – money launderers exchange coins or small denomination bills for larger denomination bills at the cashier's desk.
112. ***Refining using 'note acceptors' or gaming machines that accept cash*** - Most casinos with gaming machines have 'note acceptors'. Money launderers will feed currency notes into the machine to accumulate credit with little or no play before redeeming the credits. As the amount can be quite large, it requires a 'ticket' or similar document provided by the slot attendant as proof to enable the exchange for cash or cheque at the casino cashier's desk. Gaming machines, Video Lottery Terminals (VLTs) and Ticket Out/ Ticket In (TOTI) machines are used to refine currency. Gaming machines, TOTI machines and VLTs are fed large sums of low denomination cash. Launderers redeem credits with minimal play. The ticket is then cashed at the cashier's desk for high denomination bills.
113. ***Use of casino account for refining*** – launderers pay low denomination cash into their casino accounts and withdrawn funds with cash of higher denominations.

Case 10

Refining low denomination notes

Offence:

Jurisdiction: Spain

Technique: Refining, Use of third parties

Mechanism: Casino

Instrument: Cash, casino chips, remittance arrangement

A group of three foreign people entered separately in a casino and bought chips, paying with low denomination notes. They didn't play any game, and after they changed the chips that they had bought trying to obtain high denomination notes.

Case 11

Drug proceeds converted into casino chips by third parties

Offence: Drug importation

Jurisdiction: Australia, Vietnam

Technique: Use of third parties

Mechanism: Casino, remittance agent

Instrument: Casino chips, remittance arrangement

A person was involved in the importation and distribution of heroin into Australia from Vietnam. The person gambled a large proportion of the proceeds at casinos and used third parties to purchase gaming chips on his behalf. Reports from the casino noted multiple chip cash outs on the same day, with some of these transactions being structured to avoid the AUD10,000 reporting threshold.

Further investigations noted that he would send large cash payments to various entities in Vietnam through a remittance dealer. The remittance dealer was a trusted associate of the person and had been non-compliant with his reporting obligations.

Indicators of ML using structuring/refining methods

- Activity was inconsistent with the customer's profile
- Associations with multiple accounts under multiple names
- Use of multiple names to conduct similar activity
- Depositing multiple amounts of cash and receiving multiple cheques drawn on that account
- Multiple individuals sending funds to the one beneficiary
- Cheque issued to a family member of the person
- Third party present for all transactions but does not participate in the actual transaction
- Transferring funds into third party accounts
- Transactions on casino accounts conducted by persons other than the account holder
- Use of third parties to undertake structuring of deposits and wire transfers
- Use of a remittance dealer / junket operators to deposit or withdraw cash
- Use of third parties to purchase gaming chips
- Use of third party to conduct wagering
- Cash handed to third party after cash out
- High volume of transactions within a short period
- Purchasing and cashing out casino chips with no gaming activity
- Exchanging large quantities of quarters from non-gaming proceeds for paper currency
- Frequent betting transactions just under thresholds
- Frequent 'buy in' and 'cash out' transactions just under thresholds
- Cash deposits / withdrawals just under thresholds
- Wire transfers / currency exchanges just under thresholds
- Requests for winnings in separate cash or chip amounts under reporting threshold
- Cashing in winnings in a multiple combination of chips, cheque and cash
- Customer conducts several transactions under reporting thresholds over several shift changes
- Customer moving from table to table or room to room before the wagering amounts reach the reporting threshold
- Opening a casino account or purchasing casino chips with small denominations bills
- Customer gambling with large amounts of small denomination bills
- Currency exchange from small denomination bills to larger denomination bills
- Frequent 'cash out' transactions without corresponding 'buy in' transactions or vice versa
- Customer due diligence challenges, e.g. refusal, false documents, one-off/tourist or passing trade.
- Dramatic or rapid increase in frequency of currency transactions for regular account holders.
- Noticeable spending/betting pattern changes

CASINO ACCOUNTS

Credit accounts / Markers / Foreign holding accounts

114. Casino accounts provide criminals further opportunities to attempt to laundering crime proceeds. Many casinos offer deposit accounts and lines of credit with less scrutiny and CDD requirements than financial institutions. The frequent movement of funds between financial institutions and casinos, or between casino accounts held in different casinos may be vulnerable for money laundering.
115. **Cashing cheques into casino accounts** - Some casinos allow customers to cash various types of cheques and use the proceeds for gambling. Cheques could be signed over to the bearer by the cheque recipient. In the cases studied, proceeds from illegal activity were initially used to draw these cheques with the aim of avoiding the casino's suspicion.
116. **Deposits into casino accounts by wire transfers or bank cashier's cheque** - funds are deposited by wire transfer of bank cheque, then cashed out or moved to other accounts with minimal or no gambling activity.
117. Cashed out funds are stored in casino safety deposit boxes or held in the form of safekeeping markers and then cashed out.
118. **Foreign Holding Accounts (FHAs)** - Accounts that are held in one jurisdiction by the casino, but the funds can be used to gamble in another jurisdiction under the same casino group. For example, funds held in a FHA account in Macao, China can be used to gamble at a casino in Las Vegas. The money held in the account does not physically leave the country and is not subject to cash declarations.
119. **Wire transfers from Casas de Cambio to casino accounts** - Casas de Cambio in another jurisdiction may wire transfer funds to casinos. As an example, in are currency exchange houses specialising in Latin American currencies and transactions. As an example, in the United States Casas de Cambio businesses are concentrated along the southwest border, with over 1000 located along the border from California to Texas. These businesses are generally unregistered and non-compliant with AML reporting requirements, and are suspected of being the primary non-bank money laundering mechanism in the southwest border area. Although regionally located *Casas de Cambio* have corresponding bank accounts located across the United States which allow wire transfer of large amounts of cash to casinos and other industries throughout the world.

Case 11

Large money laundering conspiracy

| | |
|---------------|--|
| Offence: | Money laundering, VAT fraud, counterfeiting, credit card fraud, drug trafficking |
| Jurisdiction: | United Kingdom, Dubai |
| Technique: | Use of casino accounts, placement via gambling |
| Mechanism: | Bank, casino |
| Instrument: | Cash |

The money laundering conspiracy involved millions of UK pounds from organised criminal gangs being laundered by a group of men from West Midlands. The money laundered included the profits from a number of activities including drug trafficking, multi-million pound VAT conspiracies in the mobile phone industry, counterfeiting and credit card fraud. The monies were a mixture of Scottish and English notes. The defendants would transfer large amounts of money to a back account in Dubai, which would then be accessed by their associates. The defendants received the proceeds of

crime in the UK and made equivalent amounts of criminal monies available in Dubai. They then utilised the gambling industry to launder the money. Money was placed on a deposit at a casino and withdrawn a day or so later. Other sums would be gambled. Thousands of pounds would be passed over the tables in order to disguise the original source of the banknotes. Monies gambled or exchanged at the casino provided the defendants with an apparently legitimate explanation as to their source.

Case 12

Bank employee gambles millions from clients' accounts

Offence: Fraud, money laundering
 Jurisdiction: Australia
 Technique: Use of casino accounts, structuring
 Mechanism: Bank, casino
 Instrument: Bank cheques

An investigation into a bank employee who gambled millions of dollars from clients' accounts was initiated as a direct result of information submitted by the casino. The suspect used his knowledge of the bank's internal procedures to discreetly transfer funds from customer accounts to his own personal account. Over a period of time, these funds were deposited into his casino account in the form of bank cheques made out in his name. The casino reported the regular deposit of bank cheques. The same casino had also previously reported bets placed by the suspect of AUD9,000 to avoid the AUD10,000 reporting threshold. As a result of the investigation the suspect was charged with three counts of money laundering and 37 counts of fraud.

Case 13

Avoiding liquidation action

Offence: Money laundering
 Jurisdiction: Australia
 Technique: Placement via gambling
 Mechanism: Casino
 Instrument: Cash

A person was a director of a company that was subject to liquidation. Contrary to liquidator's instructions, the person began transferring large amounts of cash between company accounts and depositing the money into a casino account. The funds were used to gamble at the casino and subsequent "winnings" taken as cash.

Case 14

Cigarette Fraud

Offence: Money laundering, bank fraud, wire fraud, conspiracy
 Jurisdiction: United States
 Technique: Use of third parties and casino accounts to facilitate fraud
 Mechanism: Casino
 Instrument: Cash, Casino Cheques

A suspect in New York lured foreign buyers into ordering large quantities of cigarettes. Suspect did not have cigarettes and had no intention of providing them to the buyers. The casino was used to launder the funds from the fraud as below:

- Buyer 1 paid USD100,000 up front in a casino cashier's cheque. Suspect had accomplice deposit the cheque at the casino. Accomplice was permitted to gamble with USD10,000 and cash out remainder and give to suspect.
- Buyer 2 provided a USD60,000 certified cheque up front. Accomplice deposited the cheque at the same casino and was permitted to gamble, but lost USD50,000 and gave remaining USD10,000 in cash to defendant. Buyer 2 sent another USD100,000 certified cheque.
- Buyer 3 deposited USD600,000 cheque into an account against which a cheque in the amount of USD180,000 was made payable to the same casino. Accomplice then tried to

withdraw all of the money, but the casino refused and permitted only a USD50,000 withdraw. Accomplice then gambled with some funds and won USD15,000. Casino then permitted withdrawal of funds and allowed accomplice to cash out.

Case 15

Loansharking profits laundered at casino

| | |
|---------------|---|
| Offence: | Money laundering |
| Jurisdiction: | Japan, United States |
| Technique: | Purchase and cash out with little or no gaming activity |
| Mechanism: | Casino |
| Instrument: | Cash, casino chips, casino credit |

A boss of a loanshark business ordered his associates to convert the profits from Yen into US currency using false names. These funds were then distributed to numerous bank accounts around the world. Some of the money was also invested with a foreign agent of a Las Vegas casino, who kept the money in a safety deposit box in the head office of a major Tokyo bank. Against the security of this money, the boss played frequently at Las Vegas casinos as a VIP player. Although he gambled in the VIP room, he would never place big bets and, after minimal play, would frequently cash in his chips for US currency. His associated were also circulated through a number of Las Vegas casinos cashing in chips worth USD2,000 or less.

Indicators of ML using casino accounts:

- Frequent deposits of cash, cheques, bank cheques, wire transfers into casino account
- Funds withdrawn from account shortly after being deposited
- Significant account activity within a short period of time
- Account activity with little or no gambling activity
- Transactions on casino accounts conducted by persons other than the account holder
- Funds credited into account from country of concern
- Large amounts of cash deposited from unexplained sources
- Associations with multiple accounts under multiple names
- Transfer of funds from/to a foreign casino/bank account
- Transfer of funds into third party accounts
- Funds transferred from casino account to a charity fund
- Multiple individuals transferring funds to a single beneficiary
- Structuring of deposits / withdrawals
- Structuring of wire transfers
- Using third parties to undertake wire transfers and structuring of deposits
- Use of an intermediary to make large cash deposits
- Use of gatekeepers, e.g. accountants and lawyers to undertake transactions
- Use of multiple names to conduct similar activity
- Use of casino account as a savings account
- Activity is inconsistent with the customer's profile
- Unexplained income inconsistent with financial situation
- Transfers with no apparent business or lawful purpose
- Transfer of company accounts to casino accounts
- Use of false and stolen identities to open and operate casino accounts
- Customer name and name of account do not match
- U-turn transactions occurring with funds being transferred out of country and then portions of those funds being returned

- Customer due diligence challenges, e.g. refusal, false documents, one-off/tourist or passing trade
- Requests for casino accounts from Politically Exposed Persons (PEPs)²⁰

WINNINGS

120. **Use of illicit funds to gamble** – this is the simplest method of gambling illicit funds in the home hopes of generating certifiable winnings. One way to do this is to play gaming machines or other games with low payout higher win/loss ratios. The money launderer will then receive a casino cheque for the total amount of credits remaining on the machine plus the jackpot.
121. Some jurisdictions require casinos to endorse the casino cheques from jackpots as ‘winnings’ in order to differentiate it from a cheque generated as a result of cashing out large amounts of machine credits.
122. **Buying winnings from legitimate customers** - is another method used across the gaming sector. Money launderers will approach customers and offer them cash at a premium above their winnings. This was evident with customers who had won gaming machine jackpots, or accumulated a large amount in casino chips from winnings on table games, or customers that had won in other forms of betting offered by some casinos, such as electronic lotteries, horse racing and sports betting.
123. **Even money betting** - In cases where gambling is undertaken to launder funds, it is usually on low odds, low risk games such as the even money options on roulette. This would involve two or more persons placing equivalent bets on even money wagers. As an example Person A places \$1400 on red, while Person B places \$1450 on black in a game of roulette. The bet is ‘double or nothing’. In this case the winning party would win just under \$3000 which could be paid out with a ‘winnings’ cheque and the size of the win would not trigger CDD requirements at the roulette table.
124. **Betting against associates / intentional losses** - This is also the case in games where which provide money launderers the option to bet against an associate so that in most cases one party will win. These ‘intentional losses’ where money launderers are intentionally losing to one of the party, who is able to receive a casino issued cheque or wire transfer of ‘legitimate’ winnings.

Case 16

Overseas nationals purchase winning jackpots with illegal proceeds

| | |
|---------------|-------------------------------------|
| Offence: | Drug trafficking & money laundering |
| Jurisdiction: | Spain |
| Technique: | Buying winning lottery tickets |
| Mechanism: | Lotteries |
| Instrument: | Winning jackpots, cash |

Investigations in Spain related, mainly with drug trafficking, corruption and tax fraud identified the use of gaming to launder funds. The technique consisted of buying winning lottery tickets from legitimate gamblers.

²⁰ FATF have identified PEPs as a particular money laundering risk meriting specific consideration and higher levels of due diligence by financial and non financial institutions. The term refers to individuals from a foreign country who are vulnerable to corruption because they hold prominent public functions such as Heads of State or Government, senior politicians and important party officials, senior government officials, judicial or military officials and senior executives of state owned corporations. The risk also extends to members of their immediate family and to known close associates.

Case 17

Overseas nationals purchase winning jackpots with illegal proceeds

| | |
|---------------|----------------------------------|
| Offence: | Money Laundering |
| Jurisdiction: | Australia |
| Technique: | Buying winning jackpots |
| Mechanism: | Gambling clubs |
| Instrument: | Winning jackpots, casino cheques |

A group of overseas nationals were identified buying winning jackpots from other persons at various clubs in Sydney, Australia. The suspects deposited approximately AUD1.7 million in winning cheques within a year, immediately withdrawing money in cash afterwards. The source of the funds used to buy winning jackpots was suspected to be from illegal means.

Indicators of ML using winnings:

- Frequent claims for winning jackpots
- Frequent deposits of winning gambling cheques followed by immediate withdrawal of funds in cash
- Customers watching/hanging around jackpots sites but not participating in gambling
- Multiple chip cash outs on the same day
- Customers claiming gaming machine credits/payouts with no jackpot
- Customers claiming a high level of gaming machine payouts
- Purchasing and cashing out casino chips with no gaming activity
- Requests for winnings in separate cash or chip amounts under reporting threshold
- Frequent 'cash out' transactions without corresponding 'buy in' transactions
- Cashing in winnings in a multiple combination of chips, cheque and cash

CURRENCY EXCHANGE

125. Given the popularity of casino-based tourism and the willingness of customers to travel to legal casino sectors, most casinos offer currency exchange services.
126. **Conversion of large sums of foreign currency** – launderers may use large, one-off, or frequent foreign currency exchanges or deposits of a foreign currency. This may not appear suspicious in jurisdictions with high numbers of foreign players.
127. Reported cases indicate that criminals involved in the distribution and supply illegal drugs are using casino currency exchange services to convert their criminal proceeds from one currency to another, in order to alter its original form.
128. Individuals and groups will also employ structuring methods to undertake currency exchanges without triggering threshold reports. They will use multiple casino locations and once the currencies are exchanged, will meet again to assemble the total amount.
129. **Casino play is undertaken in foreign currency** – in some poorly regulated jurisdiction, customers are able to purchase chips directly in a foreign currency (for example in Nepal with USD and Indian Rupees).

Case 18

Overseas nationals purchase winning jackpots with illegal proceeds

| | |
|---------------|---------------------------|
| Offence: | Money Laundering |
| Jurisdiction: | Spain |
| Technique: | Currency conversion |
| Mechanism: | Casino |
| Instrument: | Cash – various currencies |

A group of foreign people entered separately in a casino to buy casino chips using Swiss Francs (CHF). The purpose of the syndicate was not to play in the casino, but to redeem the chips in Euros. The casino detected the operations, stopped the transactions and filed an STR.

Indicators of ML using currency exchange:

- Bank drafts/cheques cashed in for foreign currency, e.g. Euros, USD
- Multiple currency exchanges
- Dramatic or rapid increases in size and frequency of currency exchange transactions for regular account holders
- Currency exchange for no reasonable purpose
- Currency exchanges with low denomination bills for high denomination bills
- Currency exchanges carried out by third parties
- Large, one- off, or frequent currency exchanges for customers not known to the casino
- Requests for casino cheques from foreign currency
- Currency exchanges with little or no gambling activity
- Structured currency exchanges

EMPLOYEE COMPLICITY

130. Employee complicity is another method in which third parties are used to facilitate money laundering. Individual employees or organised groups comprising of staff from different departments conspire with customers to enable money laundering transactions to go undetected. Methods include:

- Failing to file suspicious transaction reports or threshold transaction reports
- Destroying documents/transactions reports related to due diligence or reporting processes
- Falsifying player ratings and other gambling records to justify the accumulation of casino chips/gaming machine credits

131. Some jurisdictions have raised vulnerabilities from providers of gaming equipment and machines as well as contractors that supply goods with a potential to impact on the integrity of the operation. Major contracts can be an avenue for criminal exploitation of the operation (eg through corrupt purchasing and under supply of contract goods). Criminals will try to exploit gaming equipment and associated computer systems to achieve theft and money laundering in the casino.

Case 19

Suspected falsified player ratings

| | |
|---------------|---|
| Offence: | Money laundering |
| Jurisdiction: | Australia |
| Technique: | Falsifying player ratings to legitimise criminal proceeds |
| Mechanism: | Casino |
| Instrument: | Cash |

An ex-employee of one casino was investigated by Australian authorities after he was able to purchase a house for cash. The family of this person is alleged to be involved in illegal drug activity and it was suspected that the funds used to purchase the house were provided by his family. The person, however, was able to show 'player ratings' from a second casino to show how he had turned NZD20,000 into over NZD400,000 in two weeks. It is suspected that an accomplice at the second casino falsified these 'player ratings', but this was not able to be proven.

Case 20

Back door corruption

| | |
|---------------|--|
| Offence: | Money laundering |
| Jurisdiction: | United States (Indian casino) |
| Technique: | Casino staff bribed to facilitate money laundering |
| Mechanism: | Casino |
| Instrument: | Cash, jackpots |

In Florida drug proceeds were laundered through gaming machines. Some gaming machines are controlled by software that have certain override features, or 'back doors' that give key casino staff the ability to force jackpot payouts. In Florida drug dealers bribed casino staff who accessed the override features and rigged a number of machines for the drug dealers to play and win jackpots from their drug proceeds.

Indicators of employee complicity:

- Contact between patrons and casino staff outside of the casino.
- Supposed winnings do not correspond with recorded winnings
- Dramatic or rapid increases in size and frequency of currency transactions for regular account holders.
- Large sums of cash from unexplained sources
- Large sums credited into accounts from other jurisdictions or countries of concern²¹
- Associations with multiple accounts under multiple names
- Transactions on casino accounts conducted by persons other than the account holder
- Deposits into casino account using multiple methods
- Cheques issued to a family member of the person
- Multiple individuals sending funds to a single beneficiary
- Third party present for all transactions but does not participate in the actual transaction
- Transferring funds into third party accounts
- Use of third parties to undertake wire transfers
- Use of an intermediary to make large cash deposits
- Use of gatekeepers, e.g. accountants and lawyers to undertake transactions
- U-turn transactions occurring with funds being transferred out of a country and then portions of those funds being returned
- Use of remittance agents to move funds across borders
- Use of third parties to purchase gaming chips
- Use of third party to conduct wagering
- Wire transfers from third parties in tax haven countries
- Junket tours where funds can be concealed amongst the pool for the group
- Cash handed to third party after cash out.

CREDIT CARDS / DEBIT CARDS

132. **Laundering proceeds from stolen credit cards** - Casinos in some jurisdictions allow customers to purchase casino chips using credit cards. In cases where the cards are not stolen or fraudulently obtained, the outstanding credit card balances are paid by the card holder at the bank using the illicit funds.
133. **Credit cards** – criminals use of credit cards provides an opportunity for authorities to follow the money trail more readily.

Case 21

Debit card scheme

| | |
|---------------|--|
| Offence: | Fraud, money laundering |
| Jurisdiction: | Belgium |
| Technique: | Use of credit cards to conduct money laundering transactions |
| Mechanism: | Casino |
| Instrument: | Credit cards, casino chips. |

A person residing in Belgium, originally from Eastern Europe, visited a casino on the Belgian coast on two occasions and bought gaming chips for a total value of EUR 400,000 paid for in cash and with credit cards. The casino reported these transactions to the FIU.

Based on the history of gambler's purchases using credit cards it was determined that his account had been extremely active: it had been inundated with various transfers from companies and, in particular, with many cash deposits. The spouse of the party concerned ran a business in Belgium and maintained underworld links with organised crime from Central and Eastern Europe. The party concerned received citizens from those countries at his personal address and that financial transactions were carried out in cash. The gambler was in frequent contact with a person who was being investigated for the laundering of money deriving from organised crime.

134. **Debit cards** - are another value instrument used to conduct fraud and money laundering crimes. In the case below, criminals would join a casino and use their debit card to draw up to the casino's maximum standard daily limit and purchase casino chips. The subjects either do not put any funds at risk or there would be minimal play. The subjects would then typically cash out. In similar cases, plaques would be passed to an associate for play. Sometimes all the funds would be put at risk. The major operators quickly identified this trend and put risk control mechanisms in place to limit the initial debit card transaction to a much lower limit for first time transactions in high risk situations.

Case 22

Debit card scheme

| | |
|---------------|---|
| Offence: | Fraud, money laundering |
| Jurisdiction: | United Kingdom |
| Technique: | Use of debit cards to conduct money laundering transactions |
| Mechanism: | Casino |
| Instrument: | Casino plaques |

An existing member of a casino introduced a number of people over a period of time. Suspicious was raised as the new members were completing debit card transactions to the maximum limit and receiving gaming plaques in exchange, which in turn were passed to the existing member. Most of the new members never returned to the casino after the initial visit. The nationalities of the new members varied widely, but all are believed to have recently arrived from foreign jurisdictions. The transactions varied from GBP1,000 to 7,000. Some money was put at risk and lost by the existing main member.

Indicators of ML using credit/debit cards:

- Purchasing casino chips using credit card
- Purchasing casino chips using debit card
- Purchasing and cashing out casino chips/plaques with no gaming activity
- Customer purchases chips and leaves casino shortly after
- Use of stolen or fraudulently obtained credit card
- Use of multiple credit/debit cards to purchase casino chips
- Use of third parties to purchase chips using credit/debit card
- Structuring of credit card transactions
- Conducting debit card transactions up to the maximum limit
- Chip cash out is same/similar to chip purchase
- Customer due diligence challenges, e.g. refusals, false documents, one-offs, tourists passing trade

FALSE DOCUMENTS

135. As with financial institutions, money launderers use false documentation to disguise the origin of criminal proceeds and to protect the identity of those laundering the proceeds.
136. **False identification documents** - often used to conduct financial transactions at the casino, open casino accounts, undertake gambling transactions and redeem winnings.

Case 23**Money launderer uses third parties and false identities to launder drug proceeds**

| | |
|---------------|--|
| Offence: | Money laundering, identity fraud |
| Jurisdiction: | United States |
| Technique: | Use of third parties and false identities to structure gambling transactions |
| Mechanism: | Casino |
| Instrument: | Cash, casino chips |

A Person of Interest (POI) of a drug trafficking organisation, utilising both the money he was paid for his services and the large sums of money put into his possession to be laundered, elevated his previously modest gambling practices to that of a high-roller. The person would recruit third parties at the casino to purchase, or cash in, chips for him, paying them a nominal fee to do so. After gambling, he would cash some of these third-party purchased chips back out again, claiming they were his gambling winnings. According to the CTRs a USD313,000 discrepancy was found to exist between chip purchases and cash out. Twenty-four of the CTRCs recording his activities revealed the use of aliases and multiple social security numbers. On numerous other CTRCs he had refused to provide a social security number.

Indicators of ML using false documents and counterfeit currency:

- Associations with multiple accounts under multiple names
- er purchases chips or undertakes cash transaction and immediately leaves casino
- Transferring funds into third party accounts
- Use of multiple names to conduct similar activity
- Use of altered/fraudulent or stolen identification to conceal identity
- Customer due diligence challenges, e.g. refusal, false documents, one-off/tourist or passing trade
- Inconsistent identity information presented
- Refusal to provide identification / false identification or Social Security numbers
- Using false or multiple Social Security numbers
- Refusing to provide required identification

Chapter 3 – Sector Vulnerabilities and Emerging Issues

Introduction

137. This chapter identifies some of the sector vulnerabilities and emerging issues within the global casino sector, as reported by members of the FATF, APG and other FSRBs.

Casino-based Tourism – “Junkets”

138. Casino junkets or casino-based tours are derived from casino marketing programs. Such junkets appear to be common in casino jurisdictions in the Americas, Caribbean and Asia, but are less common in European casinos. The extent of junket operations in casinos in Africa, the Middle East and Central Asia is unclear.

Regional junket patterns

139. A number of casino sectors in the Asia/Pacific region have a sizable junket industry to attract gambling tourists to their sector. Macao, China has 196 licensed junket operators, made up of 126 companies and 70 individuals. The patterns of casino-based tourism in the Asia Pacific region vary but source jurisdictions include China, India, Hong Kong, Japan, Chinese Taipei, Thailand, Australia, New Zealand and the United States.

140. Junkets do not operate in Canada and it is reported that junkets do not operate in most of Europe, except for Malta which reported EUR28 million in revenues from junkets operations and Austria where junkets are considered by the Austrian government to be low risk due to what they consider to be tight regulations. While it might be true that junkets are not a feature of some casino sectors in Europe, it is also likely that junkets are a relatively recent development for this region and authorities may not yet be recognising junket-type operations or the level of risk they present.

Features of Junkets

141. Junket operators provide incentives for patrons to play at a particular casino. As part of this, the junket provider may organise all aspects of a player's tour to the casino, including the movement of funds to be played in the casino.

142. Casino junkets may be part of the casino's in-house marketing operation or may be run by independent operators who have a contract with the casino. In jurisdictions where the role of junkets is limited, they may still operate in travel agent roles with an added service of moving funds to the jurisdiction. In such cases, junkets may have no direct connection to the casino, but just bring the players and their funds to the front door of the casino.

143. Junket representatives / agents serve as an agent between casino marketing departments and proven premium players. VIP junkets do not tend to be advertised. Region specific junkets don't tend to deal with the general public. Junket representatives / agents rely on commissions or fees to support their business. These commissions vary, but may include:

- a percentage of front money
- a commission on 'dead chips'
- a commission on 'live chips'
- a commission on players' losses
- a percentage of the casino's theoretical win

Vulnerabilities

Movement of people and money to casinos

144. A vulnerability of junket programmes is that they involve the movement of large amounts of money across borders and through multiple casinos by third parties. This creates layers of obscurity around the source and ownership of the money and the identities of the players. This is made more difficult if the junket operator is complicit in any money laundering activity by the players, or is solicited by criminals to blend illicit funds with the pool of legitimate funds.

Case 24

Criminal control of junket operations

| | |
|---------------|--|
| Offence: | money laundering |
| Jurisdiction: | Australia |
| Technique: | Use of a junket agent to move funds and purchase chips |
| Mechanism: | Casino agent |
| Instrument: | |

A gambler used gambling contacts and knowledge of high-stakes gambling to become a registered and successful junket operator, bringing millions of dollars of revenue to a casino. All of the money gambled by the junket went through the operator's accounts in order to calculate commission from the group's turnover. This way the casino bypassed the necessity for identifying the source and beneficial owner of the funds. It was not until the junket operator began stealing from her customer's winnings that this situation came to the attention of the authorities.

145. Junket operators may use wire transfers to move funds on behalf of clients. The identity of the junket patrons is unknown to the sending and receiving financial institution or the receiving casino.

Regulation of Junkets

146. Relatively few casino jurisdictions regulate junkets. While the US has a long history of regulating junkets, Macao, China has only recently taken steps towards clear regulation of junkets and their representatives. In the US, a number of states require registration of junket representatives. As an example, the State Gaming Control Board of Nevada requires a fingerprint check and detailed information including military record and criminal arrests. Macao, China requires registration of junket operators, as does Australia. Very few gaming jurisdictions have controls on whether or not junket operators are permitted to extend credit to the players taking part in the junket. Few gaming
147. Most jurisdictions require junket operators to be vetted, licensed and operate according to laws and regulations; some with specific AML/CFT controls that compel junket operators to report suspicious transactions by its players. In addition some legal frameworks place the responsibility for junket activities on the casino operator, with their license at risk if found to be unlawful and also oblige the casino operators to report any suspicion that a junket promoter may be involved in illegal activity.
148. In relation to junkets offered by independent operators and by casinos, there are a number of issues with foreign branches or subsidiaries of casinos operating in another jurisdiction to the one where the casino is located. A number of casinos and junket providers operate in a number of jurisdictions and offer services from the same casino group in a number of jurisdictions. It is not clear what obligations are placed on casinos

when they operate in another jurisdiction.

Junkets use of alternative remittance

149. In some jurisdictions junket operators may use formal or informal systems to remit money. The nature of junket business assists them to facilitate informal alternative remittance. The Junket operators may have agents in a number of jurisdictions. Junkets / casino agents may utilise their branch offices in foreign jurisdictions to organise movement of funds to the casino jurisdiction. It is not clear if these agents are responsible to their home jurisdiction for reporting STRs on junket patrons.

Case 25

Cash smuggling and underground remittance

| | |
|---------------|--|
| Offence: | Cash smuggling, money laundering |
| Jurisdiction: | Macao, China |
| Technique: | Use of an casino agent to move funds and purchase chips, structuring |
| Mechanism: | Casino, casino agent, remittance arrangements |
| Instrument: | Cash, cashier's order |

A casino agent received large amounts of cash in PR China from a mainland customer who wanted to gamble at a Macao, China casino. The agent took the cash to a shop at Zhuhai, which is adjacent to Macao, China. The shop divided the sum into small lots, which would be carried to Macao, China by many 'professional commuters'. Another agent collected these lots and handed them to the casino agent by depositing the monies into his account in the form of cash, cheque, bank transfer and remittance. When the full sum was received, the casino agent converted it into a cashier's order for receipt by the VIP room of the casino. The VIP room then issued non-negotiable chips to the mainland customer who could start gambling. When the customer won from the table, the gain in cash is given to the casino agent who would remit the funds back to China via underground banks.

Case 26

Use of junket promoter and casino VIP room to move cash between countries

| | |
|---------------|--|
| Offence: | Money laundering |
| Jurisdiction: | Macao, China |
| Technique: | Use of third parties to move illicit funds |
| Mechanism: | Casino, junket operators |
| Instrument: | Cash |

A merchant in country A could not perform a large remittance to country B due to its foreign exchange control. With the help of a junket promoter, he transferred the monies to the VIP room of a local casino, which informed an underground remitter in country B about the amount and beneficiary of the funds. The remitter would then arrange payment of the fund to the beneficiary. For country B citizens who wished to gamble in this casino of country A, but had difficulty in bringing in the cash, they would arrange alternative remittance through this remitter who would then inform details of these customers to the VIP room. When these citizens arrived at the VIP room they could immediately obtain the amount required for gambling. Both the VIP room and the remitter would perform reconciliation for net settlement, and basically no transfer of monies between two sides was required.

Case 27

Junket promoter use of underground banking

| | |
|---------------|-------------|
| Offence: | |
| Jurisdiction: | South Korea |
| Technique: | |
| Mechanism: | |
| Instrument: | |

A casino in Las Vegas, 'A' operated a marketing team entirely responsible for Korean customers. This team lent gambling money to Koreans in form of card (coupon) not cash so that the loan would be spent only for the purpose of gambling at 'A'. The members of this team visited Korea to collect debts or made their relatives in Korea do so on behalf of them.

The collected money was paid to trading companies in Korea for the goods that these companies sold to importing companies in the United States. And the importing companies paid the amount to 'A'.

Junket incentives - 'Dead chips'

150. Casinos in some regions offer junket agents a commission on non-negotiable, or "dead", chips. The use of dead chips requires the junket operator to account for their use. These 'dead chips' cannot be redeemed for cash from the casino, but are only negotiable with the junket promoter.
151. Players purchase large amounts of these chips from the junket operator at a discounted price. They cannot redeem the chips for cash or for live chips but must play the chips until they lose them or win replacement live chips. The live chips can be redeemed for cash with the casino. At the conclusion of gambling, 'dead chips' can be redeemed with the junket operator. Because 'dead chips' are offered at a premium to junket patrons, there is an incentive for players to purchase additional 'dead' chips.
152. **'Dead chips' being used by criminals as currency** – jurisdictions report 'dead chips' being used in drug deals and to settle other criminal transactions.
153. **'Dead chips' being smuggled out of a jurisdiction** – such chips are a safe way for criminals to move value as they are difficult for customs agencies to detect in cross border movements.

Case 28

'Dead chips' associated with loan sharks

| | |
|---------------|-------------------------------------|
| Offence: | money laundering, criminal coercion |
| Jurisdiction: | Hong Kong, China; Macao, China |
| Technique: | Use of 'dead chips' |
| Mechanism: | Junket 'dead' chips; |
| Instrument: | r |

Dealing in junket chips (colloquially known as 'mud-chips') is closely connected to other forms of criminality, and it is particularly ripe for exploitation by loan sharks often with a triad element, who are attracted by lucrative profits and the ease of finding potential borrowers amongst gamblers, with loans being offered in the form of 'mud-chips'.

In Hong Kong, China for example, stooge or nominee corporate accounts are often used for settlement purposes by loan shark syndicates operating offshore. A common scenario involves victims being induced to gamble more than they can afford in the VIP rooms at offshore casinos by mud-chip (*beta-ficha* or *dead chip*) syndicates, which often work with loan sharks. The victims are then escorted back to Hong Kong, China and held pending settlement. Family members are induced to make settlement by bank transfers, which are structured through a series of stooge accounts.

Case 29

Diversion of illicit funds to casino agents and junket operators

| | |
|---------------|--|
| Offence: | Fraud, money laundering |
| Jurisdiction: | Hong Kong, China, United States |
| Technique: | Use of third parties to move illicit funds |
| Mechanism: | Casino agents, junket operators |
| Instrument: | Cash |

In 2006, three provincial managers of a bank in another jurisdiction were indicted for embezzling in excess of USD3.5 billion that was subsequently channelled through shell companies and personal and investment accounts in Hong Kong, China with the help of associates and intermediaries. Approximately HKD500 million was deposited with the representative agents and junket promoters of various South East Asian and North American casinos for the groups' personal use.

154. Indicators of money laundering through junket operations include:

- Players refusing to provide identification
- Use of representatives/third parties to conduct cash buy-in
- Junket chips redeemed without any gambling activity
- Source of funds for buy-in not disclosed
- Source of funds for buy-in from companies
- Buy-in of junket chips by a person whose occupation is not commensurate with the buy-in value
- Junket issuing cheques to rival casinos
- Junket transferring funds to players with no verifiable proof of winnings
- Player frequently requesting cheques from junket operator below threshold amounts

Emerging Issue – Cruise Ship junkets

155. A growing number of independent casino junket representatives now offer junkets on cruise ships. These escorted cruise casino junkets tend to be on ships of the same lines and the packages offered by independent operators range from cruises that are entirely complimentary (with the exception of port charges and taxes) to packages offering reduced player rates. In most cases, players deposit a significant amount of money up front with the independent junket operator. Once aboard, the player can then draw this money for gambling in the cruise ship casino.

VIP Customers

156. VIP customers or 'high rollers' are highly valued casino customers who gamble in private and exclusive rooms within the casino complex and are afforded special treatment by the casino. VIP rooms are closely tied to the junket business, and, like junkets, the vulnerability is with identifying the high rollers, and being able to know where their money is coming from and going to. A concern shared by many jurisdictions is that casino staff view very high cash use or large deposits and withdrawals by VIPs, and especially within VIP rooms, as 'normal'. In addition casinos offer VIP customers financial facilities akin to any banking institution, yet many jurisdictions do not have the level of AML controls over casinos as they do their banking industry. If there are no requirements to conduct CDD on VIPs, particularly those associated to junkets, and/or regulators and law enforcement cannot access membership information on operations and if required the money trail associated with their gambling, it poses a serious risk.

157. VIP customers represent high revenue streams for most casinos. A study in 2007 by the Royal Canadian Mounted Police (RCMP) showed VIP customers to be responsible for 80% of casino turnover but only represented 1% of casino patrons.²² Macao, China also reports 50-70% of all casino revenue comes from VIP rooms and many jurisdictions consider VIP customers playing in Macao, China as one of the major risks in the sector.

²² Statistics quoted by Canadian officials at the 2007 Joint APG/FATF typologies workshop in Bangkok from a study on risk and vulnerabilities in the casino sector by RCMP in 2007. Report is not yet available to agencies outside of Canada.

Under Macao, China's old monopoly system the VIP rooms catered to clients seeking anonymity and were shielded from official scrutiny. As a result, Macao, China's casino industry provided an avenue for the laundering of illicit funds and served as a conduit for the unmonitored transfer of funds out of China. Although crime groups continue to be associated with the gaming industry through their control/use of VIP gaming rooms and activities such as racketeering, loan sharking and prostitution,²³ some newer casinos do not cede control of its VIP gaming facilities to outside organisations, which impedes organised crime's ability to operate in the casino sector.

158. The following two cases illustrate the risks presented by VIP players:

- In Australia a high profile Asian organised crime figure became a member of the high rollers club at an Australian casino. The person was running a heroin trafficking network from suites in the casino's hotel and using his gambling activities to mask the illicit profits. He was a VIP player with an extremely high turnover. Over a two-year period he was given gambling incentives by the casino of more than AUD2.5 million dollars and spent two years as a non-paying guest of the casino's hotel. It was not until he was investigated by law enforcement agency that the casino looked more closely at his gambling transactions.
- In the United States a foreign national traveled frequently to Las Vegas to gamble. He was well-known to a Las Vegas casino and had a gambling loss of approximately USD1 million over a four year period. Over a subsequent 3 year period his losses increased to more than USD125 million. On his behalf the casino conducted wire transfers and direct bank to bank transfers from corporate accounts. The casino on occasion would extend him USD10 million line of credit and frequently offered him extravagant perks including use of hotel suites, cars, and the casino jet. There were no SARs filed by the casino and no verification of his source of funds was undertaken. Yet open source documents show the company owned by the person could not have generated income sufficient to sustain his gambling losses.

Corrupt or Inadequately Trained Staff

159. Effective AML/CFT controls require casinos (and support industries) to be free from corruption and influence and casino employees to be adequately trained to prevent and detect money laundering activity. However, high staff turnover is characteristic of many casino sectors, particularly in the regions that are poorly regulated for AML/CFT AML training and experience being lost from the sector as a result. And the potential for corruption in a cash intensive industry, characterised by high employee turnover, is ever-present. Reported cases demonstrate that casino employees, either individually or acting in concert with others, intentionally do not file suspicious/threshold reports, destroy records and falsify documents to disguise money laundering activities. However, inadequate systems and poor employee training also account for large-scale money laundering in the casino sectors.

- In 2007 a number of casino employees were charged for their role in running an illegal gambling ring out of a casino, taking in USD22 million in sports betting. The

²³ Macao, China's money laundering legislation includes provisions designed to prevent money laundering in the gambling industry. The legislation aims to make money laundering by casinos more difficult, improve oversight, and tighten reporting requirements. On June 7, 2004, Macao, China's Legislative Assembly passed legislation allowing casinos and junket operators to make loans, in chips, to customers, in an effort to prevent loan-sharking by outsiders. The law requires both casinos and junket operators to register with the government.

casino employees included poker room supervisors, dealers, and a bartender and their roles mostly involved not filing suspicious reports on transactions.

- A Las Vegas compliance officer was charged with failure to file approximately 15,000 CTRCs between 2001 and 2003. He stated that he did not file the reports because he was having personal problems, was behind in his work, and the importance of filing CTRCs was never explained to him.
- In 2006 a drug dealer admitted to distributing approximately 100 pounds of crystal methamphetamine between Las Vegas and Hawaii. In court, he admitted to gambling millions of dollars in cash through Las Vegas Casinos, mostly carried in to the casino in duffle bags. Law enforcement authorities were never notified of this activity.
- USD207 million in cash was found in a home in Mexico. It is believed to be the proceeds of a drug kingpin who reportedly lost between USD80 - 120 million at Las Vegas Casinos. However, law enforcement authorities were unaware of this person until the cash seizure.

160. Most well-regulated jurisdictions require casino operators to certify an employee's competence to perform the functions authorised by their employment license. This can include reporting of suspicious and significant transactions to the FIU and reporting of illegal and undesirable activity by patrons. Some jurisdictions require regulators to approve the content of training courses run by the casino operator. Yet inadequate employee training, as demonstrated by the cases above, is a significant vulnerability within the casino sector, regardless it seems of the level of regulation imposed.

New Casino Markets

161. As discussed in Chapter 1, new and emerging casino markets are vulnerable to money laundering activities, particularly in the Asia/Pacific and African regions where casino sectors are being rapidly established in developing countries. Many of these jurisdictions have predominantly cash-based economies, poor governance and weak or limited AML/CFT capability. Often the growth of the casino industry will outpace the country's ability to put in place sufficient AML controls, as well as regulatory and enforcement capacity, leaving the sector vulnerable to corruption and money laundering by organised crime groups.

162. Macao, China is another area of vulnerability due to rapid market growth. Revenues in Macao, China started to surge in 2004 when new casinos opened after the 2002 decision to end the 40 year monopoly by the STDM. Now the majority of Macao, China's economy is linked to the casino industry. In less than 6 years, Macao, China has become the biggest casino market in the world. Prior to regulatory reforms in 2002, Macao, China's casino industry was under-regulated, despite the presence of high cash transactions and lucrative junket and VIP room contracts. Since 2002, Macao, China has sought to reform its legal regulatory framework for AML/CFT in the casino sector, however, like many jurisdictions, effective implementation of FATF standards remains a challenge.

163. Like all jurisdictions, Macao, China continues to face threats from organised crime. Whilst AML/CFT implementation in the casino sector is occurring, the scale and speed of growth experienced in the market may result in even greater vulnerabilities for ML.

164. The United States has noted that the rapid growth of new casino markets can provide money laundering opportunities. A US threat assessment in 2005 considered the most notable development in this field is the striking growth of Native American casinos, which have enjoyed double-digit revenue growth for the last ten years, collectively taking in USD25.7 billion in revenue in 2006, more than twice the amount generated by

Nevada casinos.²⁴

165. A challenge to establishing effective AML/CFT controls for tribal casinos is coordinating the various regulatory bodies. Tribal gaming is regulated on three levels:
- a) Indian Nations (Tribal Government - Gaming Regulatory Commissions)
 - b) State Gaming Agencies
 - c) The National Indian Gaming Commission and federal government agencies, including the U.S. Justice Department, the U.S. Treasury Department and the Department of the Interior.
166. The growth of the Indian gaming market, coupled with overlapping regulatory jurisdictions and limited enforcement resources, has generated concern over the potential for large-scale criminal activity in the Indian gaming industry.
167. The sector vulnerabilities and emerging issues described above, with the exception of New Casino Markets, are universal across the global casino sector, presenting regulatory challenges for all jurisdictions. High-seas gambling, for example, not only affect the ship's registered jurisdiction, but all jurisdictions that have ship's visiting their ports. VIPs are common to all casinos, as is staff training and corruption. And while it appears junkets are concentrated in the North America and Asia Pacific regions, the customer base is from all over the world. Of more concern, however, is that money laundering is transnational in nature. Crossing international borders and exploiting weaknesses within jurisdictional systems is the main objective of money launderers, regardless of the location of their predicate offending. It is, therefore, insufficient for these issues to be addressed regionally; they require a global response to be effective. While the next chapter does not address the above-described vulnerabilities specifically, it outlines the FATF's 40+9 recommendations and summarises some of the reported issues related to implementing effective AML controls.

High Seas Gambling

168. High seas gambling (also called boat gambling or floating casinos) is a particular issue in Hong Kong, China where a number of cruise ships or large luxury vessels, operate from Hong Kong, China harbours, with the sole or primary purpose of providing casino gaming in international waters. These vessels sail under Panamanian and Bahamian flags and some are owned and operated by Hong Kong, China companies. Hong Kong, China authorities consider that such operations do not fall within their sphere of control for AML/CFT purposes due to the limitation of extra-territorial jurisdiction.

Case 30

High Seas casinos used to launder proceeds of fraud

| | |
|---------------|----------------------------------|
| Offence: | Money laundering |
| Jurisdiction: | Hong Kong, China; Australia |
| Technique: | |
| Mechanism: | High-seas casino; bank accounts, |
| Instrument: | Casino |

In 2005 five Australian citizens defrauded a superannuation scheme of AUD150 million. Two of the five men flew to Hong Kong, China and boarded a cruise ship, drawing on the illicit funds while gambling at the ship's casino. After losing approximately AUD3 million, they cashed in their casino chips and had the remaining funds sent to their personal accounts in Hong Kong, China.

²⁴ Associated Press., "Tribal casino revenue up 5 percent nationwide", June 19 2008, http://blog.mlive.com/kzgazette/2008/06/tribal_casino_revenue_up_5_per.html

169. The case above highlighted 'high seas gambling' in Hong Kong, China as a particular money laundering risk within Hong Kong's AML controls. The lack of supervision of casinos operating in international waters leaves Hong Kong, China exposed to casino-related money laundering risks despite having no domestic casino industry.
170. The phenomenon of gambling in international waters is an issue for all countries with cruise ships registered or operating within their jurisdiction. While many countries prohibit casinos on ships from operating while in territorial waters, cruise ship gambling in international waters is not well regulated.
171. Many jurisdictions do not have regulatory oversight over cruise ship casinos registered to their jurisdiction. Since cruise ship casinos, with only minor exceptions, are allowed to operate only when in international waters the casinos are largely unregulated. Some steps have been taken within the cruise line sector to self regulate (see guidelines published in 1999 by the International Council of Cruise Lines (ICCL).)²⁵
172. Few jurisdictions have AML/CFT controls to cover cruise ship casinos. Little is known about the level of risk presented by gambling that is undertaken in international waters. For example, it is unknown what methods are used to transfer funds to and from the cruise ship, and how the funds are then integrated back into the financial system. 'High seas gambling' also presents a complex question of international law. If AML/CFT laws were to apply, which jurisdictions would have oversight; the jurisdiction from which the ship is operating from, or the jurisdiction where the vessel is registered? And it is unknown what general record-keeping or due diligence processes, if any, are carried out by cruise lines or if they report suspicious activities to appropriate authorities.
173. Some jurisdictions that impose tax and AML regulations on cruise ship lines, such as the United States. Ships registered in the US are subject to income tax and money laundering legislations, meaning that US citizens and permanent residents must declare any income from cruise-ship gambling with Customs on returning to the US and through yearly tax returns. And the cruise line is required to file tax notices for jackpots of over USD1,200 and CTR-Cs on aggregate cash transactions by any individual of USD10,000 or more in a single day.²⁶ However, there is some question as to whether all US registered ships comply with these requirements, and it is unknown the nature or level of oversight by US authorities.
174. It should be noted that the FATF and a number of FSRBs, including the APG, consider AML/CFT controls on cruise ship casinos in the context of a country's ME evaluation if this activity presents a risk of money laundering.

Terrorist Financing

175. Throughout this report, the term money laundering has also referred to terrorist financing. It should be pointed out that the research undertaken failed to find any reported cases of terrorist financing in the casino sector. This may be due to the characteristics of terrorist financing that make it difficult to detect, characteristics such as the relatively low value of transactions involved in terrorist financing, or the fact that funds can be derived from legitimate as well as illicit sources.
176. It would be a mistake, however, to assume that terrorist financing has not and could not occur in the casino sector. Where funds are derived from criminal activity, then traditional monitoring mechanisms that are used to identify money laundering may also

²⁵ Further information can be found at <http://www.cruising.org/industry/tech-intro.cfm>

²⁶ "A guide for cruisers who enjoy casino VIP privileges." *Cruise-Casinos*, 2004, <http://www.cruise-casinos.com/jackpots.htm>.

be appropriate for terrorist financing and includes the methods and indicators described in Chapter 2, though these indicators would only support suspicious activity, and may not be identified as or connected to terrorist financing once further investigation is undertaken.

177. It should be noted that transactions associated with the financing of terrorism may be conducted in very small amounts, which may not be the type of transactions that are reflected in the indicators for money laundering. Where funds are from legal sources, it is even more difficult to determine if they could be used for terrorist purposes. Therefore, while terrorist funds may be derived from criminal activity as well as from legitimate sources, transactions related to terrorist financing may not exhibit the same traits as conventional money laundering.
178. The ability of casinos to detect and identify potential terrorist financing transactions without guidance on terrorist financing typologies or unless acting on specific intelligence provided by the authorities is significantly more challenging than is the case for potential money laundering and other suspicious activity.
179. Detection efforts, absent specific national guidance and typologies, are likely to be based on monitoring that focuses on transactions with countries or geographic areas where terrorists are known to operate or on the other limited typologies available (many of which are indicative of the same techniques as are used for money laundering). Particular individuals, organisations or countries may be the subject of terrorist financing sanctions, in a particular country. In such cases a listing of individuals, organisations or countries to which sanctions apply and the obligations on casinos to comply with those sanctions are decided by individual countries.

Chapter 4 - Policy Implications

180. A number of issues and policy implications have been identified by the APG/FATF casinos project. Many of these relate to implementation issues with the current FATF standards.

Lack of AML/CFT coverage for casino sectors

181. A number of jurisdictions clearly lack awareness of money laundering and terrorist financing risks in the casino and gaming sectors.

182. A significant number of jurisdictions have limited regulatory controls, including 'fit and proper' tests for casino owners, managers and staff, internal controls, etc. A greater number of casinos sectors are not yet subject to any AML/CFT controls, in particular in developing countries.

183. **Vetting, licensing and training relevant employees** - jurisdictions raised the need to ensure that staff with a potential to impact on the integrity of the casino operation should be vetted and appropriately trained in AML/CFT. There are significant gaps in coverage of staff in some gaming jurisdictions.

184. **Internal controls** - Most jurisdictions require casinos to have a documented set of internal controls over almost all aspects of casino operations. Some require the regulator to approve these whilst others require the documented controls to meet a set of specified standards.

Lack of regulatory tools

185. Law enforcement agencies and regulators report the need for and implementation of suitable tools that carry effective, proportionate and dissuasive sanctions to use in the regulation of casinos, which are wilfully negligent in AML. Results of Mutual Evaluations indicate a lack of effective regulatory tools for casinos across members of the FATF and FSRBs.

Implementation of CDD measures

186. Many jurisdictions have struggled to implement CDD measures in casinos in keeping with the international standards. A number of jurisdictions have not followed the thresholds outlined in the FATF standards (for example opting for a \$10,000 threshold for CDD).

187. A number of jurisdictions are relying on customers being issued with a casino membership cards for which CDD information is collected at the start of the relationship. Customers are then only required to present the card to identify themselves when transacting over the threshold of USD/Euro 3000.

188. A number of jurisdictions have noted challenges with determining a suitable timeframe for determining whether transactions are linked for the purposes of determining whether the USD3000 is met. Cases have illustrated criminals awareness of change of shifts with casino staff to seek to avoid reporting requirements.

189. A key issue is that in general casinos are not doing enough to establish source of funds and failing to recognise suspicious activity by their customers. Casino security and marketing systems tend to pay particular attention to customer's financial transactions and gambling behaviours, but mostly in terms of patterns of winning and opportunities to encourage greater participation. There is a need for greater vigilance of patterns of transactions and play, unusual transactions and possible indicators of suspicious transactions.

Control of junket operators:

190. A number of jurisdictions that allow junket play do not require registration/licensing and regulation of junket organisers and their agents. The vulnerabilities identified in the previous section raises concerns about the need to ensure that junkets and their agents are not under criminal control/influence and to ensure that financial transactions are transparent and subject to relevant AML/CFT measures.
191. The international standards do not clearly address junket operations, but their role as intermediaries or third parties is a significant concern in many jurisdictions.
192. **Issues with foreign branches or subsidiaries of casinos** – as outlined above, a number of casinos and junket providers operating in a number of jurisdictions and offer services from the same casino group in a number of jurisdictions. It is not clear what obligations are placed on casinos when they operate in another jurisdiction.

Regulatory controls over VIP rooms

193. There are significant issues with implementation of CDD controls over VIP rooms. In some jurisdictions there are not clear powers for the regulator, FIU or law enforcement to have access and to share information regarding members of casino VIP programs.
194. In some cases VIP gaming rooms are leased to junket operators, who provide the gaming equipment, staff and funds to play in the room. This may be done outside of the CDD and other internal controls of the casino.

Regulatory coverage of ‘foreigners only’ casino models

195. As indicated above, a number of jurisdictions have sought to establish casino sectors, but to ban nationals from entering or playing in the casino. This is viewed as a risk management and harm reduction strategy. In some cases this leads to weakened oversight by authorities as there is a perception that risks from money laundering are less under this model. In some cases of very weak supervision, only basic licensing criteria and foreign exchange obligations are enforced on such casinos.

Controls over significant contractors, systems and equipment:

196. Jurisdictions raised concerns about contractors that supply goods with a potential to impact on the integrity of the casino operation (eg gaming equipment and computer systems) should be required to be subject to probity assessment.

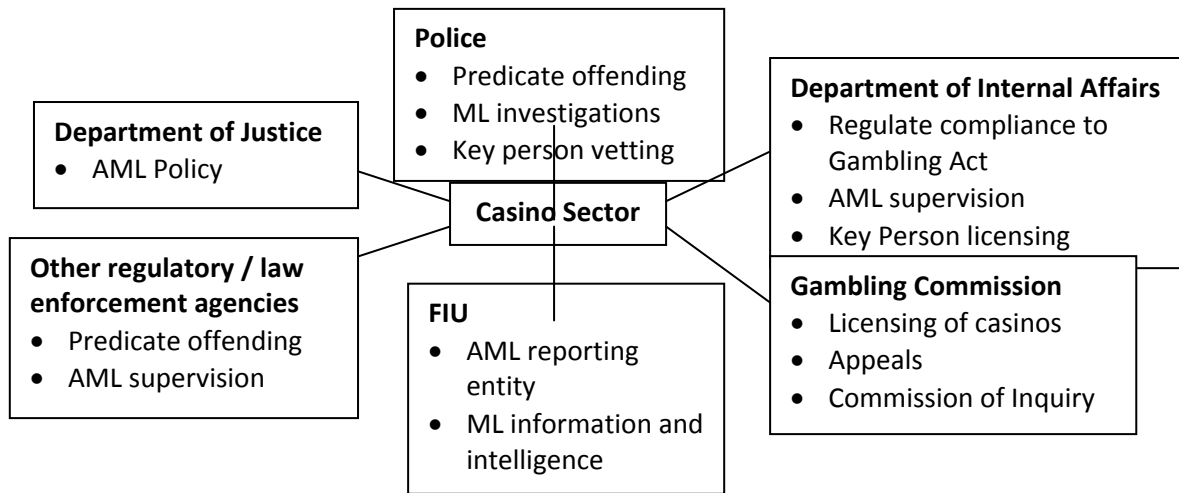
Lack of AML/CFT capacity / experience by casino regulators

197. In some jurisdictions where casinos have recently been brought under AML/CFT controls, the AML supervisor lacks technical expertise of the casino sector to effectively supervise. There are a number of technical issues specific to casinos and gaming that require sector-specific technical knowledge and experience to support effective regulation and supervision.

Coordination between AML/CFT and casino-sector supervisors

198. In some jurisdictions, a gambling supervisor audits gambling operations in casinos for compliance to gambling laws, but may have a limited role in assessing the casino's level of AML compliance, despite their day to day role. Given the number of financial and non-financial sectors to be supervised, as well as other agencies involved, AML supervision of casinos without the direct involvement of casino regulators may present problems. Joint supervision depends on a high level of inter-agency collaboration to be effective.

199. As shown in the diagram below, New Zealand is an example in which AML and AML-related policy and operations are invested across a number of agencies.



200. A number of federal systems report state/provincial-level casino regulation, but national level AML/CFT regulation. This requires effective inter-agency coordination and cooperation to achieve consistent national coverage of casino and gaming sectors for AML/CFT.

Building compliance culture in casino sectors

201. Precluding criminal involvement in casinos and gambling involves addressing both criminal influence and criminal exploitation. Successfully minimising criminal influence of casino operations is dependant upon a licensing and regulatory regime to preclude criminal involvement in the management and operation of casinos and effective preventative measures to detect ML and TF. A number of jurisdictions have struggled to establish an appropriate casino management compliance culture, including for AML/CFT.

202. Persons with large amounts of disposable cash are attractive customers casinos and this makes it imperative that the operator has not only integrity but a commitment to preserving a crime-free environment. Importantly commercial reward systems often provide bonuses or remuneration for “middle management” based on revenue-based performance criteria. These may not take into account the protection of the primary asset (the casino licence) and unless an appropriate management culture is in place within the operator these may work against maintaining a crime-free environment.

Law enforcement / FIU / Regulator access to information and investigation of ML/TF

203. **Legislative system for gathering information for law enforcement:** Many jurisdictions provide a legislated system for the regulator to receive requests for casino information (such as patron records) and then direct the casino operator to supply that information to the regulator. The regulator then provides the information to the law enforcement agency without the casino being made aware of which law enforcement agency requested the information.

204. In some jurisdictions this provision is regularly used to obtain lists of the casinos’ major players for a set time period.

205. There is a reported need for regulations to oblige casinos to adopt AML- systems, particularly when current arrangements hinder the detection and investigation of money laundering. As an example, most casinos operate player tracking systems (or player loyalty schemes) that record customer's levels of gambling, and can include data such as, capital introduced, wagering amounts, win and loss totals, and turnover. This type of information is critical to identifying and prosecuting money laundering; however, these systems are not calibrated to provide the calculations necessary for investigations or to the evidential standard required of prosecutions. Some jurisdictions report casinos showing very little interest in supporting AML efforts by addressing this issue.
206. **Dedicated police squads or intelligence units:** - In jurisdictions with large urban casinos it is common for there to be a dedicated police squad (sometimes located on site) or a specific police casino intelligence/investigation unit.
207. An important intelligence function for this type of body is being a gathering point of all available criminal intelligence related to casino operations (including from the casino operator and regulator). It is important that such specialist functions should work closely with AML investigations units.
208. **Police barring of undesirable patrons:** - A number of jurisdictions have provided the head of the Police with the power to require casinos to bar specified patrons where there are grounds to believe the person might attempt to criminally exploit the casino if allowed to attend. This is generally on the basis of criminal history or in some cases intelligence information. In some jurisdictions this has been made non-appealable and non-reviewable.
209. **Regulator barring of undesirable patrons:** - A number of jurisdictions have provided the casino regulator with the power to bar or require casinos to bar specified patrons. This is generally a power reserved for patrons who have not given the casino or police adequate reason to bar the person but owing to information available to the regulator, the regulator is of the opinion that the person is an unacceptable risk to the integrity of the operation of the casino. In some jurisdictions this has been made non-appealable and non-reviewable.
210. **Casino regulator assistance to FIU:** - In many jurisdictions the casino regulator proactively assists the flow of AML/CTF information to the FIU by conducting inspection programs or audits which seek to identify suspicious activity which the casino operator or regulator then reports to the FIU and/or law enforcement. There needs to be close cooperation between the FIU and gaming regulators.

International Cooperation

211. Effective international cooperation remains a challenge for AML and casino regulatory authorities on AML issues in many jurisdictions. Jurisdictions responses indicated relatively low levels of international cooperation between casino regulatory authorities on issues relevant to AML. In addition, several Asian jurisdictions report the difference in legal frameworks between jurisdictions as a factor, as well as their inexperience in AML/CTF supervision and international information exchange.
212. Effective mechanisms are not always in place, in particular to share information related to junket operators and patrons of junket businesses. There is a need for both casino jurisdictions and those jurisdictions whose citizens regularly travel to casino jurisdictions to ensure clear channels for information sharing and cooperation. This is a challenge when a number of the large casino sectors, such as that in the US, are characterised by a large number of state/provincial/city based regulators.
213. The issues described above in no way represent all of the problems encountered by jurisdictions.

214. Conclusion

215. While it is estimated that 100 countries participate in casino and card room gambling,²⁷ this research was able to confirm 77 jurisdictions with legalised casino sectors and 8 jurisdictions who have recently legalised or are giving consideration to legalising casinos. This represents a significant global activity that is cash intensive, competitive in its growth and vulnerable to criminal exploitation. What is encouraging is that all 77 jurisdictions are members of FATF or other related FSRBs, requiring those jurisdictions to meet an international standard in their AML programmes.
216. Mutual Evaluations have shown that globally, that while low, the casino sector has shown relatively higher levels of compliance with FATF standards than other DNFPBs. This is largely because of historical concerns many government have over the perceived levels of criminality and social consequence inherent in casino operations. Governments also tend to impose more stringent supervision and record keeping on casino operations in order to track and secure government revenues. For these reasons, it is often less politically difficult to apply AML/CFT measures to casino sectors, compared to other DNFPBs. Despite this there are many jurisdictions who are yet to fully extend AML controls to the casino sector, and as demonstrated by this research, not all jurisdictions have effective controls over the casino sectors even if they are included in AML frameworks.
217. There are significant regional and global sector vulnerabilities and emerging issues that have weakened AML controls and provide opportunity for money laundering and other financial crimes to flourish.
218. A key issues is casinos not doing enough to establish source of funds and failing to recognise suspicious activity by their customers. Casinos have to pay particular attention to customer's financial transactions and gambling behaviours, particularly if it does not correspond to that of a normal gambler or the intention to play to win is apparently absent or secondary. The methods and indicators in Chapter 2, the sector vulnerabilities and emerging issues in Chapter 3, and the policy implications in Chapter 4 are written to provide government decision-makers and supervisors with the base material from which they can properly target policies and interventions based on the pervasiveness of these methods and issues in their country. But more importantly the material in these chapters, specifically the methods, case studies and indicators, can and should be shared with casino operators and their staff who are on the front line in confronting these activities, so they may put effect to the AML controls imposed on their operation.
219. Indicators are not of themselves evidence of money laundering and it is not the casino's responsibility to determine that money laundering activity is taking place, rather it is the casino's role is to identify and report the suspicious activity. It is then up to the FIU and law enforcement authorities to examine the matter further and determine if there is a link to money laundering or terrorist financing.

²⁷ Casino City.

Bibliography

- “An Analysis of the Economic Impact of Indian Gaming in 2006”, *National Indian Gaming Association*, http://www.indiangaming.org/info/pr/press-releases-2007/NIGA_econ_impact_2006.pdf. Accessed at 13 July 2008.
- Aninat, E. Hardy, D. & Johnston, Barry R. "Combating Money Laundering and the Financing of Terrorism", *Finance & Development*, Vol. 39, No. 3, September 2002.
- “A guide for cruisers who enjoy casino VIP privileges.” *Cruise-Casinos*, 2004, <http://www.cruise-casinos.com/jackpots.htm>.
- Australian Casino Economic Report 2005/06”, July 2007, *Australian Casino Association*, <http://www.auscasinos.com/documents/publicationsSubmissions/ACAFinalReport200506v3.pdf>
- Casino City, <http://www.casinocity.com/casinos>, Accessed 16 July 2008.
- Corcoran, B. "Betting on (non-) compliance in South Africa", *Money Laundering Bulletin*, Informa UK Ltd.
- Department of Internal Affairs. *Gambling Expenditure Statistics 1983 – 2007*, [http://www.dia.govt.nz/Pubforms.nsf/URL/Expendstats07.pdf/\\$file/Expendstats07.pdf](http://www.dia.govt.nz/Pubforms.nsf/URL/Expendstats07.pdf/$file/Expendstats07.pdf)
- Global Gaming Business., “Asia Update”, June 2008.
- Ernst & Young, *Reviewing the Market: The 2008 Global Gaming Bulletin*, 2008
- Ernst & Young, *Global Gaming Bulletin 25th Anniversary Edition*, 2007
- French National Institute of Demographic Studies, http://www.ined.fr/fichier/t_telechargement/15700/telechargement_fichier_en_publi_pdf2_pesa436.pdf, Accessed 3 August 2008.
- Geller, R. “Saturation or Malaise?” *Global Gaming Business*, June 2008.
- Global Gaming Business., “Casinos, Mon!”, June 2008.
- Guilano , D. “Meet in the Middle: An Update on Gaming in Central America”, *Global Gaming Business*, June 2008.
- Monaghan,S. "Presentation on Understanding Gaming in the Far East", *13th International Conference on Gambling and Risk Taking*, May 2006.
- “Overview of Gaming Worldwide”, *Casino City, Global Gaming Almanac*, 2007, <http://www.casinocitypress.com/GamingAlmanac/globalgamingalmanac>, Accessed 5 July 2008.
- PricewaterhouseCoopers., “Economic Crime: People, Culture and Controls”, 2007, <http://www.pwc.com/extweb/home.nsf/docid/29CAE5B1F1D40EE38525736A007123FD>, Accessed 29 July 2008.
- Ricardo. C. S. Siu., "Formal Rules, Informal Constraints and Industrial Evolution - The Case of the Junket Operator Regulation and The Transition of Macao's Casino Business", *UNLV Gaming Research and Review Journal*, Vol. 11, Issues 2, 5 February 2007.

Acronyms and Abbreviations

| | |
|----------|--|
| AML/CFT | Anti Money Laundering and Countering the Financing of Terrorism |
| APG | Asia Pacific Group on Money Laundering |
| AUSTRAC | Australian Transactions Reports and Analysis Centre |
| BSA | Bank Secrecy Act (United States) |
| CFTAF | Caribbean Financial Action Task Force |
| CDD | Customer Due Diligence |
| CPV | Chip Purchase Voucher |
| CTRC | Currency Transaction Report - Casino |
| DICJ | Gaming Inspection and Coordination Bureau (Macao, China) |
| DNFPB | Designated Non-Financial Businesses and Professions |
| ESAAMLG | The Eastern and South African Money Laundering Group |
| EAG | The Eurasian Group |
| EU | European Union |
| FATF | Financial Actions Task Force |
| FBI | Federal Bureau of Investigations (United States) |
| FINCEN | The Financial Crimes Enforcement Network (United States) |
| FHA | Foreign Holding Account |
| FINTRAC | The Financial Transactions Report Analysis Centre of Canada |
| FIU | Financial Intelligence Unit |
| FSRB | FATF-Style Regional Body |
| GIABA | Intergovernmental Anti Money Laundering Group in Africa |
| IGRA | Indian Gaming Regulation Act (United States) |
| IMF | International Monetary Fund |
| IRS | Internal Revenue Service (United States) |
| ME | Mutual Evaluation |
| MONEYVAL | The Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (Europe) |
| MENAFATF | Middle East and North African Financial Action Task Force |
| PACGOR | Philippine Amusement and Gaming Corporation |
| PEP | Politically Exposed Person |
| POI | Person of Interest |
| RCMP | Royal Canadian Mounted Police |
| SAR | Suspicious Activity Report |
| STDM | Sociedade de Turismo e Diversões de Macao, China |
| TOTI | Ticket Out/Ticket In |
| VLT | Video Lottery Terminal |
| VIP | Very Important Player |

Appendix 1

| Jurisdiction | Casinos operating | Number of Casinos | Proposals for new Casinos | Regulated for AML/CFT | Online casinos | Miscellaneous |
|----------------------------------|-------------------|-------------------|---------------------------|-----------------------|----------------|---|
| Africa | | | | | | |
| Benin | Yes | 1 | | No | ? | |
| Botswana | Yes | 10 | | | None | Only two casinos operate gaming tables with the remainder operating only slot machines. Both the casinos with gaming tables are subsidiaries of South African casinos. A bill to include casinos under AML/CFT regime is being drafted. |
| Cameroon | Yes | 3 | | | | |
| Central African Republic | Yes | 2 | | | | |
| Comoros | Yes | 3 | | Unclear | | |
| Cote d'Ivoire | Yes | 1 | | Unknown | | Abidjan Hotel Ivoire Inter-Continental & Casino |
| Democratic Republic of the Congo | Yes | 1 | | No | | |
| Djibouti | Yes | 1 | | Unknown | | |
| Egypt | Yes | 25 | | | | |
| Gambia | Yes | | | | | Kololi Casino, African Gaming Co. Ltd. – Royal 7's |
| Ghana | Yes | 3 | | | | Run by KaiRo International. |
| Kenya | Yes | 15 | | | | Controlled by the Betting Control & Licensing Board, Mombasa |
| | | | | | | |

DRAFT

| Jurisdiction | Casinos operating | Number of Casinos | Proposals for new Casinos | Regulated for AML/CFT | Online casinos | Miscellaneous |
|--------------|-------------------|-------------------|---------------------------|-----------------------|----------------|---|
| Liberia | Yes | 1 | | | | |
| Madagascar | Yes | 2 | | No | | |
| Malawi | Yes | 1+ | | No | | |
| Mali | Yes | 1 | | No | | Run by KaiRo International. |
| Mauritius | Yes | 7+ | | No | | |
| Morocco | Yes | 8? | | Yes | | |
| Mozambique | Yes | 3 | | No | | |
| Namibia | Yes | | | No | | |
| Nigeria | Yes | 2 | | | | |
| Reunion | Yes | 4 | | | | |
| Senegal | Yes | 4 | | | | |
| Seychelles | Yes | 3 | | | | |
| Sierra Leone | Yes | 1 | | No | | Licensed, but no supervision by government. |
| South Africa | Yes | 45 | | Yes | | **More details** |
| Swaziland | Yes | 3 | | | Yes | licensed online operators |
| Tanzania | Yes | 3 | | | | |
| Tunisia | Yes | 3 | | No | | Only open to foreigners. |
| Uganda | Yes | 3 | | | | |
| Zambia | Yes | 3 | | | | |

DRAFT

| Jurisdiction | Casinos operating | Number of Casinos | Proposals for new Casinos | Regulated for AML/CFT | Online casinos | Miscellaneous |
|---------------------|-------------------|-------------------|---------------------------|-----------------------|----------------|---|
| Zimbabwe | Yes | 6 | | | Yes | Lotteries and Gaming Act, 2000 -Ministry of Home Affairs is the regulator. Limited CDD obligations |
| Middle East | | | | | | |
| Israel | Yes | 4 | | | | NB – two of these casinos are cruise-ship based casinos |
| Lebanon | Yes | 1 | | | | |
| Central Asia | | | | | | |
| Kazakhstan | Yes | 28 | | | | Since April 2007 laws passed to limit casinos to two provincial cities — Kapchagai (near Almaty) and Shchuchinsk. |
| Kyrgyzstan | Yes | 18 | | Yes | Yes | MER noted that casinos are showing some resistance to AML/CFT implementation. |
| Turkmenistan | Yes | 2 | | | | |
| Asia/Pacific | | | | | | |
| Cambodia | Yes | 21 | | No | No | Cambodian nationals are prohibited from entering casinos |
| Chinese Taipei | No | | Yes | | | Press reports indicate that in late 2007 the Chinese Taipei legislature was considering a draft gambling bill which, if passed, would legalise casinos and gaming in Chinese Taipei |
| Hong Kong, China | No | | | | No | Foreign registered vessels operate casinos in international waters. |
| India | Yes | 6 | | No | | Offshore – limited to the state of Goa |

DRAFT

| Jurisdiction | Casinos operating | Number of Casinos | Proposals for new Casinos | Regulated for AML/CFT | Online casinos | Miscellaneous |
|--------------|-------------------|-------------------|---------------------------|-----------------------|----------------|---|
| Japan | No | | Possibly | | No | |
| Korea, South | Yes | 17 | | Yes | No | |
| Korea, North | Yes | 1 | | No | | |
| Lao PDR | | | | | | |
| Macao, China | Yes | 29 | | Yes | No | 3 concessionaires operate all the casinos in Macao, China. Annual revenue is over USD\$10 billion per annum |
| Malaysia | Yes | 1 | | Yes | No | |
| Myanmar | Yes | 4 | | No | | The established casinos are not clearly legal. |
| Nepal | Yes | 6 | No | No | Yes | Nepal nationals are prohibited from entering. No 'fit and proper' tests for licensees |
| Palau | No | | Yes | | No | Proposals for legalising casino sector have not been supported. |
| Philippines | Yes | 14 | | No | Yes | All 14 casinos are government owned and operated by PAGCOR. PAGCOR operates an internet casino run in conjunction and cooperation with PhilWeb Corp Approximately 20% of patrons are foreign nationals - Chinese Taipei, Japan and Hong Kong, China. |
| Singapore | No | | Yes | Yes | No | |
| Sri Lanka | Yes | 9 | | No | | Nationals are not allowed into Sri Lankan casinos. Casinos are not clearly regulated by the government, although tax is paid. There is no 'fit and proper' tests for casino licensees. |
| Thailand | No | | Possibly | | | Initial risk assessment from illegal gaming sector undertaken |
| Vietnam | Yes | 2 | | Yes | No | |

DRAFT

| Jurisdiction | Casinos operating | Number of Casinos | Proposals for new Casinos | Regulated for AML/CFT | Online casinos | Miscellaneous |
|--------------------------|-------------------|-------------------|---------------------------|-----------------------|----------------|--|
| Australia | Yes | 13 | No | Yes | Yes | State-based casino regulation, with FIU national AML/CFT regulator. |
| New Caledonia | 3 | | | | | |
| New Zealand | Yes | 6 | No | Yes | No | Regulator is |
| Northern Mariana Islands | 1 | | | | | |
| Papua New Guinea | | | Yes | No | Yes | Newly passed legislation, May 2007 |
| Reunion | | | | | | |
| Solomon Islands | 2 | | | | | |
| Vanuatu | Yes | 2 | Yes | Yes | No | No 'fit and proper' tests for casino licensees. Vanuatu licensed an online casino, but it no longer in operation since 2002. |
| Europe | | | | | | |
| Albania | Yes | 1 | | | | |
| Austria | Yes | 12 | | Yes | | |
| Belarus | Yes | Approx 25 | | Yes | | |
| Belgium | Yes | 9 | | Yes | | |
| Bosnia & Herzegovina | Yes | 1 | | | | |
| Bulgaria | Yes | 7 | | | | |
| Corsica | Yes | 1 | | | | |
| Croatia | Yes | 15 | | | | |
| Northern Cyprus | | Approx. 20 | | | | |

DRAFT

| Jurisdiction | Casinos operating | Number of Casinos | Proposals for new Casinos | Regulated for AML/CFT | Online casinos | Miscellaneous |
|----------------|-------------------|-------------------|---------------------------|----------------------------------|----------------|--|
| (Area of) | | | | | | |
| Czech Republic | Yes | 158 | | No | | 2004 -27 licenses for 158 casinos across the country. 15 licensed for foreign exchange |
| Denmark | Yes | 6 | | Yes | | |
| Estonia | Yes | 75 | | | | |
| Finland | Yes | 1 + some in Åland | | Yes Unclear if Åland is covered. | Some in Åland. | Casinos also operating on ships. |
| France | Yes | 160 | | Yes | | Widespread casino and gaming industry |
| Georgia | Yes | 10 | | Yes | | |
| Germany | Yes | 62 | | | | Widespread casino and gaming industry. Casino regulators at state level. AML/CFT is a federal role |
| Gibraltar | Yes | 1 | | | Yes | 19 online casino licensees offering 166 sites. |
| Greece | Yes | 9 | | No | | |
| Hungary | Yes | 6 | | Yes | | |
| Ireland | No | | | | No | A number of private gaming clubs operate casino-like facilities that create an AML/CFT risk, but which fall outside the scope of the CJA (1994). |
| Italy | Yes | 5 | | Yes | | Although legislation has been adopted bringing casinos within the scope of the AML Law, further regulations are required to implement it. |
| Latvia | Yes | 14 | | Yes | Yes | |
| Lithuania | Yes | 18 | | Yes | | |

DRAFT

| Jurisdiction | Casinos operating | Number of Casinos | Proposals for new Casinos | Regulated for AML/CFT | Online casinos | Miscellaneous |
|---------------------|-------------------|---------------------------|---------------------------|-----------------------|----------------|---|
| Luxembourg | Yes | 1 | | | | |
| Malta | Yes | 3 | | Yes | Yes | Regulated by the Lotteries and Gaming Authority 266 online gaming sites are operating. Malta regulates junket providers |
| Moldova | Yes | | | | | |
| Monaco | Yes | 4 | | | | |
| Netherlands | Yes | 167 | | Yes | | |
| Poland | Yes | 27 | | Yes | | FIU is the casino regulator for AML/CFT purposes <i>The Ministry of Finance gives licenses, approves rules of the games in casinos, issues certificates of profession and registers gambling devices.</i> |
| Portugal | Yes | | | Yes | No | |
| Romania | Yes | 20 | | Yes | | The number of tourists who come especially to gamble in the Romanian casinos is very little, even insignificant (approximately 40-50 persons/month). |
| Russia | Yes | 169 | | Yes – the FIU | Yes | After 1 July 2009, all gaming will be prohibited in Russia, except within 4 newly created special gaming zones in Kaliningrad, Rostov-na-Donu, Altai and Primorie Krai (Vladivostok). |
| Serbia & Montenegro | Yes | 7 | | | | |
| Slovakia | Yes | 4 | | | 1 | |
| Slovenia | Yes | 23 + 36 gaming saloons | | Yes | | Office for Gaming Supervision is the regulator. The 23 licenses for Casinos are mainly owned |

DRAFT

| Jurisdiction | Casinos operating | Number of Casinos | Proposals for new Casinos | Regulated for AML/CFT | Online casinos | Miscellaneous |
|-------------------------------------|-------------------|-----------------------|---|-----------------------|----------------|--|
| Spain | Yes | 39 + 2 branches | | Yes | No | Approx 3.5 million visitors per annum to Spain's casinos. Regulator is the Ministry of Interior through the National Police. |
| Sweden | Yes | 4 | No. Casinos Act allows for a maximum of 6 casinos | AML only | No | Sweden does not permit internet casinos. MER noted Swedish businesses marketing Malta-based internet casinos in Sweden. Swedish National Gaming Board is the regulator - www.lotteriinspektionen.se |
| Switzerland | Yes | 19 | | | | |
| Ukraine | Yes | 45 | | Yes | | Over 50,000 patrons visit Ukrainian casinos daily. Ministry of Finance is the licensing body. |
| United Kingdom | Yes | 140 operating casinos | | Yes | Yes | Regulations have permitted operators to apply for an online casinos license only since 2007. Regulator: The Gambling Commission - http://www.gamblingcommission.gov.uk |
| The Americas & Caribbean | | | | | | |
| Antigua & Barbuda | Yes | 6 | | | yes | |
| Argentina | Yes | 80 | | | | Regulated at the provincial level |
| Aruba | Yes | 10 | | | | |
| Bahamas | Yes | 4 | | Yes | No | Tourism Board is the general and AML regulator |
| Barbados | Yes | 2 | | | | |
| Belize | Yes | 2 | | | Yes | |
| Canada | Yes | 63 | | Yes | No | <i>Cruise ship casinos.</i> Cruise ships can offer casino facilities under strict conditions in Canadian waters, but are not covered by the AML/CFT legislation. |

DRAFT

| Jurisdiction | Casinos operating | Number of Casinos | Proposals for new Casinos | Regulated for AML/CFT | Online casinos | Miscellaneous |
|----------------------|-------------------|-------------------|---------------------------|-----------------------|-----------------------|--|
| Chile | Yes | 17 | | | | In 2005 a new Casino Law was passed for a maximum of 24 casinos |
| Colombia | Yes | 20 | | | | ETESA regulates all gambling |
| Costa Rica | Yes | 35 | | No | Yes | more than 250 sports betting companies operate as online casinos |
| Dominican Republic | Yes | 32 | | No | | There is no monitoring of the financial behaviour of casinos nor supervision of their AML compliance. |
| Ecuador | Yes | 13 | | | | |
| El Salvador | Yes | 2 | | | | |
| Guyana | No | | | | | |
| Haiti | Yes | 2 | | | | |
| Honduras | Yes | 3 | | | | |
| Jamaica | Yes | 10 | | No | | |
| Martinique | Yes | 2 | | | | |
| Mexico | Yes | Up to 5 | | No | | Temporary permits for largscal "salones de Apuestas ". Regulator is the Secretaría de Gobernación (Ministry of Interior) |
| Netherlands Antilles | Yes | 26 | | | | |
| Nicaragua | Yes | 10 | | | | |
| Panama | Yes | 36 | | Yes | 1 not yet functioning | |
| Paraguay | Yes | 3 | | | | |
| Peru | Yes | 7 | | | | |

DRAFT

| Jurisdiction | Casinos operating | Number of Casinos | Proposals for new Casinos | Regulated for AML/CFT | Online casinos | Miscellaneous |
|--------------------------------|-------------------|-------------------|---------------------------|-----------------------|----------------|--|
| Puerto Rico | Yes | 18 | | | | |
| Saint Vincent & the Grenadines | Yes | 2 | | | | |
| St Kitts and Nevis | Yes | 2 | | | | |
| Suriname | Yes | 9 | | No | | |
| Trinidad & Tobago | No | | | No | | No legal casinos but the 72 Private Members Clubs (registered) seem to operate like Casinos, but are not supervised. |
| USA | Yes | 845 | | Yes | No | Various US gaming jurisdictions regulate junket operators and their agents. |
| Uruguay | Yes | 18 | | | | |
| Venezuela | Yes | 5 | | | | |

附件五

MONEYVAL 「利用證券業洗錢態樣」研究報告
(Typology research-Use of securities in
money laundering schemes) -無電子檔