

Money Laundering Reporting Officer Factsheet (1/3)

FOR IP-MODEL **β** v.3393.58.A

The MLRO | An officer (MLRO) responsible for ensuring that, when appropriate, the information or other matter leading to knowledge or suspicion, or reasonable grounds for knowledge or suspicion of money laundering is properly disclosed to the relevant authority.

Not optional | Having an MLRO in place is not optional. It is required by the 5th Anti-Money Laundering EU Directive.

Reporting regulators bound to End Users, not residents | A common mistake made is the assumption that only local rules and regulations apply and one only has to deal with local oversight. Matters of data protection and responsible gaming, the EU-Directive on General Data Protection Regulations (GDPR) but also the Fifth Anti-Money Laundering Directive (5AMLD) and also the Markets in Financial Instruments Directive (MiFID II) directly apply to gaming suppliers outside of the EU if and when they are catering their products or services to end-users that are resident within the EU.

Reporting | The MLR Report is a fundamental component of providing oversight with evidence for IP-Operator's compliance with Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF) Laws and Regulations. There are two types of reporting that are obligatory. First: the periodic report. In an AML high risk environment, IP-Operators are required to do quarterly reporting. If IP-Operators do not yet produce the quarterly reports, they should start doing so immediately. Second: the incident report. If at any time the MLRO is confronted with an unusual transaction, it needs to be reported. Also pressure on the MLRO not to ask questions needs to be reported to the authorities.

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Ramifications | Failure to regularly produce a comprehensive MLRO Report and address any concerns raised as a result is a regulatory breach of compliance which can have serious consequences, including criminal prosecution for anyone involved in the supply chain. Consequences do not necessarily stay within the company of the IP-Operator. Anyone or anything with a misrepresented label can become the focus of an investigation.

'Ignore-the-label Principle' | Of particular interest to the MLRO should be any deviations between official labels and money flow. A person with the title 'director' does not necessarily have to be the *de facto* director, the person who is actually in charge, the person who factually makes all the decisions. A person with the title 'shareholder' does not necessarily have to be a person *de facto* acting as shareholder. A *de facto* shareholder posing as a supplier to the IP-Operator would be one of the examples of AML-sensitive misrepresentation. The product offered or service rendered needs to make sense, it needs to have substance. Of particular interest in this field should be any product or any service in which no man hours are represented in the purchase price or service fee.

Fit and Proper | A legal individual or entity that has: (a) obtained a sufficient level of collective knowledge and experience to perform certain actions; and (b) has not acted in a manner considered to be disgraceful, reckless, heinous or dishonorable by practitioners of good repute and competency. The MLRO needs to be 'Fit and Proper' at all times, adequately educated and periodically reschooled. The MLRO also needs to keep an eye out for any persons within the company or outside in the supply line that are not Fit and Proper or persons that are overqualified, that do not seem to have a role within or outside the company that matches their expertise.

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Substance | The MLRO needs to actively check on the status of substance within and outside of the company. Entering into a service contract, for example, for which substantial manpower should be committed, is a potential red flag if the contractor does not employ any staff. This would be a lack of substance. However, the opposite can be true as well. Substance-by-capital, manifesting itself, for example, in availability of office space, phone lines, hardware that is not in use could be evidence of pretence to show substance. Verification of substance in these modern times is quite easy. The average software nowadays as a standard, tracks communications and locations. Whether or not there is direct email communication present or absent is hardly of any importance anymore.

Transfer of Wealth | Key to the function of the MLRO is to be vigilant against any form of wealth transfers that do not 'add up'. A purchase price, for the shares of the company that is too high or too low would be a red flag. Also any kind of trading in for example accounts, bonuses, claims, entitlements within the sphere of iGaming is a potential red flag and should be reported.

More information | More information can be found on iGamingdatabase.com, including easy to follow Ai presentations, models and tips on how to make reporting as easy and compliant as possible. These presentations can also be followed on our Youtube-channel: iGamingdatabase.com. Subscribe today!

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Legal Highlights of the Money Laundering Reporting Officer

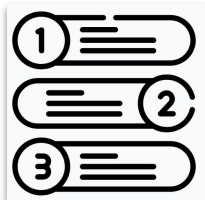
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Enhanced Reporting | Introduction of several mandatory Quarterly Integrated Reporting: (1) Data Protection Reporting; (2) Responsible Gaming Reporting; (3) Money Laundering Reporting. Easy and Complete.



Three Step Transparency | IP β v.3393.58.A (the "IP") introduces as an agreement, a three Step Integrated Modular Framework: (A) Technical (B) End Users and (C) AML, providing a "manual" look & feel.



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The appropriate authorities shall be receiving the Report on a Quarterly basis from the MLRO

The Non-Executive Director, a Curaçao resident, shall function as the formal MLRO. It reviews and signs off on the Report as prepared by the Executive Director

The Executive Director, a non-Curaçao resident, prepares the Report and makes sure that it is accurate and complete.

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Integrated Control | Tailored 'legaltech' solutions, all optional, help to guard against fraud. Technical solutions are supported by legal solutions. Both of those help to stimulate acceptable End User Behavior, at the same time enhancing End User Experience.

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