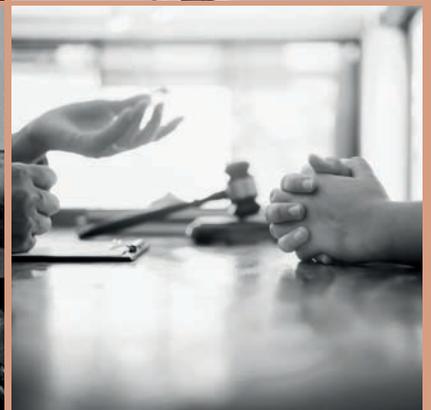
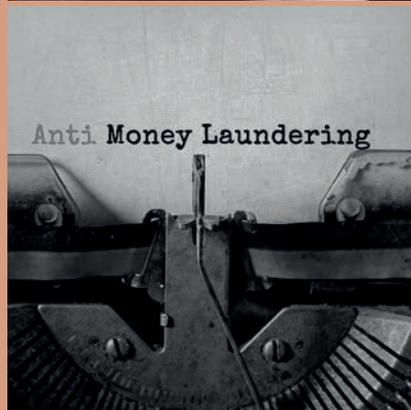
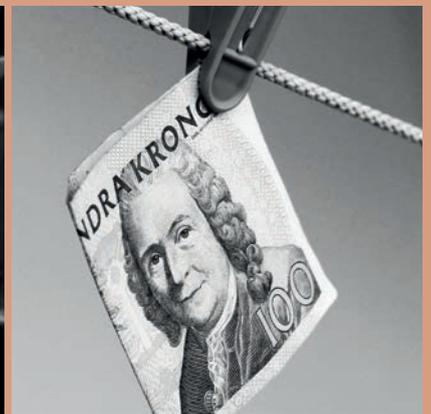


Identification and assessment of the risk of money laundering on the Swedish gambling market



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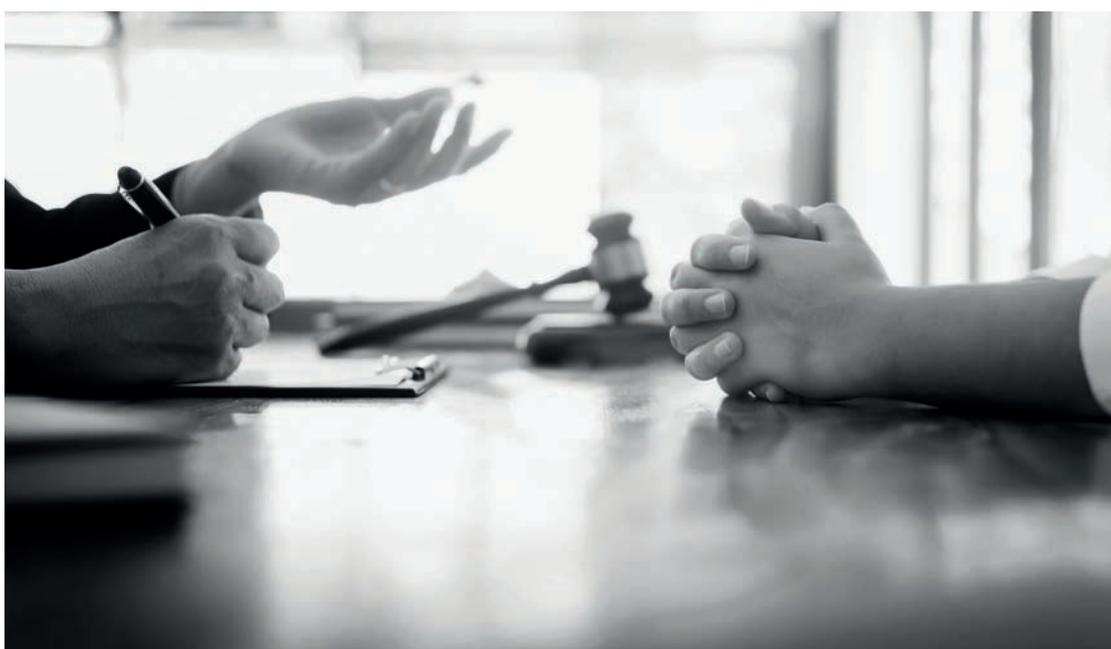
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Summary

The risks of money laundering being conducted in connection with gambling vary between different forms of gambling. A number of factors affect the risk of money laundering, including turnover in each form of gambling, the potential for anonymous gambling, payment methods and how winnings are paid out. The occurrence of gambling fraud and the manipulation of results also affects the risk, as this may entail money from criminal activities not only being laundered but also potentially increasing in value. The consumption of money from criminal activities is considered to be the most common form of money laundering on the Swedish gambling market. Accounting, transferring, money masking and exchanging money from criminal activities are other relevant threats.

Different risks for different forms of gambling

- The risk of gambling being utilised for money laundering is considered to be greatest for commercial online gambling, casino gambling at state casinos and betting (online and land-based). This is mainly due to the fact that these forms of gambling offer the potential for high stakes and winnings, as well as having a high turnover.
- In the case of online gambling, the risk is affected by player accounts being used to hold money from criminal activities.
- The risk of money laundering in the case of land-based gambling is mainly associated with the presence of cash.
- Card games in the form of a tournament, and lotteries where player accounts are used, are deemed to entail a medium risk.
- For other forms of gambling on the Swedish market, the risk is considered to be low, mainly due to the restrictions on the size of stakes and winnings.



1 Introduction

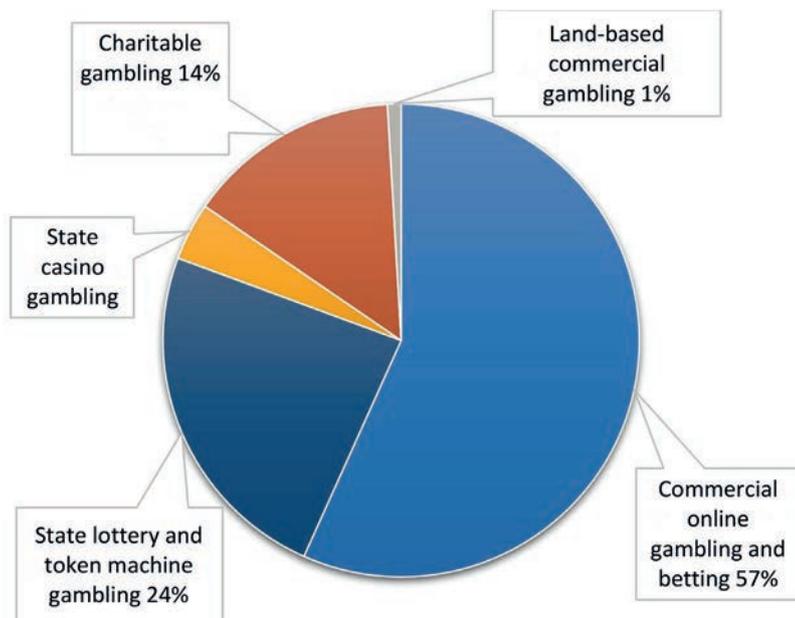
The Swedish gambling market has been reregulated and undergone major changes during 2019. The new Gambling Act, which entered into force on 1 January 2019, has opened up the market to more operators. There are now around 90 licensed operators on the Swedish gambling market (not including licences for charitable gambling). In addition to the new Gambling Act, a new Money Laundering Act has also entered into force since the publication of the Swedish Gambling Authority's last risk assessment in 2017.

All gambling companies operating on the Swedish market must be licensed, and operators without a license will be excluded. When the new Gambling Act came into force, the authority changed its name from the Swedish Lottery Inspectorate to the Swedish Gambling Authority.

The Swedish Gambling Authority is responsible for oversight and must check and ensure that the Swedish gambling market is legal, reliable and safe. The work also includes combating illegal gambling and match-fixing, as well as preventing the gambling sector from being used for money laundering. Operators that are licensed or registered under the Gambling Act (2018:1138) must generally comply with the regulations contained of the Money Laundering Act (2017:630).

The Swedish Gambling Authority cooperates with other authorities, both nationally and internationally. For example, the Authority has entered into agreements with other gambling authorities with the aim of facilitating communication and promoting the exchange of information.

Net sales (the players' stakes minus winnings paid out) on the regulated gambling market amounted to just under SEK 25 billion in 2019.



Turnover on the Swedish gambling market by form of gambling in 2019 (Excluding bingo as well as municipal and regional lotteries).

1.1 Background

The first risk assessment for money laundering and the financing of terrorism on the Swedish gambling market was completed in 2014. During an update in 2017, it was divided into two separate risk assessments, one for money laundering and one for the financing of terrorism. This subdivision remains in place, and the risk assessment for the financing of terrorism will be updated in 2020.

Since 2017, the European Commission has published and updated its supranational risk assessment regarding money laundering and the financing of terrorism, and this has been taken into account in the work on updating the previous risk assessment from 2017. The Swedish Gambling Authority's risk assessment methodology has also been clarified in order to harmonise better with the supranational risk assessment. As the amount of data relating to money laundering on the gambling market is limited, the risk assessment has mainly been based on the Authority's existing knowledge. When additional information has been deemed necessary, the source has been indicated in the footnote.

1.2 Purpose

The risk assessment is primarily intended to satisfy three objectives:

- To provide comprehensive information about threats, vulnerabilities and risks on the Swedish gambling market.
- To provide a basis for assessments and decisions regarding wholly or partially exempting forms of gambling from the requirements in the Money Laundering Act and the provisions in the Gambling Act.
- To provide support in the work of the Authority through risk-based oversight.

1.3 Review and update

The risk assessment is continually reviewed in conjunction with e.g. major changes such as new legislation, new operators and new products and services on the market.

The extent of money laundering through gambling is relatively unknown, and not many cases have resulted in convictions. The aim of this risk assessment is to identify, evaluate and assess the relevant risks on the Swedish gambling market.

In conjunction with reviewing and updating the risk assessment, the potential exists to adjust and correct the methodology, valuations and assessments where it has been shown that other considerations would contribute to a fairer picture of the actual situation. Such a decision has been made in the work on this risk assessment, where the previous spider diagrams have been replaced with a simpler colour-coded system, based on a weighted assessment of threats, vulnerability, probability and consequence.

1.4 Demarcation

This risk assessment focuses on the risks of licensed operators on the Swedish gambling market, that are subject to oversight by the Swedish Gambling Authority, being exploited for money laundering. Risks of licensed operators being exploited for the financing of terrorism are addressed in a separate risk assessment. The risk management measures employed by the operators will not be assessed in the risk analysis, but there is still value in including and explaining the concept in the risk assessment's methodology section, as this is extremely relevant to the operators in their work to combat money laundering and the financing of terrorism.

Unlicensed operators offering gambling targeted at the Swedish market and "registration lotteries" are not included in this risk assessment, as the Authority does not have oversight responsibility in relation to these operators.

For risks associated with illegal gambling, these will be charted and assessed in the Authority-wide national risk assessment, which is expected to be finalised during 2020 by the National Coordination Function against Money Laundering and the Financing of Terrorism.

1.5 Subdivision of gambling

The forms of gambling are broken down according to the classifications in the Gambling Act, with the exception of betting, where we distinguish between land-based and online gambling as well as lotteries that use player accounts and those that do not. As a general rule, the fact that transactions are carried out online has more of an effect than the product in question. In other words, the risks associated with land-based poker games differ from online poker games, for example.

1.6 Method and concepts

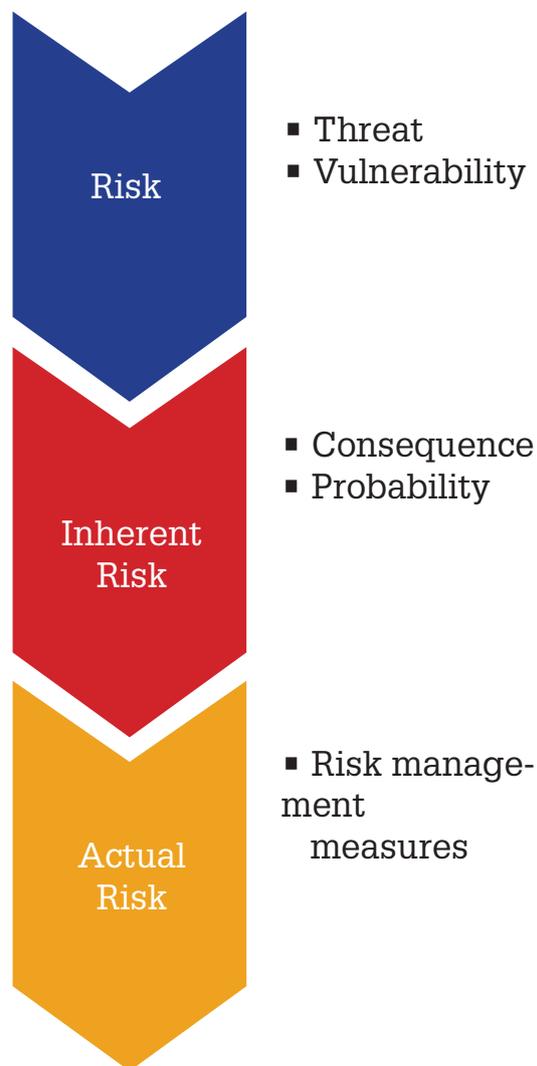
The figure to the right shows the various stages of a risk assessment and how risk management measures affect the inherent risks of a particular form of gambling. A threat can only result in an inherent risk if the threat is relevant to a particular form of gambling, i.e. that there is a vulnerability

1.6.1 Threats

The threats identified in the risk assessment consist of various approaches that allow companies to be exploited for money laundering purposes, by means of their products and services being used to conceal the link between crime and the proceeds of crime.

An understanding of both actual and potential threats that may exist, now or in the future, is a prerequisite for carrying out a risk assessment. An understanding of the threat is central when assessing and evaluating vulnerabilities, as these are linked to threats. If the threat does not exist, there is also no point in assessing whether you are vulnerable to it¹.

A potential threat might involve money from criminal activities being deposited in a player account in order to make it more difficult for authorities to trace the origins of the money.



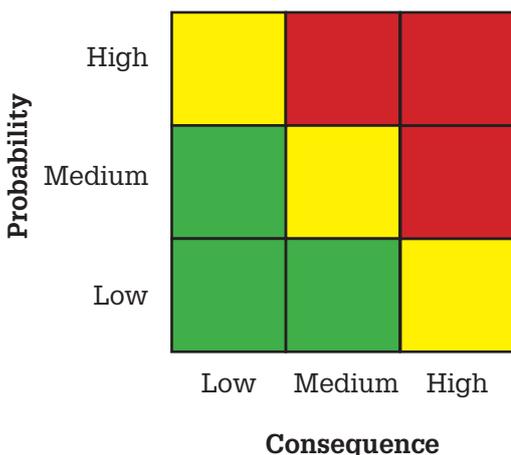
1.6.2 Vulnerability

A vulnerability is a situation that is deemed to be able to affect the possibility of a threat occurring. Some vulnerabilities relate to specific threats, either notional or actual, while others are more general in nature and thereby relevant to a wide range of threats². In order to assess the vulnerability, we take into account the nature of the market in respect of applicable regulations and other relevant circumstances affecting the vulnerability.

The characteristics of different forms of gambling are attractive to varying degrees, and are exposed to various threats and vulnerabilities. An example of a vulnerability is where gambling companies allow deposits from several different payment providers, credit institutions or deposits through various types of vouchers. This vulnerability can then be exploited in order for the threat to occur – that money from criminal activities is deposited in a player account.

1.6.3 Inherent risk

The inherent risk comprises a weighted assessment of threats and vulnerabilities that are evaluated on the basis of consequence and probability. The assessment of the inherent risk does not take into



account any risk management measures implemented by the operator.

When assessing probability, an assessment is carried out regarding the likelihood of the risk in question occurring. This assessment is based on the experiences of the supervisory authority and the Financial Intelligence Unit of Sweden, which are recipients of all money laundering reports produced in Sweden. Previously known cases – both in Sweden and internationally – are also taken into account to the extent they are applicable.

The assessment of probability is based on the following criteria:

Probability 1-3:

Low (1) – Unlikely to occur

Medium (2) – Likely to occur

High (3) – Very likely to occur

When assessing consequence, an assessment is performed regarding of the size of the amounts that can be turned over by exploiting a particular vulnerability. This is affected to a large extent by laws and regulations, which in many cases contain varying restrictions regarding possible stakes and winnings.

Consequence 1-3:

Low (1) - Small amounts (up to SEK 10,000)

Medium (2) - Medium amounts (SEK 10,000–50,000)

High (3) – Large amounts (over SEK 50,000)

The assessments of probability and consequence are combined in a “heatmap” to arrive at a risk score. The risk score is then the value assigned to the inherent risk, which determines the risk range within which the risk is deemed to lie. The risk ranges consist of a colour-coded three-point scale: low, medium and high.

¹ Finansinspektionen (Swedish Financial Supervisory Authority), 2013, p. 21.

² Finansinspektionen (Swedish Financial Supervisory Authority), 2013, p. 22.

1.6.4 Risk management measures

Risk management measures refer to the operators' compliance with the regulations, their understanding of the risks and the tangible measures implemented to manage the risks. If the inherent risks are high, measures are also required by the operators who are encountering the risks in question. The risk assessment does not assess the operators' risk management measures, rather these are monitored under the supervision of the Swedish Gambling Authority.

1.6.5 Actual risk

The actual risk is the product of the inherent risk of a particular form of gambling and the risk management measures the company has implemented. It is important for companies to work with risk management targeted at the inherent risks that exist in the operation.

1.7 Assessment by form of gambling

As part of the risk assessment work, a number of threats and vulnerabilities have been identified and assessed on the basis of the various forms of gambling. Some threats and vulnerabilities apply to many forms of gambling, while others are tied to specific gambling forms. If there is

no vulnerability to the threat in question, the risk is not reported, which means that only genuine risks are reported under each form of gambling.

The risk of a form of gambling being exploited for money laundering is evaluated with the aid of a weighted assessment based on threat, vulnerability, consequence and probability. The weighted inherent risk for a form of gambling may be assessed as low, for example, despite the presence of indicators showing a high probability of a vulnerability being exploited and of the threat occurring. This can be the case if the conditions for the particular form of gambling are e.g. a low return to player as well as low stakes and low winnings. This is the case with goods games, for example, where it cannot be ruled out that the proceeds of crime may be consumed, but where the consequence if this does occur will be low due to the conditions that apply to the games. A number of different risks that are relevant to each form of gambling will be assessed and evaluated, in order subsequently to create an overall picture of the form of gambling and its level of exposure to risks.

Each risk is assessed as being low, medium or high, and is awarded a point score. The overall risk score is then divided into the number of risks to produce an average risk, which provides a picture of the overall risk level of the gambling form.

2 Threats

A threat scenario requires a broad view of which transactions and gambling patterns may constitute money laundering, as well as an understanding that money laundering may involve more than just cash transactions.

Money laundering is defined as measures that may conceal the fact that property derives from crime or criminal activities. Depending on the nature of the property, the criminal may need to carry out various measures to conceal the origins of the property. Proceeds of crime may be in the form of goods, cash or funds in the financial system, for example.

Certain types of crime, such as robberies, the sale of drugs and prostitution, tend to generate a lot of cash. A large amount of cash can attract unwanted attention and suspicion. In such cases, it is therefore necessary to deposit cash funds in the

financial system. Tax-related and financial crimes do not usually generate new property, but rather are intended to retain elements of the property that should actually go to taxation or other charges. In such cases, the property often derives from legal sources of income.

The largest proportion of the proceeds of crime in Sweden comes from tax evasion and other financial crime³. According to a review of convictions in money laundering cases carried out by the Swedish National Council for Crime Prevention, 74 per cent of the underlying offences consisted of fraud⁴.

Set out below are the threats related to money laundering that have been identified as relevant for the Swedish gambling market.

³ Finansinspektionen (Swedish Financial Supervisory Authority), 2013, pp. 9-10.

⁴ Brå (Swedish National Council for Crime Prevention), 2019, pp. 43-44



2.1 Consumption of the proceeds of crime

The consumption of gambling using the proceeds of crime is probably the most common form of money laundering.

As a rule, the main actors within serious organised crime handle large sums of cash in order to avoid any links between themselves and accounts. Travel, hotels and day-to-day consumption are paid for in cash, thereby enabling consumption that is not traceable.

Consumption of the proceeds of crime may also relate to types of transactions other than cash, and a significant proportion of the proceeds of crime are used for day-to-day and luxury consumption. During consumption, criminally acquired funds come into contact with a variety of industries in the retail and service sector, including the gambling industry⁵.

By turning over the proceeds of crime through gambling, the funds' links to crime or criminal activity can be concealed.

2.2 Exchanging the proceeds of crime

This applies to gambling where stakes can be paid in cash, e.g. the payment of stakes in small denominations and the paying out of winnings in larger denominations. Low denominations can be exchanged with higher ones and with other currencies at banks, bureaux de change and other financial institutions that handle cash. Exchanging is also performed by withdrawing foreign currency from an account. With some types of crime, such as smuggling offences, large sums of cash are transported abroad to pay for supplies or to remove proceeds. This often happens after the Swedish funds have been exchanged for larger denominations and foreign currencies, such as euros and dollars. People testify about Swedish funds being taken abroad, probably in order to be exchanged there. This may be due e.g. to better exchange rates abroad or to fewer checks when funds are being exchanged.

Smuggling or transporting money may be a precursor to the investment phase. If the proceeds from a crime consist of banknotes in smaller denominations, these tend initially to be exchanged for

larger denominations in order to reduce the risk of attracting attention⁶.

⁵ Brå (Swedish National Council for Crime Prevention), 2015, p. 61.

⁶ Brå (Swedish National Council for Crime Prevention), 2011, pp. 27-28.

2.3 Cash accounting of the proceeds of crime

This applies to gambling that offers accounting of winnings following cash stakes. The likelihood of this method being used is considered to be higher for gambling with a high payout ratio. From Europol's report *Why is cash still king?*⁷, it can be seen that, despite the rapid development of new payment methods, cash is still preferred for payments in the criminal world and in connection with activities aimed at laundering money. The methods used vary from basic to more sophisticated. The purchase of betting slips and chips at casinos are examples of the basic methods mentioned in the report. Furthermore, the report states that slot machines are increasingly being used to launder money. One of the reasons is lack of oversight and control of this form of gambling. Another is that outlets where the slot machines are located offer players the option of having winnings paid to bank accounts or charge cards, which facilitates the depositing of illegally acquired cash.

One of the more basic methods of creating a legitimate explanation or source for criminally acquired funds is to buy winning tickets from someone who has won betting on trotting or on the lottery⁸. By using cash to buy a betting slip that entitles the holder to collect winnings, anyone wishing to launder money can both turn over the cash as well as have the opportunity to place the winnings in an account through the gambling operator or through a bank, with the aid of the betting slips issued by the operator.

Impersonal betting slips that grant the holder the right to collect winnings may act as a commodity or a means of payment.

⁷ Europol 2015, p.8, 39

⁸ Brå (Swedish National Council for Crime Prevention), 2011, p. 29.

2.4 Transferring the proceeds of crime

A player account entails an increased risk of the licence holder being exploited for money laundering. Player accounts can be used for purposes other than gambling, such as concealing the origins of criminal money.

It cannot be ruled out that player accounts could be used to hold the proceeds of crime, i.e. funds are transferred from a bank account to a player account solely for the purpose of being held there pending subsequent handling. Withdrawals from a player account may then appear legitimate, and can therefore be used to explain the origins of the money⁹. To avoid detection, funds that are deposited from a bank account into a player account can be used for gambling with the aim of minimising losses, in order subsequently to transfer the funds to another bank account.

In the event of money laundering, the player does not use the operator's services in the expected manner based on the purpose and nature of the business relationship. The purpose of using the player account may be to conceal funds that have illegal origins, for example. At a later stage, the money is withdrawn using the same or another payment option, with the assertion that the money originates from online gambling. Deposits into a player account that do not match the player's financial situation may pose a risk¹⁰.

A remote customer relationship combined with a wide variety of payment methods may result in criminals exploiting the gambling provider and its player accounts as an alternative to a bank account.

The Gambling Act does not allow transfers between different player accounts, although funds can be transferred between players through deliberate losses in poker, known as "chip dumping". This can be done between players who are acting in collusion with each other or with the aid of utilised e-IDs.

The proceeds of crime can also be transferred by means of chips, receipts or winning lottery tickets changing owners.



2.5 Cash withdrawals or money masking

In the case of certain financial crimes, such as when paying for illegal labour, there is a need for access to cash. In such cases, the criminals' aim is to convert booked funds, which may have been acquired legally, into cash (money masking)¹¹. This can be done by purchasing gambling (or gambling chips) with a payment card and where winnings are allowed to be paid out in cash (or chips re-exchanged).

⁹ Brå (Swedish National Council for Crime Prevention), 2015, p. 73

¹⁰ Moneyval, 2013, p. 30

¹¹ Brå (Swedish National Council for Crime Prevention), 2015, pp. 19-20.

3 Vulnerabilities

The preconditions for organising gambling are governed by the law, regulations and conditions. Certain preconditions are likely to limit the attractiveness of particular forms of gambling for money laundering. A low return to player would probably have a dissuasive effect, as there is a high risk of losses. Large stakes and winnings allow the handling of larger sums, as opposed to forms of gambling with low stakes and winnings that require more resources. Restricted availability, e.g. if a form of gambling may only be sold within a certain geographic area, will limit the scope, turnover and attractiveness of the gambling.

3.1 Turnover

The considerable variation, frequency and volume of transactions can make e.g. casino games vulnerable to money laundering¹². An important sub-objective of combating money laundering is to reduce its financial scope, and as a result threats of money laundering are linked to high values of particular interest¹³. In operations with a large number of transactions and a high turnover, it may be more dif-

icult to identify suspicious transactions and behaviours. The risks associated with a high turnover and a high frequency of transactions may to some extent be managed by e.g. the identification and registration of gambling.

3.2 Distribution

In those cases where agents are engaged for the sale of gambling, the operators must ensure that the agents implement the necessary customer due diligence measures. To a relatively large extent, the agents fulfil the obligations imposed on gambling operators¹⁴. All in all, the use of agents must not lead to a lower level of compliance with the regulations¹⁵.

The risk of certain agents using the collaboration for the purpose of laundering money is a factor that the operators should take into account and have procedures in place to monitor.

¹² FATF 2009, p. 25.

¹³ Finansinspektionen (Swedish Financial Supervisory Authority), 2013, p. 24.

¹⁴ Prop. (Government bill) 2016/17:173, p. 350.

¹⁵ SOU 2016:8, part 1, p.143.



3.3 Anonymous gambling

Actors who carry out activities with the aim of laundering money want to be able to act without attracting unnecessary attention and without themselves being visible. The actors endeavour to eliminate all traces of the original crime, so that money or other property cannot be linked to the underlying offence¹⁶.

One consequence of anonymous gambling is that the gambling and transactions cannot be investigated. It is admittedly possible to follow gambling patterns in the event of anonymous gambling, but when there is no possibility of tying suspicious transactions or behaviours to a particular person, the investigation does not have the desired effect.

The absence of identification and registration of gambling makes it difficult or impossible to detect whether customers, through a number of different stakes, are reaching the amount that entail the carrying out of due diligence measures.

When it comes to online gambling, the lack of personal meetings, complex and large volumes of transactions and financial flows all contribute to the vulnerability. The use of electronic money, digital and virtual currencies also increases the anonymity of customers.

The use of utilised identities may occur, and entails a person's identity, usually in the form of an e-ID, being used by another person for various criminal activities. This has been going on for quite a long time, and the Financial Intelligence Unit sees no signs of it slowing down¹⁷. It is common for the criminal to have a large number of digital identities at his or her disposal, with the potential to have the e-IDs of several different individuals linked to the same device¹⁸.

The utilised identity normally belongs to a real person. The person is not in Sweden, however, except for the time it takes to register the identity with the State population register. After being registered, the person can become a bank customer and be issued with an e-ID. Once everything has been completed, the person hands over all the documents and the e-ID to the principal and leaves Sweden. According to the Financial Intelligence Unit, most utilised identities relate to newly arrived or in some cases repatriated individuals, often comprising a single man from another EU country, registered at a c/o address where several people in similar circumstances live¹⁹.

¹⁶ Grahn, Lundén, Madstedt & Wendleby, 2010, p. 25-26.

¹⁷ Finanspolisen (Financial Intelligence Unit of Sweden), 2018

¹⁸ Samordningsfunktionen mot penningtvätt och finansiering av terrorism (The Coordination Function against Money Laundering and the Financing of Terrorism), 2019, p.14

¹⁹ Finanspolisen (Financial Intelligence Unit of Sweden), 2018

3.4 Payment methods

Cash-intensive activities are particularly attractive to criminals. They allow the consumption of criminally acquired funds and the integration of cash into the financial system. The use of cash in combination with financial services such as accounting and transferring funds between accounts is particularly attractive²⁰.

Cash accounting can constitute a first step in a chain of activities aimed at concealing and legitimising the origin of money. Forms of gambling that offer the potential for cash accounting may therefore be vulnerable to this threat.

Transfers to player accounts may involve risks that must be managed through ongoing reviewing of transactions.

Companies that combine financial services with software technology, known as “fintech companies”, represent a phenomenon that is continuing to grow. With the aid of such companies, it is possible to transfer and gamble indirectly for a variety of currencies and means of payment, such as cryptocurrencies, prepaid tokens, etc. Law enforcement authorities have shown that mobile payment services are used in criminal activities. They have characteristics that are sought after during criminal activities and are therefore deemed to constitute a high risk in relation to money laundering, for example through the potential to conduct transactions of relatively large amounts in real time²¹.

3.5 International gambling

Money laundering is an international and cross-border phenomenon. Proceeds of crime that have been generated outside Sweden’s borders can be brought into the country as a link in a chain of measures aimed at moving and concealing the origins of the money. The reverse situation also exists, i.e. that proceeds of crime that have been generated in Sweden are taken out of the country. It is therefore not only domestic threats and actors that are relevant when assessing risk in a Swedish context, rather gambling that is offered to people outside of Sweden is also vulnerable to international actors.

There are a number of risks associated with gambling and cross-border transactions. As customer relationships exist with foreign individuals, practical problems arise when attempting to identify and

verify the identity of the customers. The risks for Swedish operators are probably greatest when customers outside Sweden have the opportunity to gamble in pools administered by the Swedish operator. If the customer due diligence measures are carried out by a foreign partner of the operator, the Swedish operator must ensure that it is possible to obtain information gathered by the foreign partner in order to satisfy the requirement for customer due diligence, auditing and reporting measures. It is not always the case that the partner who handles the direct contact with the customer will be willing to hand over all the information about the customer to the Swedish gambling operator.

3.6 Gambling fraud

Match-fixing is considered one of the biggest threats to sport today, and often involves organised criminal networks operating internationally²².

Having prior information about the final or interim results of a particular sporting event provides an advantage in terms of information compared to bookmakers and other players, which can be used to win and launder money. Criminally acquired funds can be given a façade of being legally earned by being used as stakes in gambling. Funds can not only be laundered, but can also increase in scope as a result of match-fixing.

In addition to match-fixing, this also includes race-fixing (fixing e.g. horse races).

²⁰ FATF, 2009, p. 10, 25.

²¹ Samordningsfunktionen mot penningtvätt och finansiering av terrorism (The Coordination Function against Money Laundering and the Financing of Terrorism), 2019, p. 14

²² Lotteriinspektionen (The Swedish Lottery Inspectorate), 2013, p. 8.

4.3 Risk assessment of forms of gambling

4.3.1 Gambling that is reserved for the state – Casinos	Weighted level of risk
<p>Land-based gambling is generally a cash-intensive industry, where it is relatively easy to turn over illegal money. Cash generated through criminal activities can be turned over in such a way that it appears to have been earned legally. It is characterised by high stakes and winnings, as well as a high return to player, which in combination with a high turnover provide relatively attractive conditions for money laundering. Requirements exist for the identification and registration of visitors, which to some extent impedes the occurrence of anonymous gambling. Foreign currencies and foreign players are also present. The weighted risk is considered to be high.</p>	
<p>Consumption of the proceeds of crime</p>	<p>Risk level</p>
<p>The casinos process both cards and cash, and have a very high turnover.</p>	
<p>Exchanging the proceeds of crime</p>	<p>Risk level</p>
<p>Cash is used. Individuals who are not registered as residents in Sweden are able to gamble in Swedish casinos, which to some extent gives rise to a risk of international money laundering and the exchanging of currencies and denominations.</p>	
<p>Cash accounting of the proceeds of crime</p>	<p>Risk level</p>
<p>Betting slips or other verifications may be used as a basis for the possession or accounting of criminally acquired funds. Winnings may also be deposited in bank accounts.</p>	
<p>Transferring the proceeds of crime</p>	<p>Risk level</p>
<p>Chips can be used outside the casino for transferring value. Poker can be used to transfer funds between players via “chip dumping”.</p>	
<p>Cash withdrawals or money masking</p>	<p>Risk level</p>
<p>Winnings can be paid out in cash, which can make it possible to mask money.</p>	

4.3.2 Gambling that is reserved for the state – Token machines

Weighted level of risk

Gambling with token machines occurs nationwide with a high turnover, and is ideally conducted in restaurant environments. The risks associated with token machines are managed to some extent by the gambling being registered, and by the fact that there are restrictive conditions regarding the operation of such gambling. This form of gambling involves relatively low stakes and winnings, which probably reduces its attractiveness for money laundering. The weighted risk is considered to be low.

Low

Consumption of the proceeds of crime

Risk level

Payment is made in cash or by card. Distribution takes place through a large number of agents, which means that more operators and individuals have to take action according to the regulations, and the operators must have procedures in place for checking the agents.

Medium

Cash accounting of the proceeds of crime

Risk level

Winnings are issued through tokens, which can be redeemed for cash. This means that the operator must check that the agents are managing the gambling in the intended manner, and are not misusing the machines.

Low

Cash withdrawals or money masking

Risk level

Winnings are paid out in cash, which could allow money masking. However, only in small amounts.

Low

<p>4.3.3 Gambling that is reserved for the state and charitable gambling – Lotteries</p>	<p>Weighted level of risk</p>
<p>A low return to player (35-50 per cent), along with low potential stakes per ticket, probably reduces the attractiveness of this form of gambling for money laundering. Restrictions as regards the conditions for operating physical lotteries make laundering money through this form of gambling appear cumbersome and costly, although certain risks have been identified. The weighted risk is considered to be low.</p>	<p>Low</p>
<p>Consumption of the proceeds of crime</p>	<p>Risk level</p>
<p>The majority of all gambling using physical lotteries is conducted anonymously. Payment is made in cash or by card. Winnings are paid out in cash or, in the event of larger winnings, by being deposited in a bank account.</p>	<p>Low</p>
<p>Cash accounting of the proceeds of crime</p>	<p>Risk level</p>
<p>There is some risk here of money masking and the accounting of illegally acquired funds, particularly as the gambling is conducted anonymously and winnings can be collected by the holder of the physical ticket. To some extent, this opens the door to a trade in winning tickets, although this method of money laundering appears cumbersome. Distribution takes place through a large number of agents, which means that more operators and individuals have to take action according to the regulations, and the operators must have procedures in place for checking the agents.</p>	<p>Medium</p>

4.3.4 Gambling that is reserved for the state and charitable gambling – Lotteries with player account	Weighted level of risk
<p>A low return to player (35-50 per cent), along with low potential stakes per ticket, probably reduces the attractiveness of this form of gambling for money laundering. Restrictions as regards the conditions for operating lotteries make laundering money through this form of gambling appear cumbersome and costly, although certain risks have been identified. The risk increases when a player account can be used to deposit funds that are not a direct payment for participation in the lottery. The weighted risk is considered to be medium.</p>	
Consumption of the proceeds of crime	Risk level
<p>Payments are primarily made by card. Winnings are paid out by being deposited in a bank account.</p>	
Transferring the proceeds of crime	Risk level
<p>Player accounts can be used for purposes other than gambling, such as concealing the origins of criminal money. It is also conceivable that player accounts could be used for holding the proceeds of crime, i.e. funds are transferred from a bank account to a player account solely for the purpose of being held there pending subsequent handling. Hijacked or borrowed identities are used to create and use player accounts. The risk is affected by the lack of personal meetings, as well as by complex and large volumes of transactions and financial flows. There is no direct handling of cash, but the link to electronic money, digital and virtual currencies increases the anonymity of customers. Funds can be deposited in a player account with the aim of withdrawing them at a later date without using them for gambling. To avoid drawing attention to the fact that the player accounts are only used for holding cash, the funds can be turned over through limited gambling. Several different alternatives for depositing and withdrawing funds are possible. Indirect cash deposits can also be made through the purchase of tokens. Foreign means of payment can also be used via payment service providers.</p>	

4.3.5 Charitable gambling – Bingo	Weighted level of risk
Restrictions in terms of regulation and scope mean that the weighted risk is considered to be low, despite the fact that certain risks have been identified.	
Consumption of the proceeds of crime	Risk level
Bingo is often played anonymously and using cash. However, this form of gambling is characterised by low stakes and a minimum return to player limit (35 per cent), even though the return to player is significantly higher in some games. The possibility of relatively high winnings admittedly also exists, but due to the conditions that apply to operating this form of gambling and the nature of the gambling, it is not considered an attractive form for money laundering.	
Cash accounting of the proceeds of crime	Risk level
The accounting of illegally acquired funds could be facilitated by the fact that the gambling takes place anonymously and by receipts for paid winnings being used as an explanation for cash deposits in a financial institution. The highest amount of winnings generally totals a maximum of one price base amount. For exemptions, special permission is required from the Swedish Gambling Authority.	
4.3.6 Charitable gambling – Local pools	Weighted level of risk
Restrictions in terms of regulation and scope mean that the weighted risk is considered to be low, despite the fact that certain risks have been identified.	
Consumption of the proceeds of crime	Risk level
Local pools are often played anonymously and using cash. However, this form of gambling is characterised by low stakes and a low minimum return to player limit. Due to the conditions that apply to operating this form of gambling and the nature of the gambling, it is not considered attractive for money laundering. There are no indications of local pool games being used to launder money, although the consumption of the proceeds of crime cannot be ruled out.	
Cash accounting of the proceeds of crime	Risk level
The accounting of illegally acquired funds could be facilitated by the fact that the gambling takes place anonymously and by receipts for paid winnings being able to be used as an explanation for cash deposits with a financial institution. However, the value of a single win may not exceed 1/80 of the price base amount.	

4.3.7 Commercial online gambling	Weighted level of risk
<p>Commercial online gambling is characterised by a very high turnover and a large number of transactions. Large amounts occur frequently. The weighted risk of money laundering is considered to be high.</p>	
Consumption of the proceeds of crime	Risk level
<p>It is highly likely that consumption of the proceeds of crime occurs through online gambling. These amounts are very large in some cases. As casino gambling can be financed by the proceeds of crime, it is necessary to pay attention to the player's financial background. Utilised identity documents can be employed to create one or more player accounts, which are then used for e.g. committing fraud, laundering money or financing terrorism. As a result, identity fraud can pose a significant risk when a new customer relationship is initiated with a gambling operator.</p>	
Transferring the proceeds of crime	Risk level
<p>All gambling must be carried out through player accounts, but it is likely that hijacked or borrowed identities are used to create and use gambling accounts. The risk is affected by the lack of personal meetings, as well as by complex and large volumes of transactions and financial flows. There is no direct handling of cash, but the link to electronic money, digital and virtual currencies increases the anonymity of customers. Funds can be deposited in a player account with the aim of withdrawing them at a later date without using them for gambling. To avoid drawing attention to the fact that the player accounts are only used for holding cash, the funds can be turned over through limited gambling. Several different alternatives for depositing and withdrawing funds are possible. Indirect cash deposits can also be made through the purchase of tokens. Foreign means of payment can also be used via payment service providers. Internet poker can be used to transfer funds between players.</p>	

4.3.8 Betting – Online	Weighted level of risk
<p>Online betting is characterised by a very high turnover and a large number of transactions. Large amounts occur frequently. Match-fixing occurs and race-fixing cannot be ruled out. The weighted risk is considered to be high.</p>	
Consumption of the proceeds of crime	Risk level
<p>It is highly likely that consumption of the proceeds of crime occurs through on online betting. These amounts are very large in some cases. As gambling can be financed by the proceeds of crime, it is necessary to pay attention to the player’s financial background. Utilised identity documents can be employed to create one or more player accounts, which are then used for e.g. committing fraud, laundering money or financing terrorism. As a result, identity fraud can pose a significant risk when a new customer relationship is initiated with a gambling operator.</p> <p>Cross-border betting on trotting occurs via pool gambling products.</p>	
Transferring the proceeds of crime	Risk level
<p>All gambling must be carried out through player accounts, but it is likely that hijacked or borrowed identities are used to create and use gambling accounts. The risk is affected by the lack of personal meetings, as well as by complex and large volumes of transactions and financial flows. There is no direct handling of cash, but the link to electronic money, digital and virtual currencies increases the anonymity of customers. Funds can be deposited in a player account with the aim of withdrawing them at a later date without using them for gambling. This can also be achieved by means of limited gambling, in order to turn over the funds in such a way as to avoid attention. Several different alternatives for depositing and withdrawing funds are possible. Indirect cash deposits can also be made through the purchase of tokens. Foreign means of payment can also be used via payment service providers.</p>	

4.3.9 Land-based betting	Weighted level of risk
<p>The regulation of betting grants the potential for high stakes and winnings. The return to player is limited in the terms and conditions, but is relatively high compared to several other forms of gambling.</p> <p>As all such gambling has to be identified and registered, there are good conditions for reviewing and checking transactions and gambling patterns. Match-fixing occurs and race-fixing cannot be ruled out.</p> <p>The weighted risk is considered to be high.</p>	
<p>Consumption of the proceeds of crime</p>	<p>Risk level</p>
<p>The return to player varies for different products, but is relatively high (40-85 per cent) compared to e.g. various types of lotteries.</p> <p>Cross-border betting on trotting occurs via pool gambling products. The gambling is distributed through a large number of agents.</p>	
<p>Exchanging the proceeds of crime</p>	<p>Risk level</p>
<p>Cash is used. Individuals who are not registered as residents in Sweden are able to gamble in Swedish casinos, which to some extent gives rise to a risk of international money laundering and the exchanging of currencies and denominations.</p>	
<p>Cash accounting of the proceeds of crime</p>	<p>Risk level</p>
<p>Gambling can be paid for in cash. Winnings are paid out to a player account. Betting slips can be used as a basis for accounting by individuals other than the person who placed the bet.</p>	
<p>Transferring the proceeds of crime</p>	<p>Risk level</p>
<p>The gambling is distributed through a large number of agents, and there are several methods in respect of both stakes and the paying out of winnings. Risks must therefore be taken into consideration in relation to cash handling, betting slips as well as transfers between bank accounts, payment cards and player accounts.</p> <p>Transactions in the form of the payment of stakes and the paying out of winnings are performed in several different ways, due to the fact that the gambling is distributed both through agents and on the track.</p>	
<p>Cash withdrawals or money masking</p>	<p>Risk level</p>
<p>Cash withdrawals can take place through the agents. However, this usually only relates to small amounts.</p>	

**4.3.10 Land-based commercial gambling
– Gambling in casinos**

Weighted level of risk

The regulation of land-based commercial casino games limits the levels for stakes, winnings and return to player to relatively low amounts. It is highly likely that this will affect the willingness of criminal operators to use this form of gambling to launder money, as laundering large amounts is both costly and cumbersome. However, it cannot be ruled out that cash generated through criminal activities can be turned over in such a way that it appears to have been earned legally. The weighted risk of money laundering is considered to be low.

Low

Consumption of the proceeds of crime

Risk level

All gambling takes place anonymously, which means there are no preconditions for a systematic control and analysis of the customers' transactions and gambling. However, all contact takes place via personal meetings, which makes it more difficult to turn over large amounts without this being noticed by the staff. Payment is made in cash or by card.

Medium

Exchanging the proceeds of crime

Risk level

Denominations are exchanged, but in relatively small amounts.

Low

Cash accounting of the proceeds of crime

Risk level

The accounting of illegally acquired funds could be facilitated by the fact that the gambling takes place anonymously and by receipts for paid winnings being used as an explanation for cash deposits in a financial institution.

Low

Cash withdrawals or money masking

Risk level

Winnings are paid out in cash, which could make it possible to mask money.

Medium

**4.3.11 Land-based commercial gambling
– Goods gaming machines**

Weighted level of risk

This form of gambling is limited by the conditions for its operation, with the result that it is only operated to a small extent. In addition, the fact that winnings may only consist of goods with a maximum value of approximately SEK 150 means that the weighted risk is deemed to be low.

Low

Consumption of the proceeds of crime

Risk level

This gambling takes place anonymously, but with small stakes and winnings of low value.

Low

**4.3.12 Land-based commercial gambling
– Card games in the form of a tournament**

Weighted level of risk

The regulation of card games in the form of a tournament restricts the level of stakes and winnings to relatively low amounts. Low stakes and the fact that the games are only conducted in the form of a tournament contribute to a reduction in risk. On the other hand, the EU's supranational risk assessment specifies card games as a high risk, which means that the weighted risk of money laundering is considered to be medium.

Medium

Consumption of the proceeds of crime

Risk level

Consumption of the proceeds of crime cannot be ruled out.

Medium

Transferring the proceeds of crime

Risk level

Transfers between players via "chip dumping" are possible. However, the game takes place physically with spectators.

Medium

4.3.13 Gambling on ships in international traffic	Weighted level of risk
<p>The gambling is arranged to a small extent and with restrictive conditions. The gambling encompasses casino games and gambling on token and slot machines.</p> <p>The regulation of gambling on ships in international traffic limits the levels for stakes, winnings and return to player to relatively low amounts. It is highly likely that this will affect the willingness of criminal operators to use this form of gambling to launder money, as laundering large amounts is both costly and cumbersome. The weighted risk is considered to be low.</p>	
Consumption of the proceeds of crime	Risk level
<p>All gambling takes place anonymously, which means there are no preconditions for a systematic control and analysis of the customers' transactions and gambling. However, all contact takes place via personal meetings, which makes it more difficult to turn over large amounts at casino games without this being noticed by the staff. Payment is made in cash or by card.</p>	
Exchanging the proceeds of crime	Risk level
<p>Denominations are exchanged, but in relatively small amounts.</p>	
Cash accounting of the proceeds of crime	Risk level
<p>The accounting of illegally acquired funds could be facilitated by the fact that the gambling takes place anonymously and by receipts for paid winnings being able to be used as an explanation for cash deposits with a financial institution.</p>	
Cash withdrawals or money masking	Risk level
<p>However, winnings are paid out in cash in small amounts.</p>	

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Appendix 1 — Weighted assessment

Gambling type	Number risks	Number risk score	Average value	Weighted risk level
Gambling that is reserved for the state – Casinos	5	39	7.8	High
Gambling that is reserved for the state – Token machines	3	8	2.7	Low
State and charitable lotteries	2	4	2.0	Low
State and charitable lotteries with player accounts	2	10	5	Medium
Charitable gambling – Bingo	2	3	1.5	Low
Charitable gambling – Local pools	2	2	1.0	Low
Commercial online gambling	2	18	9.0	High
Betting online	2	18	9.0	High
Land-based betting	5	39	7.8	High
Land-based commercial gaming - Casinos	4	10	2.5	Low
Land-based commercial gambling - Goods gaming machines	1	1	1.0	Low
Land-based commercial gambling -	2	6	3.0	Medium
Gambling on ships in international traffic	4	10	2.5	Low

Appendix 2 — Weighted assessment

Gambling type	Risk	Probability	Consequence	Risk score	Inherent risk
Gambling that is reserved for the state – Casinos					
Consumption of the proceeds of crime		3	3	9	High
Exchanging the proceeds of crime		2	3	6	High
Cash accounting of the proceeds of crime		3	3	9	High
Transferring the proceeds of crime		2	3	6	High
Cash withdrawals or money masking		3	3	9	High
Gambling that is reserved for the state – Token machines					
Consumption of the proceeds of crime		2	2	4	Medium
Cash accounting of the proceeds of crime		2	1	2	Low
Cash withdrawals or money masking		2	1	2	Low
State and charitable lotteries					
Consumption of the proceeds of crime		1	1	1	Low
Cash accounting of the proceeds of crime		1	3	3	Medium
State and charitable lotteries with player accounts					
Consumption of the proceeds of crime		1	1	1	Low
Transferring the proceeds of crime		3	3	9	High
Charitable gambling – Bingo					
Consumption of the proceeds of crime		1	1	1	Low
Cash accounting of the proceeds of crime		1	2	2	Low
Charitable gambling – Local pools					
Consumption of the proceeds of crime		1	1	1	Low
Cash accounting of the proceeds of crime		1	1	1	Low
Commercial online gambling					
Consumption of the proceeds of crime		3	3	9	High
Transferring the proceeds of crime		3	3	9	High
Betting online					
Consumption of the proceeds of crime		3	3	9	High
Transferring the proceeds of crime		3	3	9	High

Gambling type	Risk	Probability	Consequence	Risk score	Inherent risk
Land-based betting					
	Consumption of the proceeds of crime	3	3	9	High
	Exchanging the proceeds of crime	2	3	6	High
	Cash accounting of the proceeds of crime	3	3	9	High
	Transferring the proceeds of crime	2	3	6	High
	Cash withdrawals or money masking	3	3	9	High
Land-based commercial gambling					
- Casinos					
	Consumption of the proceeds of crime	2	2	4	Medium
	Exchanging the proceeds of crime	1	1	1	Low
	Transferring the proceeds of crime	1	1	1	Low
	Cash withdrawals or money masking	2	2	4	Medium
Land-based commercial gambling					
- Goods gaming machines					
	Consumption of the proceeds of crime	1	1	1	Low
Land-based commercial gambling					
- Card games in the form of a tournament					
	Consumption of the proceeds of crime	3	1	3	Medium
	Transferring the proceeds of crime	3	1	3	Medium
Gambling on ships in international traffic					
	Consumption of the proceeds of crime	2	2	4	Medium
	Exchanging the proceeds of crime	1	1	1	Low
	Transferring the proceeds of crime	1	1	1	Low
	Cash withdrawals or money masking	2	2	4	Medium

