

## Public statement

# Les Croupiers Casino Limited

## Public statement

**Published:**

30 March 2021

## Key failings

**Anti-Money Laundering:**

- Licence condition 12.1.1(3)

**Safer Gambling:**

- Social Responsibility code provision 3.4.1

Operators are expected to consider the issues here and review their own practices to identify and implement improvements in respect of the management of customers.

## Introduction

Licensed gambling operators have a legal duty to ensure that their gambling facilities are being provided in compliance with the Gambling Act 2005 (the Act), the conditions of their licence and in accordance with the licensing objectives, namely to:

- prevent gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime
- ensure that gambling is conducted in a fair and open way
- protect children and other vulnerable people from being harmed or exploited by gambling.

## Executive summary

This case concerns Les Croupiers Casino Limited (Les Croupiers) which holds a non-remote casino 1968 Act operating licence and an ancillary remote casino operating licence.

The Commission investigated Les Croupiers' handling of 11 customers following concerns identified at a compliance assessment in August 2019.

Our investigation identified failings in the way Les Croupiers identified and managed customers who were at higher risk of money laundering and gambling-related harm. These failings stemmed from Les Croupiers failing to effectively implement its anti-money laundering (AML) and safer gambling policies and procedures.

On 24 October 2019, we gave Les Croupiers notice that we were commencing a review of its operating licence. That review revealed Les Croupiers had breached a number of conditions of its operating licence.

Les Croupiers cooperated with our enquiries throughout the course of our investigation and has accepted that its policies and procedures in respect of AML and safer gambling were not implemented effectively. It has accepted that it failed to act in accordance with conditions of its operating licence between January 2019 and August 2019.

In line with our Statement of principles for licensing and regulation, Les Croupiers will pay a payment in lieu of a financial penalty of £202,500. It will also pay Commission costs of £14,794.62.

## Findings

### Failure to implement effective safer gambling controls

#### Social responsibility code provision 3.4.1

Social responsibility code 3.4.1 states that 'Licensees must put into effect policies and procedures for customer interaction where they have concerns that a customer's behaviour may indicate problem gambling. The policies must include...

(e) specific provision for making use of all relevant sources of information to ensure effective decision making, and to guide and deliver effective customer interactions, including in particular:

- i. provision to identify at risk customers who may not be displaying obvious signs of, or overt behaviour associated with, problem gambling: this should be by reference to indicators such as time or money spent.
- ii. specific provision in relation to customers designated by the licensee as 'high value', 'VIP' or equivalent...

Our investigation identified weaknesses in Les Croupiers' safer gambling controls and found it had failed to put into effect policies and procedures for customer interaction with specific provision for making use of all relevant sources of information to ensure effective decision making and to guide effective customer interactions, contrary to SRCP 3.4.1, paragraph 1(e)(i).

Examples of social responsibility failings include:

- Customer A was 22 years old and incurred losses of circa £20,000 over a six-month period. The Commission found that an assumption was made by Les Croupiers that because the customer had been verified as a director of a company, they could afford their level of losses. No interactions were recorded as taking place with the customer, nor was there a record of the customer profile having been reviewed by its customer care team.
- Customer B incurred losses in the region of £160,000 over two years, with circa £37,000 of this in six months. The customer's limits were set by Les Croupiers based on bank statements provided by the customer showing that wages totalling £19,000 had been paid into the account in a month and a closing balance of £4,795, however no rationale was recorded for this decision. Only limited interactions were recorded as having taken place with the customer and inadequate justification was recorded for Les Croupiers' decisions.

## **Failure to implement effective AML controls**

### **Licence condition 12.1.1 relates to the Prevention of Money Laundering and Terrorist Financing**

Licence condition 12.1.1(3) requires: Licensees must ensure that such policies, procedures and controls are implemented effectively, kept under review, revised appropriately to ensure that they remain effective, and take into account any applicable learning or guidelines published by the Commission from time to time.

Les Croupiers has accepted that it was in breach of this licence condition as its policies, procedures and controls were not implemented effectively. During the investigation we identified Les Croupiers had failed to undertake sufficient checks to verify the underlying source of the customer funds in some instances and there were also instances where it failed to adequately record the justification for its decisions.

Examples of AML failings include:

- Customer A deposited circa £52,000 and incurred losses of circa £20,000 over a six-month period. Les Croupiers established, through a Companies House check, that this customer was the Director of a company. The Commission found that Les Croupiers failed to undertake any subsequent checks on the company or the potential wage the customer drew from the business to establish source of funds.
- Customer B deposited £65,000 over six months and incurred losses in the region of £160,000 in two years. Les Croupiers established, through a Companies House check, that this customer was the owner of a consulting business. A bank statement submitted by the customer showed wages totalling £19,000 had been paid into the account in a month with a closing balance of £4,795 on the account. Les Croupiers set a daily loss limit of £6,000 and a monthly loss limit of £20,000 for the customer. However, the Commission found Les Croupiers failed to record the rationale for this decision

and how the documents provided by the customer satisfied the customer's level of play.

## Action taken by the Licensee

In addition to accepting these failings, Les Croupier has committed to an ongoing programme of improvements to ensure the implementation of its policies, procedures and controls are effective including, but not limited to, the following specific remedial action:

- implementation of proactive and behavioural-based safer gambling triggers
- introduction of the recording of all customer interactions regardless of outcome
- introduction of audits to ensure customer interactions are taking place as and when required and being evaluated
- safer gambling refresher training to all of its employees
- investment in a new case management system to ensure that all relevant information for customers is stored in a single location
- introduction of a new customer due diligence process
- taken steps to ensure that the level of gambling spend is proactively considered against the level of income evidence when determining whether the extent of EDD completed is adequate.

## Regulatory settlement

This regulatory settlement consists of: a. £202,500 payment in lieu of a financial penalty, which will be directed towards delivering the National Strategy to Reduce Gambling Harms

b. agreement to the publication of a statement of the facts in relation to this case

c. payment of £14,794.62 towards the Commission's costs of investigating the case.

In considering an appropriate resolution to this investigation, the Commission has had regard to the following aggravating and mitigating factors:

### Aggravating factors

- The Licensee should have been aware of the breaches
- Many of the breaches were serious and had an impact on the licensing objectives
- the breaches arose in circumstances that were similar to previous cases the Commission has dealt with which resulted in the publication of lessons to be learned for the wider industry
- the need to encourage compliance among other operators.

### Mitigating factors

- There was timely co-operation with the investigation undertaken by the Commission and no attempt to conceal the extent of the breaches.
- An ongoing programme of remedial action was commenced in response to the breaches being brought to the Licensee's attention.
- The Licensee has shown insight into the seriousness of the breaches.