

## Further reading – Quick guide 28: Money laundering in the gambling industry

Isys Lam

Junior Legal Researcher

For the quick guide, see [baselgovernance.org/publications/qg28](https://baselgovernance.org/publications/qg28) or find it on [learn.baselgovernance.org](https://learn.baselgovernance.org).

For a general overview of **methodologies used to launder money through casinos**, see FATF, Vulnerabilities of casinos and gaming sector, March 2009, available at <https://www.fatf-gafi.org/media/fatf/documents/reports/Vulnerabilities%20of%20Casinos%20and%20Gaming%20Sector.pdf>.

In relation to the **iGaming Industry**, see Julia Schelin and Oliver Fjätström Zetterberg, Retain your gamblers: A study of behavioral loyalty in a market with low switching costs, Luleå University of Technology, June 2017, available at <http://www.diva-portal.org/smash/get/diva2:1125684/FULLTEXT01.pdf>.

On **VIP customers**, see The U.K. Gambling Commission, Gambling Commission new rules to stamp out irresponsible ‘VIP customer’ practices, 30 September 2020, available at <https://www.gamblingcommission.gov.uk/news/article/gambling-commission-new-rules-to-stamp-out-irresponsible-vip-customer>; and the attached Commission’s Guidance to operators on high value customers, last updated on 22 December 2020 and available at [https://assets.ctfassets.net/j16ev64qyf6l/4TVcLLR9ymZoEKr5fC-4JlCQ/3c22f256c91eb8452c35a37ca723d5f6/Guidance\\_to\\_operators\\_on\\_high\\_value\\_customers.pdf](https://assets.ctfassets.net/j16ev64qyf6l/4TVcLLR9ymZoEKr5fC-4JlCQ/3c22f256c91eb8452c35a37ca723d5f6/Guidance_to_operators_on_high_value_customers.pdf).

On the impact of VIP customers on casinos’ turnover see Gambling Insider, Macau casino revenues under threat as junket-operated VIP rooms to close, 7 December 2021, available at <https://www.gamblinginsider.com/news/14135/macau-casino-revenues-under-threat-as-junket-operated-vip-rooms-to-close>; and Statista, Grosse revenue from VIP Baccarat in Macao from 2010 to 2020, available at <https://www.statista.com/statistics/253534/gross-revenue-from-vip-baccarat-in-macao/>. See also Muhammad Cohen, Macau’s Casinos Have Been Relying On VIPs, But The Mass Market Is Crucial To Future Growth, Forbes, 1 March 2018, available at <https://www.forbes.com/sites/muhammadcohen/2018/03/01/macaus-casinos-have-been-relying-on-vips-but-the-mass-market-is-crucial-to-future-growth/>; Buck Wargo, VIP play rebounding in Las Vegas, ICE 365, 8 November 2021, available at <https://ice365.com/in-depth/analysis/vip-play-rebounding-in-las-vegas/>; and Forbes, How Important is Macau’s VIP Gaming for Wynn Resorts?, 13 January 2020, available at <https://www.forbes.com/sites/greatspeculations/2020/01/13/how-important-is-macaus-vip-gaming-for-wynn-resorts/>.

In relation to VIP customers, and the Crown case, see Yogonet, Australia: VIP gambling turnover up for Star, down for Crown in H2 2019, 30 March 2022, available at <https://www.yogonet.com/international/noticias/2020/02/20/52425-australia-vip-gambling-turnover-up-for-star-down-for-crown-in-h2-2019>.

In relation to **membership programmes**, see, for example, Rob Davies, ‘It keeps you coming back’: the rise of VIP gambling schemes, The Guardian, 2 January 2020, available at <https://www.theguardian.com/society/2020/jan/02/it-keeps-you-coming-back-the-rise-of-vip-gambling-schemes>.

In relation to **amendments of the Australian AML/CFT Act**, see, for example, Anti-Money Laundering Amendment (Gaming Machine Venues) Bill 2012 [2013], available at [https://www.aph.gov.au/Parliamentary\\_Business/Bills\\_Legislation/Bills\\_Search\\_Results/Result?bld=s889](https://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/Bills_Search_Results/Result?bld=s889), and in particular, the Explanatory Memorandum available at [https://parlinfo.aph.gov.au/parlInfo/download/legislation/ems/s889\\_ems\\_b6e8bcbc-ffd5-44cb-ad9e-06e5c845aa9a/upload\\_pdf/12202em.pdf;fileType=application%2Fpdf](https://parlinfo.aph.gov.au/parlInfo/download/legislation/ems/s889_ems_b6e8bcbc-ffd5-44cb-ad9e-06e5c845aa9a/upload_pdf/12202em.pdf;fileType=application%2Fpdf). This amendment established a new threshold requiring that payouts over \$1,000 are made by cheques and are considered as ‘threshold transactions’ under the 20016 AML/CFT Act, i.e., reportable transactions. See also the amendments proposed by the Government

in response in reaction to the findings of the Bergin report, at [https://apo.org.au/sites/default/files/resource-files/2021-10/apo-nid314750\\_0.pdf](https://apo.org.au/sites/default/files/resource-files/2021-10/apo-nid314750_0.pdf).

On the **Crown case**, see The Age, Crown Unmasked, July 2019, available at <https://www.theage.com.au/crown-unmasked>; the Bergin Report, Inquiry under section 143 of the Casino Control Act 1992 (NSW), 1 February 2021, available at <https://www.parliament.nsw.gov.au/la/papers/Pages/abled-paper-details.aspx?pk=79129>; Ben Butler, Crown Resorts' Melbourne casino should lose licence over illegal conduct, inquiry hears, The Guardian, 20 July 2021, available at <https://www.theguardian.com/australia-news/2021/jul/20/crown-resorts-melbourne-casino-should-lose-licence-over-conduct-inquiry-hears>.

See also news relating to the AUSTRAC investigation into the Crown Melbourne casino such as ABC Net, Josh Bavas, James Packer tells Crown inquiry examinations have been 'painful' and a 'shocking experience', 8 October 2020, available at <https://www.abc.net.au/news/2020-10-08/james-packer-gives-evidence-for-third-day-at-crown-inquiry/12744630>; but also the interview of the former Crown executive chairman, James Packer, admitting that casinos are vulnerable targets for infiltration by organised crime groups and the reflection of former AUSTRAC senior executive, Gavin Durbin, concluding that, among others, the lack of due diligence of casino regarding the risk of being used as a vehicle to launder money, makes casinos 'high risk for money laundering', in Nassim Khadem and Peter Ryan, Crown Casino to be investigated by AUSTRAC over potential money laundering breaches, ABC News, 19 October 2020, available at <https://www.abc.net.au/news/2020-10-19/crown-casino-to-be-investigated-by-austrac-money-laundering/12781396>.

For further detail on the **lawsuit filed by AUSTRAC against Crown Melbourne and Crown Perth**, see AUSTRAC's official website, Media releases, AUSTRAC commences proceedings in the Federal Court against Crown Melbourne and Crown Perth, 1 March 2022, available at <https://www.austrac.gov.au/news-and-media/media-release/austrac-commences-proceedings-federal-court-against-crown-melbourne-and-crown-perth>; and Ben Butler, Crown Resorts: Austrac takes legal action against Crown Resorts, alleging breach of finance laws, 1 March 2022, available at <https://www.theguardian.com/australia-news/2022/mar/01/austrac-takes-legal-action-against-crown-resorts-alleging-breach-of-finance-laws>. Alleged non-compliance offenses relate to sections 81, 84 and 85, which are respectively entitled 'Reporting entity must have an anti-money laundering and counter-terrorism financing program', 'Standard anti-money laundering and counter-terrorism financing program', and 'Joint anti-money laundering and counter-terrorism financing program', and can be accessed at <https://www.legislation.gov.au/Details/C2021C00243>. See also, Concise Statement filed by the Chief executive officer of the Australian Transaction Reports and Analysis Centre, against Crown Melbourne Limited and Burswood Nominees Ltd AFT the Burswood Property Trust Trading as Crown Perth, before the Federal Court of Australia, New South Wales, Commercial and Corporations Division, No. NSD of 2022, paragraph 12, p.3, available at [https://www.austrac.gov.au/sites/default/files/2022-03/20220301\\_Concise\\_statement.pdf](https://www.austrac.gov.au/sites/default/files/2022-03/20220301_Concise_statement.pdf).

In relation to the **Bicycle case**, see U.S. ICE, Los Angeles casino agrees to pay \$500,000 settlement and submit to increased review of anti-money laundering compliance program, 5 November 2021, available at <https://www.ice.gov/news/releases/los-angeles-casino-agrees-pay-500000-settlement-and-submit-increased-review-anti>. See also the News release of the U.S DoJ, U.S. Attorney Office, Central District California, Bicycle Casino Agrees to Pay \$500,000 Settlement and Submit to Increased Review of Anti-Money Laundering Compliance Program (NPA), 5 November 2021, available at <https://www.justice.gov/usao-cdca/pr/bicycle-casino-agrees-pay-500000-settlement-and-submit-increased-review-anti-money>; as well as the NPA which can be accessed at <https://www.justice.gov/usao-cdca/press-release/file/1447441/download>.

For a recent **evaluation of the Australian AML/CFT regime**, see The Adequacy and efficacy of Australia's anti-money laundering and counterterrorism financing (AML/CFT) regime, p.68, paragraph 4.16, available at <https://apo.org.au/sites/default/files/resource-files/2022-03/apo-nid317204.pdf>.

In relation to the question of whether money laundering through casinos is due to **inappropriate legal frameworks or rather to a lack of due diligence** on the side of casinos themselves, see, Hall Advisory, Regulatory failure, poor risk culture or both? The Crown Casino money laundering investigation, available at <https://www.halladvisory.com/single-post/regulatory-failure-poor-risk-culture-or-both-the-crown-casino-money-laundering-investigation>; and Dr. Mathew Leighton-Daly, Money Laundering by Gambling: Regulatory Gap or Green Light? Thomson Reuters, Legal Insights, 22 February 2021, available at <https://insight.thomsonreuters.com.au/legal/posts/money-laundering-by-gambling-regulatory-gap-or-green-light>.

For **statistics on the gambling industry** worldwide and per country, see Statista's Gambling dossier, available at <https://www.statista.com/markets/409/topic/438/gambling/#overview>.

On **best practices**, see, for example, Gambling Commission, Guidance for remote and non-remote casinos: fifth edition, (revision 2), published on February 2021, last updated on 27 May 2021, p.12, paragraph 1.39., available at [https://assets.ctfassets.net/j16ev64qyf6l/564WHNgBoQQXx-hM0Su2ye/ab707df7d861c58136fd9e3a3d0e473f/FINAL\\_Prevention\\_of\\_money\\_laundering\\_5th\\_Ed\\_Rev\\_2.pdf](https://assets.ctfassets.net/j16ev64qyf6l/564WHNgBoQQXx-hM0Su2ye/ab707df7d861c58136fd9e3a3d0e473f/FINAL_Prevention_of_money_laundering_5th_Ed_Rev_2.pdf); and Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC, preliminary part, paragraph (22), available at <https://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX%3A32015L0849>. See also, American Gaming Association, Best Practices for Anti-Money Laundering Compliance 2019-2020, available at [https://www.americangaming.org/wp-content/uploads/2019/12/AGA-AML-Best-Practices\\_12-9.pdf](https://www.americangaming.org/wp-content/uploads/2019/12/AGA-AML-Best-Practices_12-9.pdf).

For **series addicts**, see Ozark, created by Bill Dubuque and Mark Williams, MRC; Aggregate Films; Zero Gravity Management; Headhunter Films; Man, Woman & Child Productions, available at <https://www.netflix.com/ch-en/title/80117552>.