

Public statement

Platinum Gaming Limited Public statement

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Key failings

Customer Interaction: policies and procedures for customer interaction:

- Breach of [Social Responsibility Code 3.4.1\(1\)\(c\)](#) (/licensees-and-businesses/lccp/condition/3-4-1-customer-interaction)
- Breach of Social Responsibility Code 3.4.1(e)(i) & (ii)

Anti-money laundering:

- [Ordinary code provision 2.1.1.](#) (/licensees-and-businesses/lccp/condition/2-1-1-anti-money-laundering-casino)
- [Licence condition 12.1.2](#) (/licensees-and-businesses/lccp/1/12)

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 \(opens in new tab\)](#) (<http://www.legislation.gov.uk/ukpga/2005/19/contents>) (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.

Platinum Gaming Limited Executive summary

This case concerns Platinum Gaming Limited (PGL) who hold a Combined Remote Operating Licence.

The investigation into PGL came as a result of information passed to the Commission regarding a customer who had been convicted of a £2 million fraud and had been spending stolen money through several gambling operators (PGL being one). This customer opened a gambling account, making large deposits and experiencing significant losses in a very short period of time. In respect of PGL, he lost the sum of £629,420.

The management of this customer in relation to social responsibility and anti-money laundering raised significant concerns regarding the effectiveness of PGL's policies and procedures that were in place at that time, and its management of risks to the licensing objectives. PGL were not subject to a review of its licence because this appeared to be an isolated incident. The Commission found that PGL had moved forward since the time of this incident, with clear improvements in areas where these failings were found to have occurred.

PGL acknowledged its shortcomings at an early stage after initial engagement from the Commission and accepted that it failed to act in accordance with the [Licence Conditions and Codes of Practice](#) (/licensees-and-businesses/lccp/online) (LCCP), [The Money Laundering, Terrorist Financing and Transfer of Funds \(Information on the Payer\) Regulations 2017](#) (opens in new tab) (<https://www.legislation.gov.uk/ukxi/2017/692/contents/made>) (the 2017 Regulations) and our [guidance on money laundering and terrorist financing](#) (/guidance/the-prevention-of-money-laundering-and-combating-the-financing-of-terrorism).

In line with our [Statement of Principles for Licensing and Regulation](#) (/policy/statement-of-principles-for-licensing-and-regulation), PGL will pay £991,200 in lieu of a financial penalty. PGL have made changes to its policies, procedures and resourcing as a result of the identified issues.

Platinum Gaming Limited Findings

Failure to identify problem gambling behaviour and prevent money laundering

(a) Breach of social responsibility code provision 3.4.1(1)(c) &(e)(i)-(ii) – Customer Interaction. Compliance with a social responsibility code is a condition of the operating licence by virtue of section 82(1) of the Act.

Licensees must put into effect policies and procedures for customer interaction when they have concerns that a customer's behaviour may indicate problem gambling. SR code provision 3.4.1(1)(e) requires specific provision for making use of all relevant sources of information to ensure effective decision making, and to guide and deliver effective customer interaction, 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 customer designated by the Licensee as 'high value', 'VIP' or equivalent.

The investigation found that this customer was displaying indicators of problem gambling, such as high deposits with significant losses. These losses and deposits were such that PGL should have considered refusing or barring service to the customer.

This customer opened their account with PGL on 24 February 2017 and was registered as a VIP customer on the 26 February 2017.

This customer gambled frequently, at various times during the day and evening and even overnight. Whilst they were initially winning, high deposits with reversed withdrawals became more apparent, resulting in significant losses over a period of 11 days.

The customer stopped gambling with the operator in March 2017 but resumed their activity in October 2017 where, in 21 days, they were allowed to gamble and lose 10 times the amount they had gambled previously.

The operator failed to make use of all available information they held on this customer to ensure effective decision making. This was particularly concerning given that the customer had been identified as high value or VIP.

(b) Licence Condition 12.1.2 Anti-money laundering and complying with parts 2 & 3 of the Money Laundering Regulations 2007 in respect of customer due diligence (CDD) and Enhanced Due Diligence (EDD).

PGL failed to comply with Regulations 7(1) and (3) of the 2017 Regulations which required it to determine the extent of CDD measures on a risk-sensitive basis. PGL failed to make adequate enquiries about the source of the funds (SOF) the customer used to gamble. There is no evidence that the operator took sufficient steps to identify the source or legitimacy of the customer's funds during this initial period.

Whilst the operator identified and flagged the customer as a high-risk player and that SOF should be obtained as they may not be playing within their means, PGL failed to make adequate enquiries about the SOF used to gamble.

PGL also failed to apply EDD and ongoing monitoring properly on a risk-sensitive basis contrary to Regulation 14 of the 2017 Regulations. This regulation requires operators to apply additional measures to establish and verify the customer's identity, and to scrutinise the transactions undertaken by the customer (including their SOF) in situations which, by their nature, present a higher risk of money laundering.

PGL identified the customer as high risk due to their deposits, level of play, and the fact that they believed they did not have requisite funds to support this level of gambling. As a result, PGL subsequently submitted a Suspicious Activity Report (SAR). Despite the submission of a SAR, the customer was not asked to provide any SOF information.

The customer returned to PGL five months later on 12 October 2017 where he was detected again because of high deposits. Even though PGL originally identified the risk associated with this customer in March 2017, the customer was able to recommence gambling without any further verification taking place in respect of SOF.

On the 30 October 2017 (18 days after returning) PGL requested source of wealth information via a questionnaire which was answered the same day. This subsequently prompted a SOF request which the customer did not co-operate with and the account was closed on the 7 November 2017.

(c) Ordinary code provision 2.1.1 Anti-money laundering & Licence condition - acting in accordance with the Commissions guidance on anti-money laundering and the Money Laundering Regulations of 2007

The operator failed to act in accordance with the Commission advice and guidance in requiring them to comply with the 2017 Regulations.

Between the 12 October 2017 and the 2 November 2017, a total of just 21 days, the customer deposited £651,370 and lost £619,420.

The fact that they were able to return in October 2017 and deposit and lose such significant amounts of money clearly shows that PGL's policies and procedures were not fit for purpose.

The Commission notes PGL's position that this incident was in part down to human error and a failure to follow up on the concerns that were previously identified during the initial engagement with the customer in March 2017.

Platinum Gaming Limited Regulatory settlement

The regulatory settlement package consists of:

- PGL divesting themselves of gross gambling yield of £629,420.00 it received from the gambling of the customer. This money has been returned to the victim identified whose money was stolen.
- A payment in lieu of a financial penalty of £990,200 which we will direct to work which accelerates the delivery of the [National Strategy to Reduce Gambling Harms](#) (/about-us/reducing-gambling-harms).
- Agreement to the Commission's publication of a statement of the facts in the case.
- Payment of £9,800 towards the Commission's investigative costs.

Platinum Gaming Limited Conclusion

Our investigation found and PGL accepts that there were weaknesses in its systems relating to how it managed its customers for anti-money laundering and social responsibility purposes.

In determining the appropriate outcome, the Commission considered that the operator was:

- open and transparent in its dealings with the Commission
- able to make timely disclosure of material facts to the Commission
- able to demonstrate that they have insight into the apparent failings
- able to suggest actions that would prevent the need for formal action by the Commission
- prepared, where appropriate, to agree to the publication of a public statement by the Commission setting out the failings in order to deter future non-compliance by others and/or share learning that may be beneficial to the wider industry or other stakeholders including the public
- prepared to divest itself of any gross gambling yield or costs savings which accrued as a result of the failings
- prepared to contribute to the direct costs to the Commission of investigating the matter in respect of which the regulatory settlement is sought
- prepared to volunteer a payment in lieu of the financial penalty the Commission might otherwise impose for breach of a licence condition in accordance with the [Statement of Principles for Determining Financial Penalties](#) (/policy/statement-of-principles-for-determining-financial-penalties).

Platinum Gaming Limited Good practice

We consider that this case provides valuable learning for remote (online) and non-remote gambling operators. They should consider the following questions to address the issues identified in this case:

- Do you conduct appropriate assessments of the risks of money laundering and terrorist financing for your businesses? Do you implement policies, procedures and controls which manage the identified risks effectively?
- Do you have effective measures for customer due diligence, the ongoing monitoring of customers, and enhanced customer due diligence and enhanced ongoing monitoring? Are these sufficiently risk-focused, including the risk profiling of customers for these purposes?
- Do you have policies and procedures in place which makes specific provision for using all relevant sources of information where you have concerns that a customer's behaviour indicates problem gambling? Are you putting into effect such policies and procedures?
- Are your customer interaction policies and procedures effective?

- Are you alert to the risks various customers might bring?
- Are you conducting appropriate customer interactions? Can you adequately evidence these customer interactions?

NEWS

Platinum Gaming Ltd to pay £1.6m for social responsibility and money laundering failures

Published: 12 June 2019

Read the news story (</news/article/platinum-gaming-ltd-to-pay-gbp1-6m-for-social-responsibility-and-money>)