

3 - The threat of money laundering and terrorist financing in the gambling industry

The risk of Money Laundering (ML) and Terrorist Financing (TF) threatens the United Kingdom's (UK) national security, the economy and international standing. Such risks can have a detrimental impact on society, can damage communities and undermines the integrity of both public and private sector organisations. The Money Laundering (ML) and Terrorist Financing (TF) threats that the gambling industry faces are diverse, complex and are rapidly evolving.

Serious and organised crime has been estimated to cost the UK tens of billions of pounds every year. That is why we must continue to crack down on illicit crime and 'dirty' money seeking to exploit the British gambling sector.

Money launderers and terrorist financiers use similar methods to store, move and obtain funds, although their motives differ. Depriving terrorist groups of funds is an essential aspect of preventing these groups from recruiting and committing terrorist acts. There are various reasons as to why criminals or organised crime groups may engage in Money Laundering (ML) such as:

- Financial trails from offences to criminals are incriminating evidence. They will try and obscure or hide the source of their wealth or funds, or alternatively disguise ownership or control to ensure that illicit proceeds are not used to associate them to a predicate offence.
- Proceeds of crimes can become the target of investigation and seizure. To protect the criminal and their illicit finances from seizure, they will try and conceal their existence or, alternatively, make them look legitimate.

If left unimpeded, this may result in:

- significant potential for Money Laundering (ML) and Terrorist Financing (TF) exploitation
- significant potential for criminal exploitation and detriment to society
- a major threat to the business environment and wider industry
- potential for serious breaches that can lead to significant penalties, fines or sanctions which will need punitive outcomes
- cost to implement AML (Anti Money Laundering) and CTF controls anticipated to be a significant percentage of an operator's budget
- international concern, resulting in governmental inquiry or sustained adverse national and international media
- critical failure of gambling operations and businesses i.e. the survival of the operator is under imminent or severe threat, ultimately harming consumers and, or as well as, negatively impacting the gambling industry.