



ECA statement – Transparency International report on “Ending Money laundering in Europe”

Brussels, 27/04/2017 – Transparency International, the well-respected Non-Governmental Organisation released a report on money laundering in Europe on 25th April 2017¹. Herein, the European Casino Association (ECA) would like to clarify certain points mentioned in the report regarding casinos. This concerns the following money laundering scenarios in casino operations laid out in the report:

The first one consists in buying chips in large numbers and in cash, gambling just a tiny share of them and redeeming back all the initially bought and gained chips in exchange for a casino check or bank transfer, claiming that all those chips were the result of gambling gains.

This scenario is entirely unfeasible in licensed land-based casinos in Europe. For it to be successful a confirmation of winnings from the casino is required. However, licensed land-based casinos in Europe do not issue any confirmations of winnings to customers. The only rarely-used exception to this rule would be if a patron wins a slot machine jackpot or a substantial amount of money during a longer casino visit. This confirmation would normally be supplied for security reasons, as such high amounts are usually not paid out in cash and would be subject to strict conditions and reporting rules.

This scenario, where large amounts of cash are exchanged and no or minimal gambling takes place would furthermore be extremely suspicious and be followed up by an investigation and if required the filing of a suspicious transaction report. The suspicion of staff would certainly be raised if a patron were to request such a confirmation and it would result in substantial exposure for the criminal involved.

A second way to make money traceability more complex is to exchange similar-looking chips from different casinos owned by the same company.

Even though it is the case that casino operators may use the same chips in several sites, exchanging chips would be a futile exercise for the money launderer. Even if the money is less traceable, a confirmation of winnings is still necessary for the money laundering scenario to be successfully completed. As mentioned above, such confirmations are only provided to customers in certain rare cases for security reasons and under strict controls.

The third method consists in purchasing chips from other players for a higher price than the price set by the casino or to use chips as currency (for instance, as payment for drugs).

In this scenario, the money launderer would have received chips from a third person and ultimately have to enter the casino to convert the chips into cash. Again here, this requires the confirmation of winnings that

¹ http://transparency.eu/wp-content/uploads/2017/04/EBOT-REPORT-TIE-014-16_clean.pdf



as laid out above is only supplied in extremely rare cases and are well documented containing all details concerning the transaction and the persons involved.

It also assumes that the money launderer does not gamble and immediately tries to exchange a large amount of chips into cash. This would however be extremely suspicious and is considered a risk factor in the anti-money laundering processes of licensed land-based casinos. It would certainly trigger the attention of staff members and would be followed up by an investigation and the filing of an incident report.

Of course, the easiest way for criminal organisations to circumvent regulatory obligations or reduce detection risks remains to own and manage their own casinos or gambling sites.

Concerning the described risk of infiltration of ownership of casino operations by criminal organisations, the national licensing systems in Europe guarantee that the ownership (and any change in ownership) is according to national laws and regulations. These arrangements are laid down in the national laws and regulations in every EU Member State. These measures include strong and serious fit-and-proper checks by the national regulatory authorities, as well as checks concerning the origin of the funds involved and vetting of operators, key staff and high-ranking employees at licensed land-based casino operations. All these measures have been implemented by EU member states to successfully eliminate the scenario described in the statement. The ECA would like to state that to its knowledge there is no proven evidence of properly licensed land-based casinos in the EU having been successfully infiltrated by criminal organisations.

Furthermore, it is the case that the casino sector is a highly-regulated industry that contrary to other providers of gambling services has been subject to the rules and requirements of the EU anti-money laundering Directives for many years already. Due to the cash-intensive nature of the business, the industry has put in place a number of detailed and effective risk mitigating measures. For the ECA and its members, tackling money laundering is an obligation that is taken very seriously and has been successful in eliminating such criminal activity. Unfortunately, there are some persistent myths about the apparent ease of money laundering in licensed land-based casinos that do not hold up in practice.

About the ECA

The ECA represents land-based casino operations that are licensed under the laws and regulations of the countries in which they operate. The ECA represents the interests of around 900 casino operations from 26 European countries, including four non-EU countries and directly employs around 70,000 people.

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