

THE INFORMATION BROCHURE FOR CASINOS



ANTI-MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM

WHAT IS THE FINANCIAL INTELLIGENCE UNIT?

- Financial Intelligence Unit – Sri Lanka (FIU-SL) which was established in 2006 is an independent institution under the Ministry of Finance and functioning via the administrative arrangements under the Central Bank of Sri Lanka since 2007.
- It works as the apex institution to act against Money Laundering and Terrorist Financing activities in Sri Lanka.
- The Financial Intelligence Unit with the collaboration of relevant other regulators and licensing bodies in the financial market as well as non-financial market of Sri Lanka and also law enforcement agencies in the country acts for the effective implementation of global Anti-Money and Countering the Financing of Terrorism standards/recommendations.

WHAT IS MONEY-LAUNDERING AND TERRORIST FINANCING (ML AND TF)?

- Money Laundering is a process where criminals attempt to hide the origin or ownership of the proceeds, gains or funds of criminal activities. They launder proceeds of crimes to avoid prosecution, conviction or confiscation of criminal funds or property.
- Terrorist Financing is an activity that provides financial support to terrorist acts, individuals and/or groups. Financing for terrorism can be derived from a variety of sources and they could be legal, illegal, or a combination of both.

WHAT IS THE DIFFERENCE BETWEEN ML AND TF?

- In Money Laundering, the funding source is always an illegal and a criminal activity. The goal of Money Laundering is to create the appearance of legitimacy for illegally obtained proceeds, gains or funds.
- Terrorist Financing involves legitimate or illegitimately obtained proceeds, gains or funds. The goal is to use them for terrorism or terrorist activities.
- Money Launderers and Terrorist Financiers both use weaknesses in the legitimate financial system to launder illegally earned proceeds and finance terrorism respectively.

WHY WE SHOULD FIGHT AGAINST ML AND TF?

- ML & TF bring disadvantageous consequences to entire society, economy and the country as a whole by corrupting the entire financial system. These activities suppress the advantages of genuine business and economic activities.
- Eventually, the whole community will have to undergo various hardships such as being subject to international sanctions, losing of foreign investments etc.

WHY DO CASINO OPERATORS NEED TO KNOW ABOUT ML AND TF?

- Gaming and Gambling are at the forefront of the eagle eye of Money Launderers and Terrorist Financiers.
- Casinos are cash intensive businesses, often operating 24hrs a day, with cash transactions

taking place very frequently and at a faster rate.

- Casino sector is always expanding with technology and global trends. Offering of various financial services such as wire transfers and use of credit/debit cards have made the sector more attractive for Money Launderers.
- Criminals can involve large sums of funds in a single gaming and gambling event.
- Also, the casinos frequently deal with domestic as well as foreign customers which can easily attract Money Launderers.

WHY CASINO OPERATORS ARE REQUIRED TO HAVE ANTI-MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM (AML/CFT) MEASURES?

- Converting illegal proceeds into legitimate proceeds using legitimate economic activities such as investments in Betting and Gaming as well as financing of terrorism or any terrorist activities are illegal as they are harmful for legitimate market economies.
- There are global standards that every country should comply to act against Money Laundering and Terrorist Financing as they are damaging global financial market.
- Hence, in Sri Lanka as per the Financial Transactions Reporting Act, No. 6 of 2006 (FTRA), the Casinos are required to take certain measures against Money Laundering and Terrorist Financing.

WHAT ARE THE KEY AML/CFT MEASURES WHICH SHOULD BE TAKEN BY CASINO OPERATORS?

- Appointing a compliance Officer: Casinos are required to appoint an officer who is called the Compliance Officer to ensure the effective implementation of AML/CFT measures of the Casino. The appointed Compliance Officer should be working at a capacity of management level and responsible for the effective implementation of the Institution's Anti-Money Laundering and Countering the Financing of Terrorism compliance requirements. The Compliance Officer should have the authority and the resources necessary to discharge his or her responsibilities effectively.
- Having Anti-Money Laundering and Countering the Financing of Terrorism Policies, Procedures and Controls: Each Casino must establish written, management approved policies, procedures and controls to assess and mitigate Money Laundering and Terrorist Financing risks of their business. The risk assessment is an analysis of potential threats and vulnerabilities of Money Laundering and Terrorist Financing to which the institution is exposed.
- Conducting Customer Due Diligence (CDD): Each Casino is required to conduct Customer Due Diligence on customers and beneficial owners, including occasional and one-off customers, when the customer engages in financial transactions in Sri Lankan rupees or in any foreign currency equivalent to or above United States Dollars 3000 to identify and verify their identity.

- Submitting Suspicious Transactions Reports (STRs): Casino should submit STRs on completed transactions as well as attempted transaction if there is any doubt of Money Laundering or Terrorist Financing related to such transactions. STRs are required to be submitted using the format as prescribed in Suspicious Transactions (Format) Regulations of 2017, Gazette (Extraordinary) No: 2015/56 dated April 21, 2017 (Schedule V)- downloadable through www.fiusrilanka.gov.lk.
- Maintaining records: The Casinos are required to take appropriate steps to maintain a system for record keeping as stipulated in the FTRA, which allows data to be retrieved easily and quickly whenever required, or when requested by the FIU.
- Compliance with United Nations Security Council Resolutions (UNSCR): The Casinos are required to screen their customers for designated persons and entities by United Nations Security Council on targeted financial sanctions related to terrorism, and terrorist financing proliferation of weapons of mass destructions.

Contact the FIU to know about AML/CFT compliance measures for Casinos in detail

WHERE CAN YOU GET MORE INFORMATION?

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