



Brussels, 23 January 2008

## **Crime Prevention & Consumer Protection in the Gambling Sector**

*A Working Paper by the European Casino Association*

Considering the evolution of the gambling market in recent years due to the development of new media and technologies (such as the Internet) and, as a consequence, to the entry of new operators in the market, the ECA calls on the European institutions to extend the EU regulation on money laundering to all gambling operators. This reflects the ECA's commitment to tackle and prevent crime, to protect the consumers, as well as to provide a level-playing field amongst all the operators in the gambling market. The ECA approach is in line with the current initiative of the Financial Action Task Force (FATF) to propose recommendations to combat money laundering and terrorist financing in the gambling sector<sup>1</sup>.

### **Land-based casino as secure and safe gambling environment**

Anti-Money laundering and crime prevention are regulated at the EU level by the so-called anti-money laundering directives on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing<sup>2</sup>. Considering that from the second anti-money laundering Directive land-based casinos are included in the scope of the Directive<sup>3</sup>, land based casinos are required to comply with strict EU regulation including several requirements and obligations aimed at preventing potential criminal players to perform any kind of money-laundering activities, or other terrorist and criminal actions.

In addition to the aforementioned rules preventing fraud by players, national authorities have put into place rules to prevent illegal activities by operators. To this end, land-based casinos are for instance required to abide by strict certification and standardization procedures for the homologation of all gambling

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<sup>1</sup> The Financial Action Task Force (FATF) is an inter-governmental body whose purpose is the development and promotion of national and international policies to combat money laundering and terrorist financing. The FATF has published 40+9 Recommendations in order to meet this objective. For more information, see:

[http://www.fatf-gafi.org/pages/0,2987,en\\_32250379\\_32235720\\_1\\_1\\_1\\_1\\_1,00.html](http://www.fatf-gafi.org/pages/0,2987,en_32250379_32235720_1_1_1_1_1,00.html)

<sup>2</sup> The first anti-money laundering Directive was adopted in 1991 (91/308/EEC), and was amended by the adoption of the second anti-money laundering Directive in 2001 (2001/97/EC). The latter was further amended in 2005 with the adoption of the third anti-money laundering Directive (2005/60/EC). The purpose of the Directive is adopt coordinating measures in order to prevent money launderers and terrorist financiers taking advantage of the freedom of capital movements and the freedom to supply financial services in the EU.

<sup>3</sup> See art. 2 (a) and art. 3 of the second anti-money laundering Directive.

material, they are obliged to report on all winnings above a national established threshold, and they are required to report the police on all suspicious operations.

These measures, together with the fact that land-based casinos are licensed gambling operators and as such, they are allowed to provide their gambling services in compliance with the requirements and obligations set by the national legislation, make land-based casinos a secure and safe gambling environment which provide a guarantee for the protection of the consumer and for the accountability of the operators themselves.

### **How to prevent money-laundering and criminal activities in the gambling market?**

Based on its Members' extensive experience in operating in the gambling market, and with a view to prevent money laundering and any other type of illegal activities to be performed in the gambling market, the ECA calls that all gambling operators should comply with the following requirements:

- **License status.** All legal gambling operators should be required to hold a license which provides a guarantee that they operate in respect of national regulation both as concerns gambling activities in the broader sense, and as regards national and European crime prevention requirements. Legal licensed operators are also subject to regular controls by national gambling entities and police authorities, which provides for the transparency and the clarity of gambling operators. Considering also the development of new remote technologies and the consequent increase of the supply of gambling services, the ECA agrees that in the case of unlicensed, illegal and non transparent operators, there is a higher risk to launder money, or to perpetrate illegal and criminal activities.
- **Compliance with national and EU legislation.** All gambling operators have to comply with the requirements and obligations set at national level, and in the case of money laundering, at European level. In this context, taking into account the nature of gambling services, the ECA stresses the need to regulate and control the gambling market at national level as a way to protect the consumers and to provide a guarantee for responsible gambling.

### **Why should EU regulation apply to all gambling operators?**

The ECA agrees also that the obligation according to which only land-based casinos have to comply with EU anti-money laundering measures is in the present context outdated, and it does not provide a level playing field amongst the operators in the gambling market. Therefore, the ECA urges a revision of the current EU anti-money laundering directive<sup>4</sup>.

In particular, the ECA calls for the extension of the compliance and scope of the third anti-money laundering directive to all gambling operators (including lottery, online operators, etc.) with a view to impose to all operators the same rules and

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<sup>4</sup> Third anti-money laundering Directive (2005/60/EC)

obligations applied to land-based operators. In the ECA's view, this is the only appropriate measure to safeguard fair, legal and transparent gambling market.



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*The ECA represents the interests of almost 900 casinos and approximately 80,000 employees across Europe.*

*Founded in the early 90's as the European Casino Forum, the ECA has gradually grown over the years and today includes members from the majority of the EU's member states and from Switzerland.*

*The ECA's members in 2008 include Austria, Belgium, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Italy, Luxembourg, the Netherlands, Poland, Portugal, Romania, Slovenia, Spain, Sweden, Switzerland, and the UK.*

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