



INSTRUCTION (No.8) TO LICENSEES AND CERTIFICATE HOLDERS

RISK

Instruction made under Section 22(3)(b) of the Alderney eGambling Ordinance, 2009.

This instruction repeals and replaces Instruction 7 issued on 17th August 2021.

1. Background

The Alderney Gambling Control Commission (“AGCC”) is committed to meeting established international standards on Anti Money Laundering and Counter Terrorist Financing (“AML/CFT”) and in addition countering the risks of Proliferation Financing (“PF”).

2. Risk Review

The AGCC has recently completed a review and re-assessment of its previous risk review following the publication of the Bailiwick of Guernsey’s National Risk Assessment in December 2023 (“NRA2”), a review of the AGCC’s experiences as a regulator, consideration of Alderney eGambling operators issues of concern in their operations, a review of Suspicious Transaction Reports (“STR”), a detailed consideration of authoritative reports with other source material and consideration of Mutual Legal Assistance requests made of the Guernsey Financial Intelligence Unit.

This has identified that the areas considered by the AGCC to pose *the greatest risk of Money Laundering and Terrorist Financing (“ML/TF”) are:-*

- 1 Ownership and control of Casinos. This encompasses not only the acquisition and management of eCasinos but also some aspects of their operational performance including staff probity and training issues and also assumes part of the risk of OCG (organised crime group) infiltration.
- 2 Customers who are criminals. This includes OCG infiltration and lifestyle spending by criminals. It also incorporates the identification of criminals via adverse media
- 3 Higher risk countries/focus jurisdictions
- 4 Use of third parties with particular regard to rented identities and smurfing
- 5 Fraud encompassing card fraud/payment fraud and fraudulent/false identities and fraud against eCasinos.

In addition other significant risks in the eGambling sector are breaches of targeted financial sanctions and concerns relating to manipulation in event based wagering. eCasinos should demonstrate heightened vigilance in respect of the areas of concern set out in this Instruction. The risks of PF within the sector are, as set out in NRA2, very much lower.

The AGCC further notes that a number of eGambling operators are aware of their obligations under Regulations 4(n), 6(o), 8(k) and 60(1) of the Alderney eGambling Regulations, 2009 (“the Regulations”) and have previously filed reports of their concerns relating to Event Based Wagering with the Guernsey FIU and the Commission.

3. Action to be taken

The Board of each relevant person (defined in Schedule 4 of the Alderney eGambling Ordinance, 2009 as an eGambling licensee, a Category 1 associate certificate holder or a Category 2 associate certificate holder) must as soon as reasonably practicable:-

- a) Consider the risks posed to their business by the issues raised in this Instruction,
- b) Ensure that their Business Risk Assessments accurately reflect any such risks by making any necessary changes, and seeking approval from the AGCC for any such relevant changes to their approved Internal Control System, and
- c) Ensure that, where a Suspicious Activity or Transaction Report is filed in any operating jurisdiction, consideration is given to obligations under the Disclosure Law and Terrorism Law to file a STR with the Guernsey FIS.

The action taken by each eGambling operator under this Instruction will be reviewed during on-site inspections and by other means as necessary.

8th April, 2024