



Bank Use Promotion and Suppression of Money Laundering Unit

**GUIDELINES ON ANTI-MONEY LAUNDERING & COMBATING
FINANCING OF TERRORISM FOR CASINOS, 2015**

[Issued in terms of the Money Laundering and Proceeds of Crime Act [Chapter 9:24]

These guidelines amplify and explain obligations that Casinos are required to comply with the Money Laundering and Proceeds of Crime Act [Chapter 9.24] (hereinafter referred to as “the Act”), and other applicable legislation and regulatory requirements in order to guard casinos against the risks of money laundering and terrorist financing.

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Terms and Acronyms Used

Terms	Definition
AML / CFT	Anti Money Laundering and Combating Financing of Terrorism
Beneficial owner	Means a natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes a natural person or persons who exercise ultimate effective control over a legal person or arrangement.
Casinos	For purposes of these guidelines, includes a) casinos b) Lotteries c) gaming houses
CTR	Means a Cash Transaction Report, also known as a large Cash Transaction Report. It is a report which a casino is required to submit to the FIU for every cash transaction equal to or above US\$5000
Designated Institution	Means any institution designated in terms of the Bank Use Promotion Act [Chapter 24:24] for purposes of implementing statutory AML / CFT obligations prescribed therein, and includes an individual or entity carrying on the business of gambling and gaming.
FIU	Means the Financial Intelligence Unit of the Reserve Bank of Zimbabwe, otherwise also known as the Bank Use Promotion and Suppression of Money Laundering Unit.
Money Laundering (ML)	is defined as an activity, which has or likely has the effect of concealing or disguising the nature, source, location, disposition or movement of the proceeds of unlawful activities or any interest which anyone has in such proceeds.
MLPC Act	Money Laundering and Proceeds of Crime Act [Chapter 9:24]
STR	Suspicious Transaction Report

1. INTRODUCTION

General

- 1.1. Casinos are one of the categories of institutions that are vulnerable and attractive to criminals for purposes of laundering (cleaning-up) proceeds of crime.
- 1.2. A casino falls under “designated non-financial business or profession” (DNFBP) as defined in section 13 of the Money Laundering and Proceeds of Crime Act [Chapter 9:24], that are required to implement prescribed Anti Money Laundering and Counter Financing of Terrorism (AML/CFT) measures designed to prevent and detect cases of money laundering and / or financing of terrorism.
- 1.3. For purposes of these guidelines, casinos include every person or entity registered or required to be registered in terms of the Lotteries and Gaming Act [Chapter 10:26] and encompasses casinos, gaming houses and lotteries.

What is Money Laundering?

- 1.4. Money Laundering is any act or transaction that is designed to disguise the illicit nature or source of proceeds of crime and make the proceeds appear legitimate. Criminals or their accomplices engage in money laundering to “clean up” proceeds of crime so that the illicit proceeds are not easily traceable to their original illicit source.
- 1.5. There are various methods of laundering proceeds of crime, a process which normally starts by introducing the illicit funds into the formal financial system. Funds can be introduced into and cleaned-up in the financial system through financial institutions and DNFBPs.

What is financing of terrorism (or terrorism financing)?

- 1.6. The offence of terrorist financing usually involves one or both of the following:
 - Mobilizing or providing funds or resources for purposes of financing terrorists, terrorist organizations or terrorist acts; or

- Dealing with funds or resources that one knows or has reasonable grounds to suspect may be used to fund terrorists, terrorist organizations or terrorists acts.

1.7. The offence of financing terrorism is different from the offence of money laundering in that the funds are not necessarily linked to a predicate offence. Funds used to finance terrorism may come either from a legitimate or illegitimate source, and may involve amounts much smaller than those normally involving money laundering and which can, therefore, be moved easily without attracting much scrutiny.

1.8. Criminals can target casinos and other vulnerable institutions to clean up and disguise the illicit origins of proceeds of crime. Similarly individuals and entities who finance terrorism around the world also find it convenient to use the financial systems to move funds that are used to finance terrorism.

1.9. It is in this context, that the law requires casinos and other vulnerable designated institutions to implement AML/CFT measures, including submitting Suspicious Transaction Reports (STRs) and Cash Transaction Reports (CTRs) to the Financial Intelligence Unit (FIU) of the Reserve Bank of Zimbabwe.

The Role of the Financial Intelligence Unit (FIU)

1.10. The main statutory function of the FIU is to oversee compliance with AML/CFT legislation and regulatory requirements by designated institutions.

1.11. More particularly, the FIU is responsible for –

- a) Receiving STRs and CTRs from designated institutions;
- b) Analyzing the received STRs and CTRs;
- c) Disseminating financial intelligence to law enforcement agencies and other relevant competent authorities, for further investigation and / or prosecution;
- d) Supervising and monitoring designated institutions to ensure compliance with the Act and the Guidelines.

1.12. With reference to casinos, the FIU's role should be distinguished from that of the Lotteries and Gaming Board which is responsible for licencing and regulating casinos generally.

1.13. In addition to its broader regulatory function in terms of the Lotteries and Gaming Act, the Lotteries and Gaming Board also has a legal duty to cooperate with the FIU in ensuring that casinos comply with their AML/CFT obligations.

Obligations of casinos in summary

The AML/CFT obligations of casinos can be summarized as follows -

- ***Appointing a money laundering reporting officer (MLRO)***
- ***Understanding money laundering and financing of terrorism risks***
- ***Identifying customers for transactions of US\$3000 and above***
- ***Reporting cash transactions equaling or exceeding \$5000***
- ***Reporting suspicious transactions to the Financial Intelligence Unit***
- ***Putting in place internal AML/CFT procedures and controls***
- ***Obligation to identify and freeze assets of persons under UN sanctions lists***
- ***Record keeping***

2. APPOINTING A MONEY LAUNDERING REPORTING OFFICER (MLRO)

Every DNFBP is required to appoint a MLRO, who is responsible for overseeing the institution's compliance with all AML/CFT obligations as prescribed by law and summarized in these guidelines, including –

- a) Reporting to the FIU all suspicious transactions identified by the institution;
- b) Overseeing and ensuring overall compliance with regulatory guidelines on AML/ CFT issues from time to time;
- c) Maintaining close liaison with the FIU on all relevant AML/CFT issues.

2.1. The MLRO must be an officer holding a senior managerial position in the organization and should have direct reporting access to the board or similar decision-making organ of the organization and may combine his duties as a MLRO with other duties in the institution.

2.2. The MLRO must be someone sufficiently knowledgeable in AML/CFT requirements as set out in the Money Laundering and Proceeds of Crime Act, AML/CFT guidelines issued by the FIU, the FATF Standards and other relevant literature.

3. UNDERSTANDING MONEY LAUNDERING AND TERRORISM FINANCING RISKS

3.1. For a casino operator to be able to effectively implement measures to prevent and detect possible cases of money laundering and financing of terrorism, the starting point is for the casino business to have a full and documented understanding of its money laundering (ML) and terrorism financing (TF) risks.

3.2. Having identified the risks, the casino is required to use a Risk-Based Approach to implement prescribed AML/CFT measures. Adequate measures commensurate with the level of risk identified, should then be put in place to address or mitigate the risks.

3.3. The casino business is expected to understand –

- The ML risks facing the country (Zimbabwe concluded a ML/TF risk assessment in May 2015).
- The ML/TF risks facing casinos in general;
- The ML/TF risks facing the particular casino.

3.4. Each casino's specific ML/TF risks largely depend on –

- The volume and size of transactions it handles;
- Client profile, e.g. whether clients are predominantly local or foreign and also whether foreign clients are largely from countries that are notorious for criminal activities;

- Geographical location of casinos e.g. casinos located in busy border towns or tourist resorts may attract a clientele profile different from that of a casino located inland, thus presenting different types and levels of risk;
- The range of services offered by casino, e.g. whether the casino offers bank-like account services to regular clients, i.e. allowing clients to deposit and withdraw funds from the account; A casino may offer bureau de change services, which may involve an ML/TF risk component;
- type of payment and payment methods accepted from customers;

3.5. In cases where the casino identifies high risk, enhanced measures should be applied and where low risk is identified the casino may put in place less rigorous or simplified AML/CFT measures.

3.6. A risk assessment exercise should be an ongoing process, requiring continuous review, as risk factors continuously evolve.

4. CUSTOMER IDENTIFICATION FOR TRANSACTIONS OF US\$3000 AND ABOVE

4.1. Casinos are required to identify their customers and verify the identity by means of a reliable form of identification (passport, national ID card, driver's licence) in the following circumstances –

- (a) When opening an account or establishing an ongoing business relationship with a customer; or
- (b) When a customer who is not an account-holder carries out or wishes to carry out a transaction equal to or exceeding US\$3000 (either as one transaction or as several transactions that appear to be linked).

4.2. Customer identification and identity verification involves requiring the customer to produce a copy of his / her passport, national ID document or driver's licence and retaining a copy on record, as well as recording details of the transaction.

4.3. Where the casino suspects that a transaction involves proceeds of crime or funds intended for use in financing of terrorism, the casino shall identify the customer

and verify his or her identity regardless of the amount involved and shall submit a suspicious transaction report to the FIU.

4.4. Where it appears to the casino that a client who is subject to identification requirements is acting on behalf of somebody else, the casino is required to take reasonable steps to identify and verify the identity of the beneficial owner, over and above identifying and verifying the identity of the agent.

5. REPORTING CASH TRANSACTIONS OF US\$5000 AND ABOVE

5.1. A casino is required to report every cash transaction of \$5000 or above.

5.2. The reporting requirement arises whether the threshold is met under a single transaction or as an aggregate of two or more transactions undertaken by the same customer within a period of 24 hours.

5.3. A cash transaction is one where a customer makes a payment in cash (as opposed to other forms of payment such as debit card, credit card or inter-account transfer). A cash deposit into the casino's account by or on behalf of a customer is a cash transaction for purposes of this requirement.

5.4. Casinos are required to submit Cash Transaction Reports (CTRs) on a monthly basis using the attached CTR reporting form.

5.5. All cash transactions shall be submitted by the 7th day of the month following the month in which the transactions occurred.

6. REPORTING SUSPICIOUS TRANSACTIONS

6.1. Casinos are required to report any suspicious or unusual transaction by a client(s).

6.2. Suspicious transactions shall be reported to the Financial Intelligence Unit, **immediately**, but in any case, not later than 72 hours after the suspicious transaction was detected.

6.3. Suspicious transactions shall be reported in the prescribed form for STR reporting, attached to these guidelines.

6.4. Every casino shall train and require its employees to monitor the transactions and activities of clients and be able to detect transactions that are unusual or suspicious.

6.5. Unusual or suspicious transactions may include (but are not limited to) the following examples –

- Where it appears the customer is structuring a transaction to deliberately avoid the US\$3000 threshold for customer identification or US\$5000 threshold for CTR reporting; e.g. customer conducting transactions that are just below the thresholds or by splitting transactions among associates, where it appears that one person is funding the gaming/betting activities of a colleague or colleagues;
- A customer who is known to the casino suddenly changes his/her usual betting pattern e.g. starts engaging in transactions of considerably higher value than what he normally engages in;
- A customer purchases large value tokens using small denominations, conducts minimal or no betting and then seeks to encash the balance for large denomination bank notes;
- A customer purchases large value tokens in cash, conducts minimal or no betting and seeks to redeem the balance by cheque or bank transfer;
- Customer inserts cash into gaming machine and immediately claims those funds as credits with minimum or no play;
- A customer asks the casino to make payment to a third party.

7. INTERNAL CONTROLS, POLICIES AND PROCEDURES

General

- 7.1. The board of directors (or similar governing body) of a casino shall ensure that effective internal controls are put in place, by establishing appropriate AML/CFT policies and procedures, and ensuring their effective implementation.
- 7.2. The ultimate responsibility for AML/CFT compliance is placed upon the Board and senior management of the Casino.
- 7.3. The board or senior management, shall ensure that a comprehensive operational AML/CFT Policy Manual is formulated by management and approved by the board (or similar decision-making structure).
- 7.4. The internal controls, policies and procedures shall cover proper management oversight systems and controls, segregation of duties, training of staff and other related matters.
- 7.5. A casino's internal audit and compliance functions have an important role in evaluating and ensuring adherence to the AML/CFT policies and procedures.
- 7.6. As a general rule, the audit function should provide an independent evaluation of the Casino's own policies and procedures, including legal and regulatory requirements.
- 7.7. A casino shall ensure that its audit function is staffed adequately with individuals who are well-versed with AML/CFT policies and procedures.

Employee Training

- 7.8. Casinos are required to provide adequate training to employees to make sure they are fully aware of the casino's AML/CFT obligations.
- 7.9. Employees must be sufficiently trained so as to be aware of the casino's AML/CFT policies and procedures, including the identification and reporting of suspicious transactions.

8. OBLIGATION TO IDENTIFY AND FREEZE ASSETS OF PERSONS UNDER UN SANCTIONS LISTS

- 8.1. Casinos are required to put in place measures to enable them to identify and freeze transactions of any person whose name appears on the Taliban and Al Qaida sanctions lists that are maintained and updated from time to time by relevant sanctions committees of the United Nations Security Council.
- 8.2. The lists are circulated by the FIU from time to time and appear on the relevant UN website.
- 8.3. Before making any payment to or on behalf of a customer, the casino shall verify that the customer is not listed under either of the sanctions lists referred to above. If a customer's name and other identifying particulars match any of the names on the sanctions lists, the casino shall freeze the transaction and immediately notify the FIU.

9. RECORD KEEPING

- 9.1. All designated institutions are required to keep customer and transaction records for a minimum period of 5 years. At a minimum, records for the following transactions should be maintained for the prescribed period –
- transactions meeting the threshold for customer identification;
 - CTR reports; and
 - STR reports.
- 9.2. The recorded information should include -
- identity of the customer;
 - the type and nature of the transaction;
 - the amount of the transaction and the currency in which it was denominated;
 - date of transaction;

10. SANCTIONS FOR BREACH OF AML/CFT OBLIGATIONS

- 10.1. Section 5 of the Money Laundering and Proceeds of Crime Act empowers the FIU to impose penalties of up to US\$250 000 on any person or entity for breach of any of the obligations set out in the Act or set out in any guidelines or directive issued by the FIU.
- 10.2. The penalties may be imposed on the entity itself and/or on any employee, director or agent of the entity.
- 10.3. These civil/administrative penalties apply over and above sanctions that may be imposed by the courts upon criminal prosecution.

ANNEXURES

- i.) CTR reporting form
- ii.) STR reporting form

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