



HM Government of Gibraltar

Gambling Division

Assessment Outcomes & Enforcement Actions: Key Learning Points

Introduction

This document summarises the key learning points derived from recent enforcement actions and public statements issued by the Gambling Commissioner. These insights are intended to assist Licence Holders in identifying key risk areas and strengthening their AML/CFT controls and compliance frameworks to align with regulatory expectations.

1. Enhanced Due Diligence (EDD) and Source of Funds/Wealth (SOF/SOW) Verification

- Licence Holders must ensure that EDD is applied promptly and consistently for high-risk customers; particular attention should be paid to customers in non-UK markets.
- Threshold-based EDD triggers must be reviewed and adjusted to reflect the customer base as opposed to representing arbitrary amounts.
- Over-reliance on open-source intelligence or customer self-declarations should be avoided; primary documentation should be obtained on a risk based approach.
- If a customer is reluctant to provide SOF/SOW information, this should be considered a potential red flag, and accounts should not remain open without verification.

2. Customer Risk Profiling and Transaction Monitoring

- Customers returning after a long dormancy period should be treated as higher risk, with enhanced monitoring applied.
- The spending behaviour of younger customers (18-24 years old) should trigger closer scrutiny, given their potentially increased financial vulnerability.
- Licence Holders should integrate monitoring tools to detect chip dumping, suspicious betting patterns and financial inconsistencies.
- Customer risk assessments must be regularly reviewed to ensure they reflect actual transactional activity, not just initial on-boarding data.

3. Suspicious Activity Reporting (SAR)

- SARs must dual reported to the Gibraltar Financial Intelligence Unit (GFIU), even if a report is made to another jurisdiction's FIU.
- Licence Holders must ensure that internal SAR review processes are robust, with a clear escalation procedure for high-risk cases.
- If a case does not meet the SAR threshold but raises concerns, Licence Holders should document their rationale for non-reporting.
- Technical SAR reporting breaches, such as delays or failures to dual report, can result in regulatory penalties.

4. AML Compliance Audits and Internal Controls

- Licence Holders must conduct regular independent audits of their AML/CFT frameworks to ensure compliance with evolving regulatory expectations.
- Where dual-regulated, Licence Holders must be clear on reporting obligations across jurisdictions, ensuring consistent compliance with relevant legislation.
- AML deficiencies identified in a previous assessment must be remediated without undue delay; failure to act on prior warnings in a reasonable timeframe can be an aggravating factor in enforcement cases and may negatively impact an assessment outcome.

5. Managing Higher-Risk Customers: Tax Issues

- Licence Holders must reconcile discrepancies in customer income declarations and tax records before allowing continued play.
- While Licence Holders are not required to request tax returns, if tax information is voluntarily provided, it must align with the financial profile built up by the Licence Holder.
- Customers should be given an opportunity to explain inconsistencies, but if no reasonable explanation is provided, the case may warrant a SAR.

6. Corporate Governance and Senior Management Responsibility

- Compliance teams must have direct oversight from senior management, ensuring AML/CFT obligations are embedded within corporate strategy.
- Licence Holders should maintain clear audit trails of decision-making processes, particularly around customer risk assessments.
- The role of compliance, fraud and safer gambling teams should be clearly defined to ensure coordination in monitoring high-risk customers and transactions.

7. Regulatory Engagement and Cooperation

- Proactive engagement with the Commissioner, including early self-disclosure of potential compliance breaches, can result in reduced penalties in line with the Gambling Commissioner's Enforcement Policy.
- Licence Holders should integrate lessons from past regulatory settlements and public statements into their own risk management frameworks.
- Cooperation with thematic reviews and industry-wide compliance initiatives strengthens the sector's resilience against financial crime risks.

Conclusion

The learning points outlined in this document should be incorporated into Licence Holders' internal risk assessments, policies, and training programmes to ensure continued regulatory alignment and industry best practices. The Gambling Commissioner will continue to monitor adherence to these principles through routine inspections, thematic reviews, and ongoing engagement with licensees.

This document should be reviewed alongside the Gibraltar National Risk Assessment and the Gambling Commissioner's Sectoral Risk Assessment.

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