

Three orders and two reprimands to Skill on Net Ltd for breach of the Anti-Money Laundering Act

05, Apr 2024

On April 3rd, 2024, the Danish Gambling Authority has issued three orders to Skill on Net Ltd (Skill on Net) for breaching the rules of the Anti-Money Laundering Act on risk assessment, procedures for internal control and documentation of implemented controls.

On April 3rd, 2024, the Danish Gambling Authority has also given Skill on Net two reprimands for breaching the rules on business procedures and the rules on whistleblower scheme in the Anti-Money Laundering Act.

The orders and reprimands are issued in connection with the Danish Gambling Authority's inspection of Skill on Net's material, which Skill on Net has prepared in order to comply with the Anti-Money Laundering Act.

Order for inadequate risk assessment

Order (a) has been issued because Skill on Net's risk assessment is insufficient, as no separate risk assessment has been made of the individual identified risks associated with Skill on Net's business model, including products and payment solutions, as well as the risk factors associated with these. Section 7(1) of the Anti-Money Laundering Act states that undertakings subject to the Act must identify and assess the risk that the undertaking may be misused for money laundering or terrorist financing. It is the Danish Gambling Authority's assessment that the risk assessment must include a separate assessment of the risk of the individual products and payment solutions, as well as a separate risk assessment of the risk factors associated with these. Thus, Skill on Net has not complied with the risk assessment obligation in section 7(1) of the Anti-Money Laundering Act.

Order for inadequate business processes

Order (b) has been issued because Skill on Nets' written procedures do not describe how, when and by

whom the internal controls are monitored to ensure that the internal controls are implemented. Section 8(1) of the Anti-Money Laundering Act states that undertakings subject to the Act must have adequate written procedures, which must include internal controls. The requirement for internal control also means that checks must be carried out to ensure that the controls are implemented. Thus, Skill on Net has not sufficiently complied with the obligation to have procedures for internal control.

Order for lack of documentation for controls

Order (c) has been issued because Skill on Net has not documented that internal controls have been implemented. Section 8(1) of the Anti-Money Laundering Act states that undertakings subject to the Act must document the checks carried out. Thereby, Skill on Net has not complied with the obligation under section 8(1) of the AML Act.

Reprimand for inadequate business processes

Reprimand (a) is given because Skill on Net's business procedure for establishing customer relationships until October 16, 2023 was deficient, as there was a discrepancy between the business procedure and practice. Section 8(1) of the Anti-Money Laundering Act states that undertakings subject to the Act must have adequate written procedures and that the procedures must describe how the areas are handled in practice. Thus, Skill on Net has not complied with the obligation to have sufficient written procedures for establishing customer relationships.

Reprimand (a) has been issued because Skill on Net's business procedures up to 16 October 2023 did not take into account that customer due diligence procedures must be carried out at appropriate times, as required by section 10(1)(1)(1) of the Anti-Money Laundering Act. Thus, Skill on Net has not complied with the obligation to have sufficient written procedures for the implementation of customer due diligence procedures at appropriate times.

Reprimand (a) is also given because Skill on Net's business procedure for politically exposed persons until 16 October 2023 was deficient, as PEP screening of customers who had not paid over a fixed defined amount was not performed on an ongoing basis. Section 18(1) of the Anti-Money Laundering Act states that undertakings subject to the Act must have procedures in place to determine whether the customer is a politically exposed person, close associate or close business partner of a politically exposed person. Reviewing whether an established customer has changed status to politically exposed person must include all customers. Thus, Skill on Net has not complied with the obligation to have sufficient written procedures for PEP screening.

Reprimand for inadequate whistleblower scheme

Reprimand (b) is given because Skill on Net's whistleblower scheme until June 2023 did not sufficiently meet the requirement for anonymity, as reporting could only be done by e-mail. Section 35(1) of the Anti-Money Laundering Act states that undertakings subject to the Anti-Money Laundering Act must have a system where their employees can report violations or potential violations of anti-money laundering legislation via a special, independent and autonomous channel. It also states that reports must be able to be made anonymously. Thus, Skill on Net has not complied with the requirement of anonymity for whistleblowers.

The Danish Gambling Authority assesses that an inadequate risk assessment as well as inadequate business procedures and whistleblower scheme may have increased Skill on Net's risk of being misused for money laundering. The purpose of the risk assessment is for the gambling operator to have a useful tool that provides an overview and understanding of where and to what extent the gambling operator is exposed to being misused for money laundering or terrorist financing and what measures are necessary to mitigate the risks. Business procedures must be a description of the activities that the gambling operator must perform to ensure compliance with legislation and other regulations and that the gambling operator's policies and guidelines are followed. Adequate risk assessment, business procedures and a whistleblower scheme are fundamental to the Anti-Money Laundering Act, and the seriousness of the violation has therefore led to three orders and two reprimands.

Duty to act

The orders entail an obligation for Skill on Net to act. This means that Skill on Net must, within two months, submit a revised risk assessment, business procedures for the control of internal controls, and within six months submit documentation that internal controls have been implemented.

The reprimands do not entail any obligation for Skill on Net to act, as the violations no longer exist, as Skill on Net has subsequently revised its business procedures and whistleblower scheme.

Learning points

Gambling operators should ask themselves the following questions in light of the breaches identified above to ensure they cannot be misused for money laundering or terrorist financing:

Does your company have adequate control procedures, including monitoring whether internal controls are being implemented?

Do you remember to document the internal controls and controls over the controls you implement?

Has your company separately risk assessed the individual identified risks that are included in your risk assessment?

Have you conducted a separate risk assessment of all your products and payment solutions and

separately risk assessed the identified risk factors associated with them?

Does your company's whistleblower scheme comply with the rules of the law, including that reports can be made anonymously?

Other news

Three orders and two reprimands to Skill on Net Ltd for breach of the Anti-Money Laundering Act (three-orders-and-two-reprimands-skill-net-ltd-breach-anti-money-laundering-act)

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MORE (THREE-ORDERS-AND-TWO-REPRIMANDS-SKILL-NET-LTD-BREACH-ANTI-MONEY-LAUNDERING-ACT)

Report on the Danish Gambling Authority's efforts against illegal gambling released (report-danish-gambling-authoritys-efforts-against-illegal-gambling-released)

02 Apr 2024

The Danish Gambling Authority has released the annual report describing the authority's work with illegal gambling. The report explains the rules for when a gambling product is legal in Denmark and reviews the efforts completed in 2023 with the purpose of combating illegal gambling.

[MORE \(REPORT-DANISH-GAMBLING-AUTHORITYS-EFFORTS-AGAINST-ILLEGAL-GAMBLING-RELEASED\)](#)

[**Danes spent less money on gambling in 2023 than the previous year \(danes-spent-less-money-gambling-2023-previous-year\)**](#)

18 Mar 2024

In 2023, Danes spent DKK 10.3 billion on gambling. This is a slight decrease of 1.7 per cent compared to the spending in 2022. Since 2018, the gambling spend has decreased every year, except from 2020 to 2021, when there was an increase.

[MORE \(DANES-SPENT-LESS-MONEY-GAMBLING-2023-PREVIOUS-YEAR\)](#)

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[EN \(three-orders-and-two-reprimands-skill-net-ltd-breach-anti-money-laundering-act\)](#)

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