



Financial Intelligence
Unit

MONEY LAUNDERING INDICATORS IN THE GAMBLING AND LOTTERY ORGANISERS SECTOR

2024

IN COOPERATION WITH:



Lotteries and Gambling
Supervisory Inspection
Republic of Latvia



Money Laundering Indicators in the Gambling and Lottery Organisers Sector

FIU in cooperation with the Lotteries and Gambling Supervision Inspection has developed guidelines **for representatives of the sector of gambling and lottery organisers** (as well as other reporting entities of AML/CFT/CPF Law) for effective risk management and the ability to identify signs that characterise a suspicious transaction and allow a timely response to a possible threat of ML/TF/PF. According to the NRA 2023¹, it has been established that the most significant land-based and online gambling service ML threats are criminal offences in the field of taxes, as well as manipulation of sports competitions. Namely, there is an increased possibility that transactions in the gambling and lottery sector (using the services of the reporting entities of the AML/CFT/CPF Law²) are carried out with the aim of legalising the proceeds of crime.

According to NRA 2023, three ML/TF/PF risks have been identified in the gambling and lottery sector³:

1. use of gambling sector services for storage or movement of proceeds of crime;
2. use of gambling services for ML, purchasing game participation funds with proceeds of crime and receiving them as winnings;
3. using the proceeds of crime for lifestyle spending on gambling.

Criminals use the gambling and lottery sector at all stages of ML: placement, layering and integration.⁴

Reporting entities, i.e. representatives of the gambling and lottery sector, are obliged to provide FIU not only with threshold declarations⁵, but also with information on each **suspicious transaction or activity**, which the person performs with the service provider. The guidelines serve as a supporting material for gambling and lottery organisers and other reporting entities to successfully implement a risk-based approach and effectively manage AML/CFT risks, thereby preventing proceeds of crime from entering and being used in the financial system.

It is important to point out that the set of ML indicators for risk management in the gambling and lottery sector listed in the material cannot be considered exhaustive and comprehensive. The identification of specific, individual indicator may not always lead to suspicion of criminal activity, but may serve as a useful control mechanism to impose increased surveillance or, for example, to conduct appropriate in-depth analysis in individual cases. Each suspicious transaction, even if it conforms to known ML typologies, may contain unique characteristics. Therefore, it is necessary to evaluate each case

¹National ML/TF/PF risk assessment report for 2020-2022. Available: <https://fid.gov.lv/uploads/files/NRA%202020%20-%202022.pdf>.

²In accordance with Section 3(1), Clause 6 of the AML/CFT/CPF Law. Available: <https://likumi.lv/ta/en/en/id/178987-law-on-the-prevention-of-money-laundering-and-terrorism-and-proliferation-financing>.

³National ML/TF/PF risk assessment report for 2020-2022. Page 206 Available: <https://fid.gov.lv/uploads/files/NRA%202020%20-%202022.pdf>.

⁴Lottery and Gambling Supervision Inspection. Guidelines for creating an internal control system for the prevention of money laundering and terrorism and proliferation financing for organisers of gambling and lotteries. Available: <https://www.iaui.gov.lv/lv/media/1245/download?attachment>.

⁵Regulations of the Cabinet of Ministers No. 550. "Regulations Regarding the Procedures for the Submission of Reports on Suspicious Transaction and the Threshold Declaration and Content Thereof". Available: <https://likumi.lv/ta/en/en/id/325463-regulations-regarding-the-procedures-for-the-submission-of-reports-on-suspicious-transaction-and-the-threshold-declaration-and-content-thereof>.

individually, taking into account the available information about the client and the transaction, as well as the available research materials.

In order to facilitate the timely detection of possible criminal offences and to facilitate the submission of reports to the non-financial sector reporting entities, the FIU has developed and since September 9, 2024, implemented a simplified procedure for submitting reports. In cooperation with representatives of the non-financial sector, a new reporting format was designed and developed, ensuring that the simplified procedure is specifically tailored to the non-financial sector, thus improving reporting efficiency.^{6/7}

Indicators of ML in the gambling and lottery organisers sector: 8/ 9/ 10/11

1. The customer provides false, incomplete, contradictory or difficult to verify information about the origin of funds.
2. The customer for identification submits documents with signs of forgery.
3. To open an account, the client for identification submits a document belonging to another person.
4. The customer for identification submits a document that is not valid for use.
5. Publicly available negative information about the client - possible connection with proceeds of crime or ML and/or with terrorism and/or its financing.
6. The customer is structuring transactions (regular deposits and/or payouts below the threshold and/or deposit from one bank account immediately requesting payout to another bank account) and it is suspected that the customer's intent is to avoid further analysis.
7. The transactions of the client (natural person) are not proportionate to his declared income (level of well-being) and there is no logical explanation for it.
8. The customer's behaviour is suspicious/atypical and/or it is suspected that the person is working in a group and/or the people involved have similar playing manners (for example, several customers place the same bets on one or more events, but the winnings are received (receipts submitted) by one customer, requesting documented confirmation of the winnings).
9. In the event of a win, the customer instructs the payment to be made to his account registered outside the jurisdiction of the gambling location.

⁶ More information on the procedure for submitting simplified reports for the non-financial sector reporting entities is available at: <https://www.fid.gov.lv/en/news/simplified-reporting-procedure-for-non-financial-sector>.

⁷FIU. Infographic: SARN submission in goAML. Available only in Latvian: <https://www.fid.gov.lv/uploads/files/Zi%C5%86o%C5%A1ana%20goAML%20.png>.

⁸Reporting of suspicious transactions and refraining from execution of suspicious transactions" guidelines. 2nd updated edition. Available: https://fid.gov.lv/uploads/files/2024/FIU%20Latvia_STR%20guidelines_2nd%20edition.pdf.

⁹ FATF Report. Vulnerabilities of Casinos and Gaming Sector. Available: <https://www.fatf-gafi.org/content/dam/fatf-gafi/reports/Vulnerabilities%20of%20Casinos%20and%20Gaming%20Sector.pdf.coredownload.pdf>.

¹⁰ The FATF Recommendations. International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation. Available: <https://www.fatf-gafi.org/content/dam/fatf-gafi/recommendations/FATF%20Recommendations%202012.pdf.coredownload.inline.pdf>.

¹¹ Lottery and Gambling Supervision Inspection. Risks of money laundering and terrorism and proliferation financing and their management guidelines in the field of gambling and lotteries. Available: www.iaui.gov.lv/lv/media/1239/download?attachment.

- 10.**The customer's transaction is related to another suspicious transaction that has already been reported to FIU.
- 11.**The client keeps funds in the game account for a long time, does not participate in gambling games or little participates in them, and pays out to the bank account.
- 12.**The customer is identified as a PEP, a family member of a PEP or a person closely related to a PEP.
- 13.**The customer's IP addresses of the gambling account are from different countries.
- 14.**The customer uses one or more bank accounts or bank cards opened in financial institutions registered in foreign countries to top up his/her gambling account or to buy game participation funds and pay out winnings, and there is no logical explanation for it.
- 15.**The client receives large sums of money from third parties without any apparent logical explanation. Received funds are deposited into a gambling account or used to purchase game participation funds.
- 16.**The customer requests payment from the game account to a third-party account.
- 17.**The customer's account is controlled by a third party and there is a suspicion that actions have been taken with the intention of concealing or disguising the true ownership of the funds.
- 18.**Before topping up a gambling account, a person's bank account (at a financial institution) shows a large cash deposit or withdrawal.
- 19.**The customer buys game participation funds that do not correspond to the customer's level of well-being, and it is not possible to find out the origin of the funds.
- 20.**The customer regularly places bets in such an amount that the possible amount of winnings does not exceed the threshold of EUR 2,000.¹²
- 21.**The customer makes payouts in cash or payouts to the customer's bank account in several small transactions, not exceeding the winning value of EUR 3,000 threshold during the taxation year (for example, to avoid paying taxes).¹³
- 22.**The way the customer behaves and plays indicates that the customer has no intention of winning or it is secondary.
- 23.**The customer tries to establish a close relationship with the employees of the gambling establishment.
- 24.**The customer regularly changes gambling tables and gambling types when the winning amount approaches the threshold.
- 25.**The customer requests to divide the winnings that exceed the threshold set by the institution into smaller parts (for example, to pay part of the winnings in cash and part in game chips).
- 26.**A customer uses several small denomination banknotes to top up a gambling account or purchase game participation funds, and there is no logical explanation for it.

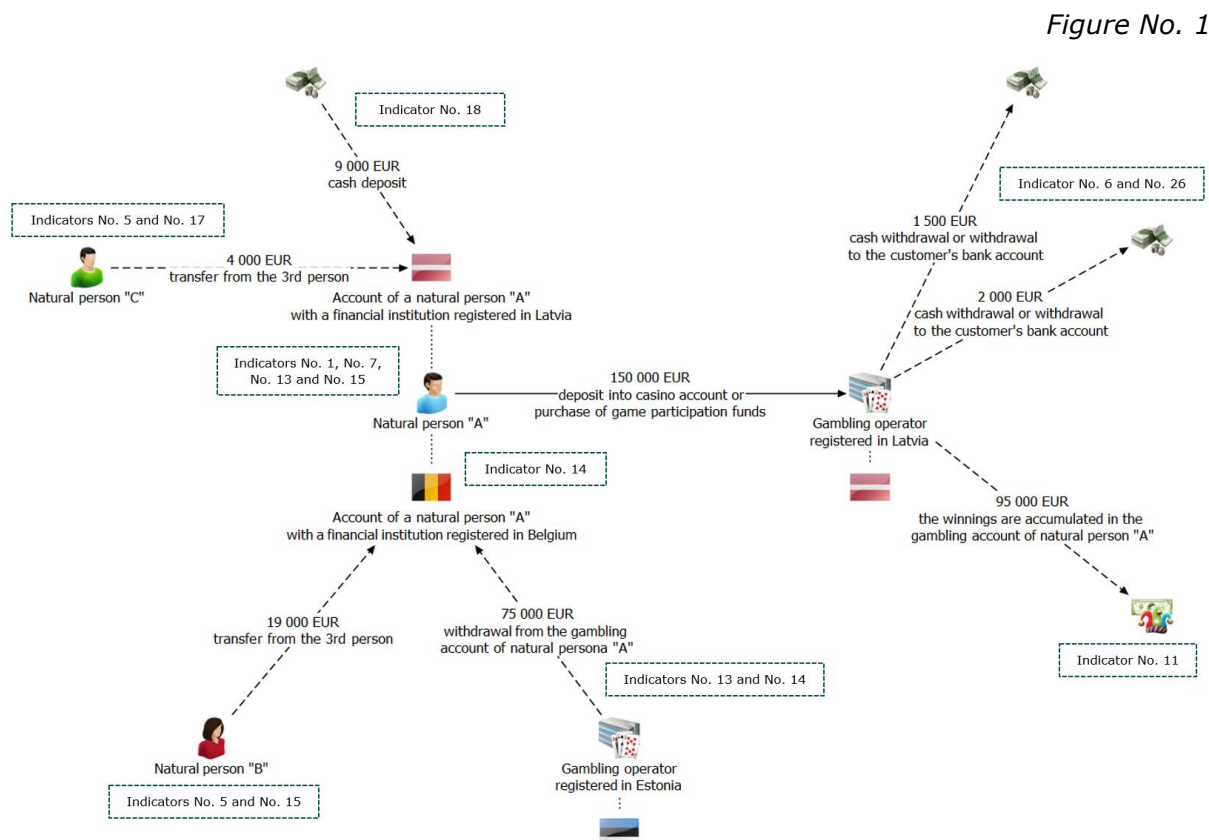
¹² Regulations of the Cabinet of Ministers No. 550. Regulations Regarding the Procedures for the Submission of Reports on Suspicious Transaction and the Threshold Declaration and Content Thereof. Paragraph 14.5. Available: <https://likumi.lv/ta/en/en/id/325463-regulations-regarding-the-procedures-for-the-submission-of-reports-on-suspicious-transaction-and-the-threshold-declaration-and-content-thereof>.

¹³ Law On Personal Income Tax. Section 9(1), Clause 5. Available: <https://likumi.lv/ta/en/en/id/56880-on-personal-income-tax>.

27.The customer uses prepaid cards to top up his/her gambling account or buy game participation funds.

28.The customer does not identify himself/herself as a PEP, family member of a PEP, or PEP, but after analysis of the transaction and/or the customer due diligence, the person is established as PEP.

Figure No. 1 presents some of the most typical indicators of ML in the gambling and lottery organisers sector in a concentrated and easy-to-understand manner, providing a summary of what is essential to facilitate the reporting of suspicious transactions to the FIU by the reporting entities.



Several typology materials¹⁴ related to specific predicate criminal offences that can be useful in daily work are available on the FIU webpage, including:

- "[Money laundering risk assessment in real estate and construction sectors](#)";
- Methodological material "[Indicators of sectoral and targeted financial sanction evasion](#)", 2nd updated edition;
- Methodological material "[Guidelines on the prevention of terrorism and proliferation financing](#)", updated version;
- "[Indicators of corruption and case analysis](#)";
- Strategic analysis study "[Trade-based money laundering](#)";
- Methodological material "[Typologies and indicators of money laundering](#)", 2nd revised edition.

¹⁴The guidelines, typologies and studies developed by FIU are available at: <https://fid.gov.lv/en/roles-and-responsibilities/strategic-analysis-and-guidelines>.

List of acronyms

FIU	Financial Intelligence Unit
IP	Internet Protocol
ML	Money Laundering
ML/TF/PF	Money Laundering and Terrorism and Proliferation Financing
AML/CFT/CPF Law	Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing
NRA 2023	National ML/TF/PF risk assessment report for 2020-2022
PF	Proliferation Financing
PEP	Politically Exposed Person
TF	Terrorism Financing