

## NOTICE OF FILING

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Registry:	NEW SOUTH WALES REGISTRY - FEDERAL COURT OF AUSTRALIA



*Sia Lagos*

Registrar

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Form NCF1

**CONCISE STATEMENT**



**FEDERAL COURT OF AUSTRALIA  
DISTRICT REGISTRY: NEW SOUTH WALES  
DIVISION: COMMERCIAL AND CORPORATIONS**

**NO NSD OF 2024**

**CHIEF EXECUTIVE OFFICER OF THE  
AUSTRALIAN TRANSACTION REPORTS AND  
ANALYSIS CENTRE  
APPLICANT**

**ENTAIN GROUP PTY LTD ACN 151 956 768  
RESPONDENT**

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Filed on behalf of the Applicant, the Chief Executive Officer of  
the Australian Transaction Reports and Analysis Centre

File ref: 4067519

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## A. IMPORTANT FACTS GIVING RISE TO THE CLAIM

### The money laundering risks reasonably faced by Entain

1. At all times from 16 December 2018 to 16 December 2024 (the **Relevant Period**), Entain Group Pty Ltd (**Entain**) provided designated services that were regulated by the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (the **Act**). These designated services involved the provision by Entain of both financial<sup>1</sup> and gambling services<sup>2</sup> to customers.<sup>3</sup>
2. During the Relevant Period, Entain was a wholly owned subsidiary of Entain plc, a company incorporated in the Isle of Man and listed on the London Stock Exchange. At various times during the Relevant Period, Entain offered designated services in Australia under the brand names of Ladbrokes, Neds, Betstar and bookmaker.com.au.<sup>4</sup>
3. Entain's customers could open<sup>5</sup> and transact<sup>6</sup> on a betting account through the website (**Website**) or a mobile application (**Entain App**) of one of the Entain's brands.
4. Customers could deposit money into an Entain bank account – to be credited into a betting account – through a multitude of channels<sup>7</sup> (**Inward Payment Channels**), including:
  - a. transfer by electronic funds transfer (**EFT**), BPAY, debit card, credit card,<sup>8</sup> e-wallets such as Apple Pay<sup>9</sup> and Google Pay<sup>10</sup>, PayPal, and through other payment service providers;
  - b. cash or EFT through a Blueshyft Cash-in Terminal at retail venues including newsagents, pubs, petrol stations, convenience stores, post offices and tobacconists;<sup>11</sup>
  - c. cash through a Business Development Manager<sup>12</sup> employed or contracted by Entain, including through a Blueshyft Cash-in Terminal;<sup>13</sup>
  - d. cash through an Exclusive Affiliate<sup>14</sup> contracted by Entain;<sup>15</sup>
  - e. cash through a Banktech ATM located at retail venues, including pubs;<sup>16</sup>
  - f. cash deposited at a bank branch or through an ATM;
  - g. Flexepin Voucher purchased from a retail venue including newsagents, petrol stations, convenience stores and online;<sup>17</sup>
  - h. Prepaid Card purchased at retail venues, including newsagents, petrol stations, and convenience stores;<sup>18</sup>
  - i. Entain branded reloadable Visa or Mastercard; and
  - j. contributions to a Punt Club.<sup>19</sup>
5. A customer could withdraw money from a betting account<sup>20</sup> through **Outward Payment Channels**, including:
  - a. EFT to a bank account, including through PayPal and other payment service providers;
  - b. transfer to an Entain branded reloadable Visa or Mastercard; and

- c. transfer to another betting account from a Punt Club.
6. During the Relevant Period, Entain provided the following designated services to customers within the meaning of s 6 of the Act:
- a. item 11, table 3 – when it opened a betting account for a customer;
  - b. item 32, table 1 and item 13, table 3 – when it made money available to a customer through the Inward Payment Channels, by crediting money to a betting account;
  - c. item 31, table 1 and item 13, table 3 – when it accepted instructions from a customer for the transfer of money through the Outward Payment Channels, by debiting a betting account;
  - d. items 1 and 13, table 3 – when it received or accepted a bet placed by a customer and debited the customer’s betting account;
  - e. items 4 and 13, table 3 – when it paid out winnings to a customer in respect of a bet and credited the customer’s betting account; and
  - f. item 13, table 3 – when it transferred money from one betting account to another with respect to a Punt Club.
7. During the Relevant Period, the provision of designated services by Entain involved a combination of the following factors and/or risks:
- a. Entain facilitated the provision of designated services 24 hours a day, 7 days a week, through non-face-to-face channels via the Website and/or the Entain App. This created risks that persons unknown to Entain could access and use Entain’s betting platform.
  - b. The identity and/or risk profile of a person opening a betting account through the Website or Entain App could not consistently or reliably be known by Entain. This created a risk that persons could open a betting account, or multiple betting accounts, in a name that was not theirs.
  - c. The identity and/or risk profile of a person transacting on a betting account through the Website or Entain App could not consistently or reliably be known by Entain. This created a risk that persons could transact on betting accounts, or multiple betting accounts, in a name that was not theirs.
  - d. Entain accepted cash deposits. Cash is highly transferrable. The identity of a person transferring or receiving a transfer of cash is not always recorded or known. The ownership of cash is accordingly less transparent than other forms of money. Proceeds of crime are often cash.
  - e. Third parties facilitated the acceptance of cash and other deposits on behalf of Entain, to be credited into betting accounts, including via Blueshyft Cash-in Terminals. Retail venues and Exclusive Affiliates accepted cash on behalf of Entain.
  - f. Punt Clubs pooled money from different persons to be deposited into Entain betting accounts. The ownership of money pooled into a betting account was not transparent to Entain.

- g. By reason of sub-paragraphs (a) to (f) above, Entain accepted deposits of money to be credited into betting accounts in ways and in forms that obscured or could obscure the identity of the depositor or the source of money/funds.
  - h. Money could also be credited into betting accounts from funding sources outside of Australia. Cross-border transfers of money can be harder to trace and recover.
  - i. Entain reasonably faced the risk that its customers included customers with gambling addictions or customers who were problem gamblers. There were higher risks that persons with gambling addictions or problem gamblers would access and use money that did not belong to them to obtain designated services from Entain.
  - j. Entain permitted and facilitated high value and high frequency transactions involving table 1 and table 3, s 6 designated services via the Website and/or the Entain App. High value and high frequency transactions amplified the factors and risks at sub-paragraphs (a) to (i) above.
8. By reason of the matters at paragraph 7 above, at all times during the Relevant Period, Entain reasonably faced the risk that in providing designated services to a customer, Entain could be in receipt of:
- a. money from unknown sources;
  - b. proceeds of crime;
  - c. money derived from credit card fraud;<sup>21</sup>
  - d. money derived from scams and other fraud; and/or
  - e. money derived from contraventions of other Commonwealth, State or Territory laws, including but not limited to taxation laws.
9. By reason of the matters at paragraph 8 above, Entain reasonably faced the risk that the provision by Entain of designated services could involve or facilitate money laundering or financing of terrorism (**ML/TF Risk**).

### **AML/CTF Programs**

10. To manage ML/TF Risks, Entain was required by s 81 of the Act to adopt and maintain an Anti-Money Laundering and Counter-Terrorism Financing Program (**AML/CTF Program**). At all times during the Relevant Period, Entain was prohibited from commencing to provide a designated service to a customer if it had not adopted and maintained an AML/CTF Program that complied with the requirements of the Act and the *Anti-Money Laundering and Counter-Terrorism Financing Rules 2007 (No 1)* (Cth) (the **Rules**). Section 81 of the Act is contravened on each occasion a reporting entity commences to provide a designated service to a customer where its AML/CTF Program does not comply with the Act and Rules, which gives rise to multiple instances of contravention.

### **Part A of an AML/CTF Program**

11. Part A of an AML/CTF Program was required to have the primary purpose of identifying, mitigating and managing the ML/TF Risks reasonably faced by reporting entities with respect to designated services and meet the requirements set out in the Rules: s 84(2) of the Act.

### ***Part B of an AML/CTF Program***

12. Part B of an AML/CTF Program was required to set out the applicable customer identification procedures (**ACIPs**) for the purposes of the application of Part 2 of the Act to customers and also meet the requirements of the Rules: s 84(3) of the Act.
13. Part B of an AML/CTF Program sets out the procedures through which a reporting entity collects and verifies information to enable it to know its customers (**KYC information**). ACIPs enable a reporting entity to verify the identity of its customers and to understand and assess the ML/TF Risks they pose with respect to the provision of designated services.

### **The contraventions of s 81 – failure to adopt and maintain an AML/CTF Program**

#### **The Part A Program failures**

14. During the Relevant Period, Entain had written documents that purported to be Part A of an AML/CTF program (**Entain’s “Part A Program”**).

#### ***ML/TF Risk assessment and appropriate risk-based systems, controls and procedures***

15. At all times during the Relevant Period, Entain was required to identify and assess the ML/TF Risks it reasonably faced with respect to the provision of designated services for the purposes of its “Part A Program”.<sup>22</sup> During the Relevant Period:
  - a. Entain’s “Part A Program” included a Risk Register that purported to identify risks relating to the provision of designated services and set out controls to mitigate and manage those risks.
  - b. Further, on 20 August 2024, Entain’s AML/CTF Compliance Officer approved a ML/TF Risk Assessment Report, which was to be read in conjunction with Entain’s “Part A Program” and Entain’s “Part B Program” (as defined at paragraph 45 below).
16. During the Relevant Period, Entain’s “Part A Program”<sup>23</sup> did not:
  - a. comprehensively identify or assess the **inherent ML/TF Risks**<sup>24</sup> Entain reasonably faced with respect to each of the designated services it provided to customers under tables 1 and 3, s 6 of the Act;
  - b. identify or assess the inherent ML/TF Risks Entain reasonably faced with respect to (i) each channel through which it provided each designated service; (ii) the customers and/or customer types receiving designated services; and (iii) the foreign jurisdictions with which Entain dealt;
  - c. include adequate criteria against which to assess inherent ML/TF Risks;
  - d. include appropriate risk-based systems, controls or procedures to mitigate and manage all inherent ML/TF Risks it reasonably faced;
  - e. include any assessment of the effectiveness of the controls to be applied to each of the inherent ML/TF Risks with respect to the provision of designated services;  
or

- f. appropriately identify or assess the risk with respect to the provision of designated services that remained after controls were applied to inherent ML/TF Risk (**residual ML/TF Risk**).
17. In particular, during the Relevant Period, Entain's "Part A Program" did not include appropriate risk-based systems, controls and procedures to identify, mitigate and manage the ML/TF Risks with respect to designated services provided through the Inward Payment Channels, including appropriate risk-based:
- a. transaction limits, daily limits or weekly limits with respect to designated services;
  - b. systems, controls and procedures with respect to designated services provided through third parties such as retail venues – including with respect to the use of Blueshyft Cash-in Terminals, Flexepin Vouchers and cash;<sup>25</sup>
  - c. systems, controls and procedures with respect to designated services provided through Punt Clubs;
  - d. systems, controls and procedures with respect to international deposits into and international withdrawals from betting accounts; and/or
  - e. limits on the number of debit or credit cards that a customer could add to their betting account.
18. Nor did Entain's "Part A Program" include appropriate risk-based systems, controls and procedures to identify, mitigate and manage the ML/TF Risks with respect to its customers, and in some instances Entain created additional risks. For example:
- a. Entain paid commissions to Business Development Managers and Exclusive Affiliates, which created a conflict of interest with respect to the application of ongoing customer due diligence, including enhanced customer due diligence;
  - b. Entain permitted some customers to open accounts in pseudonyms if the customer wanted to "protect their privacy". These customers were placed on a "pseudonym register". Entain applied procedures under its "Part A Program" (such as transaction monitoring) to the betting account in the pseudonym;
  - c. Entain did not include appropriate risk-based systems, controls or procedures in its "Part A Program" for screening for politically exposed persons; and
  - d. prior to 27 August 2024, Entain's "Part A Program" did not include a requirement that, in determining what was an appropriate risk-based procedure for inclusion in its "Part B Program", Entain must have regard to the ML/TF Risk relevant to the provision of the designated service.
19. Entain's ML/TF Risk Assessment Report assessed Entain's overall residual ML/TF Risk in August 2024 as low, but provided no basis for this assessment.

#### ***Customer risk assessments***

20. During the Relevant Period, Entain was required under the Act and Rules to identify, mitigate and manage the ML/TF Risks with respect to its customers.<sup>26</sup> Under the risk-based approach, Part A of its AML/CTF Program was required to include more robust controls for "high" ML/TF Risk customers.

21. During the Relevant Period, Entain's "Part A Program" did not include appropriate risk-based systems and controls to consistently identify and escalate customers who indicated higher ML/TF Risk and who should have been considered for a customer risk rating above low:
- a. While Entain's "Part A Program" included some procedures to assign a customer with a rating of their ML/TF Risk, Entain did not have appropriate risk-based systems and controls in its "Part A Program" to identify and escalate customers who met the criteria in Entain's "Part A Program" for "high" or "medium" ML/TF Risk.
  - b. In any event, the criteria in Entain's "Part A Program" for rating customers "high" and "medium" ML/TF Risk were inadequate, because Entain did not carry out an appropriate assessment of the ML/TF Risks it reasonably faced with respect to customer types.
  - c. For example, there were no processes at any time during the Relevant Period to detect and escalate customers whose deposits, withdrawals or losses were materially above average.
  - d. By reason of the deficiencies in processes to risk rate customers, Entain was unable to appropriately identify and escalate customers who required ongoing customer due diligence, including enhanced customer due diligence.
22. During the Relevant Period, by reason of the matters at paragraph 21 above, the proportion of Entain customers rated "high" ML/TF Risk relative to total customers was low for a reporting entity the nature, size and complexity of an online gambling service provider such as Entain.

***Source of wealth/source of funds***

23. During the Relevant Period, Entain was required to have appropriate risk-based systems and controls in Part A of its AML/CTF Program to collect, verify, update, review, clarify and analyse information relating to the source of wealth and source of funds of Entain customers for the purposes of ongoing customer due diligence.<sup>27</sup>
24. During the Relevant Period, Entain had some procedures in its "Part A Program" with respect to the source of wealth/source of funds of its customers. However, these procedures were inadequate because:
- a. prior to 11 March 2021, Entain's "Part A Program" did not include any risk-based circumstances or criteria where the collection of source of wealth/source of funds information was either mandatory or should have been considered; and
  - b. from 11 March 2021:
    - i. the criteria for collecting and verifying source of wealth/source of funds did not have appropriate regard to the ML/TF Risks of a customer's transactions or profile and there was broad discretion to exempt customers from the processes;
    - ii. there was no criteria or guidance on how or when to review, clarify or analyse a customer's source of wealth/source of funds;



- iii. there were no procedures for the periodic review and update of a customer's source of wealth/source of funds information; and/or
- iv. the procedures did not provide adequate guidance on Entain's ML/TF risk appetite to continue a business relationship with a customer where source of wealth/source of funds could not be verified or where a customer's transactional activity was not consistent with or supported by what Entain knew about their source of wealth/source of funds.

***Transaction monitoring program***

- 25. During the Relevant Period, Entain was required to include an appropriate risk-based transaction monitoring program in Part A of its AML/CTF Program to monitor the transactions of its customers and to identify unusual or suspicious matters.<sup>28</sup>
- 26. While Entain had a "transaction monitoring program" during the Relevant Period, it was deficient for the following reasons:
  - a. As Entain failed to appropriately identify and assess the ML/TF Risks of its designated services, transaction monitoring was not aligned with and proportionate to the ML/TF Risks of Entain's business.
  - b. Entain's "transaction monitoring program" was not able to comprehensively or consistently detect the ML/TF Risks at paragraphs 7 and 8 above.
  - c. In particular, Entain's "transaction monitoring program" was not able to comprehensively or consistently detect unusual or suspicious transactions involving (i) cash; (ii) unusually large deposits; (iii) unusual patterns of deposits; (iv) a person (a third party) other than the person in whose name the betting account was held; (v) multiple betting accounts – inter and intra brand; (vi) deposits from a foreign jurisdiction, including from a country on Entain's restricted jurisdiction list; and (vii) Punt Clubs.
  - d. Transaction monitoring processes were not appropriate for a business the nature, size and complexity of Entain. Entain should have had a broader suite of automated rules-based alerts, generated from infractions of enterprise-wide transaction data, and based on carefully scoped analytics coverage.
  - e. Entain's "transaction monitoring program" did not include adequate written procedures and guidance for the review and escalation of unusual transactions. Nor were Entain employees given adequate AML/CTF risk awareness training.
  - f. Entain's "transaction monitoring program" did not include appropriate assurance processes.

***Enhanced customer due diligence program***

- 27. During the Relevant Period, Entain was required to include an appropriate risk-based enhanced customer due diligence program in Part A of its AML/CTF Program.<sup>29</sup>
- 28. While Entain had an enhanced customer due diligence program in its "Part A Program" during the Relevant Period, it was deficient because it did not include appropriate risk-based systems and controls to:
  - a. identify, escalate and assess customers who were high ML/TF Risk;

- b. apply enhanced customer due diligence to high ML/TF Risk customers on an ongoing basis and at regular intervals, on a risk-basis:
  - i. For example, if a customer had been the subject of a suspicious matter report in the previous 6 months, and the activity the subject of the suspicious matter report was continuing, Entain's "Part A Program" provided that further ECDD was not required; and
- c. apply appropriate enhanced customer due diligence measures to high ML/TF Risk customers, including because:
  - i. the criteria and guidance for reviewing, assessing and analysing a customer's transactions and risk profile were inadequate;
  - ii. procedures were inadequate for customers with multiple betting accounts and for Punt Club customers; and/or
  - iii. prior to 20 August 2024, there was no criteria nor guidance as to the circumstances in which a customer would be outside Entain's ML/TF risk appetite.

***Appropriate systems and controls to ensure suspicious matter reporting***

- 29. During the Relevant Period, Entain was required to include appropriate systems and controls in Part A of its AML/CTF Program that were designed to ensure compliance with Entain's reporting obligations, including the suspicious matter reporting obligations under s 41 of the Act.<sup>30</sup>
- 30. During the Relevant Period, Entain had some systems and controls in its "Part A Program" for suspicious matter reporting but they were deficient because:
  - a. Entain did not conduct an appropriate ML/TF Risk assessment with respect to designated services and it consequently was unable to consistently identify unusual or suspicious activity.
  - b. The lack of appropriate risk-based procedures to understand a customer's source of wealth/source of funds limited Entain's ability to understand a customer's transactional activity and to determine whether any particular activity was unusual.
  - c. Transaction monitoring workflows for identifying suspicious matters were reliant upon discretionary judgment by Entain employees and contractors as against insufficiently detailed criteria or guidance. Entain employees were not given adequate AML/CTF risk awareness training.
  - d. The processes for identifying, escalating and reporting suspicious matters with respect to the provision of designated services through retail venues, Exclusive Affiliates and Punt Clubs were inadequate.
  - e. The processes for identifying, escalating and reporting suspicious matters with respect to customers with Business Development Managers and customers using pseudonyms were inadequate.
  - f. Where a suspicious matter report had been given to the AUSTRAC CEO within the last 30 days, the procedure did not require Entain to report any further

suspicion it had formed for the purposes of s 41(1)(f) of the Act with respect to the provision of a designated service to the customer.

***Non-compliance with the requirements of the Act and Rules***

31. During the Relevant Period, by reason of paragraphs 15 to 19 above, Entain's "Part A Program":
  - a. did not include appropriate risk-based systems and controls to identify, mitigate and manage the ML/TF Risks that Entain reasonably faced with respect to the provision of designated services;
  - b. did not include appropriate risk-based systems and controls that had regard to the nature, size and complexity of Entain's business and the type of ML/TF Risks it reasonably faced with respect to the provision of designated services;
  - c. was not designed to identify significant changes in ML/TF Risk over time for the purposes of its "Part A Program" and "Part B Program";
  - d. was not designed to recognise such changes in ML/TF Risk for the purposes of the requirements of its "Part A Program" and "Part B Program"; and/or
  - e. did not include appropriate risk-based systems and controls that applied to all areas of Entain's business that were involved in the provision of a designated service, including in relation to any function carried out by a third party.
32. By reason of the matters in paragraph 31 above, during the Relevant Period, Entain's "Part A Program" did not comply with:
  - a. rr 8.1.3, 8.1.4, 8.1.5(3), 8.1.5(4), 8.1.6 and 8.1.7 of the Rules and therefore did not comply with s 84(2)(c) of the Act; and/or
  - b. s 84(2)(a) of the Act.
33. During the Relevant Period, by reason of paragraphs 20 to 22 above, Entain's "Part A Program":
  - a. did not include appropriate risk-based systems and controls to identify, mitigate and manage the ML/TF Risks that Entain reasonably faced with respect to the provision of designated services;
  - b. did not include appropriate risk-based systems and controls that had regard to the nature, size and complexity of Entain's business and the type of ML/TF Risks it reasonably faced with respect to the provision of designated services;
  - c. was not designed to identify significant changes in ML/TF Risk over time for the purposes of its "Part A Program" and "Part B Program"; and/or
  - d. was not designed to recognise such changes in ML/TF Risk for the purposes of the requirements of its "Part A Program" and "Part B Program".
34. By reason of the matters in paragraph 33 above, during the Relevant Period, Entain's "Part A Program" did not comply with:
  - a. rr 8.1.3, 8.1.4, 8.1.5(3) and 8.1.5(4) of the Rules and therefore did not comply with s 84(2)(c) of the Act; and/or

- b. s 84(2)(a) of the Act.
35. During the Relevant Period, by reason of paragraphs 23 to 24 above, Entain's "Part A Program":
- a. did not include appropriate risk-based systems and controls to identify, mitigate and manage the ML/TF Risks that Entain reasonably faced with respect to the provision of designated services;
  - b. did not include appropriate risk-based systems and controls that had regard to the nature, size and complexity of Entain's business and the type of ML/TF Risks it reasonably faced with respect to the provision of designated services;
  - c. was not designed to understand the nature and purpose of the business relationship with its customer types, including, as appropriate, the collection of information relevant to that understanding;
  - d. was not designed to identify significant changes in ML/TF Risk over time for the purposes of its "Part A Program" and "Part B Program";
  - e. was not designed to recognise such changes in ML/TF Risk for the purposes of the requirements of its "Part A Program" and "Part B Program";
  - f. did not enable Entain to determine in what circumstances further KYC information or beneficial owner information should have been collected or verified in respect of customers or beneficial owners of customers to enable the review and update of KYC information and beneficial owner information for ongoing customer due diligence purposes;
  - g. did not enable Entain to undertake reasonable measures to keep, update and review the documents, data or information collected under the applicable customer identification procedure (particularly in relation to high risk customers) and the beneficial owner identification requirements specified in Chapter 4 of the Rules; and/or
  - h. did not include appropriate risk-based systems and controls so that, in cases where one or more of the circumstances in r 15.9 arose, Entain would undertake measures appropriate to those circumstances, including a range of the measures in r 15.10(1) and (2) of the Rules.
36. By reason of the matters in paragraph 35 above, during the Relevant Period, Entain's "Part A Program" did not comply with:
- a. rr 8.1.3, 8.1.4, 8.1.5(1), 8.1.5(3), 8.1.5(4), 15.2, 15.3 and 15.10 of the AML/CTF Rules and therefore did not comply with s 84(2)(c) of the Act; and/or
  - b. s 84(2)(a) of the Act.
37. During the Relevant Period, by reason of paragraphs 25 to 26 above, Entain's "Part A Program":
- a. did not include appropriate risk-based systems and controls to identify, mitigate and manage the ML/TF Risks that Entain reasonably faced with respect to the provision of designated services;

- b. did not include appropriate risk-based systems and controls that had regard to the nature, size and complexity of Entain's business and the type of ML/TF Risks it reasonably faced with respect to the provision of designated services;
  - c. was not designed to enable Entain to understand the nature and purpose of the business relationship with its customer types, including, as appropriate, the collection of information relevant to that understanding;
  - d. did not include appropriate risk-based systems and controls to monitor the transactions of customers;
  - e. was not capable of having the purpose, having regard to ML/TF Risk, of identifying transactions that appeared suspicious for the purposes of s 41 of the Act; and/or
  - f. did not have appropriate regard to complex, unusual large transactions and unusual patterns of transactions which have no apparent economic or visible lawful purpose.
38. By reason of the matters in paragraph 37 above, during the Relevant Period, Entain's "Part A Program" did not comply with:
- a. rr 8.1.3, 8.1.4, 8.1.5(1), 8.2, 15.4, 15.5, 15.6 and 15.7 of the Rules and therefore did not comply with s 84(2)(c) of the Act; and/or
  - b. s 84(2)(a) of the Act.
39. During the Relevant Period, by reason of paragraphs 27 to 28 above, Entain's "Part A Program":
- a. did not include appropriate risk-based systems and controls to identify, mitigate and manage the ML/TF Risks that Entain reasonably faced with respect to the provision of designated services;
  - b. did not include appropriate risk-based systems and controls that had regard to the nature, size and complexity of Entain's business and the type of ML/TF Risks it reasonably faced with respect to the provision of designated services;
  - c. did not apply ECDD when a circumstance prescribed by r 15.9 arose;
  - d. did not include appropriate risk-based systems and controls so that, in cases where one or more of the circumstances in r 15.9 arose, Entain would undertake measures appropriate to those circumstances, including a range of the measures in r 15.10(1) to (7) of the Rules; and/or
  - e. did not require Entain to undertake the measures in r 15.10(2) and (6) if the circumstances in r 15.9(2) arose, in addition to any other appropriate measures in r 15.10 of the Rules.
40. By reason of the matters in paragraph 39 above, during the Relevant Period, Entain's "Part A Program" did not comply with:
- a. rr 8.1.3, 8.1.4, 15.9, 15.10, and 15.11 of the Rules and therefore did not comply with s 84(2)(c) of the Act; and/or
  - b. s 84(2)(a) of the Act.

41. By reason of paragraphs 29 to 30 above, during the Relevant Period, Entain's "Part A Program" did not include appropriate systems and controls to ensure that Entain complied with its obligation to report suspicious matters to the AUSTRAC CEO in compliance with r 8.9.1(2) of the Rules and s 84(2)(c) of the Act.

***Board and senior management oversight of Entain's "Part A Program"***

42. A reporting entity's board and senior management are required to have ongoing oversight of its Part A Program.<sup>31</sup>
43. During the Relevant Period:
- a. Entain's Executive Committee, Risk Committee and Compliance Committee considered matters relating to Entain's "Part A Program". The membership of each of the Executive Committee, Risk Committee and Compliance Committee comprised both directors and senior management.
  - b. By reason of the matters in paragraphs 31 to 41 above, Entain's board and senior management could not and did not exercise ongoing oversight of Entain's "Part A Program".
  - c. By reason of the matters in sub-paragraph (b) above, Entain did not comply with r 8.4.1 of the Rules and therefore did not comply with s 84(2)(c) of the Act.
  - d. By reason of the matters in sub-paragraphs (b) and (c) above, Entain's "Part A Program" did not comply with s 84(2)(a) of the Act.
44. The failures in oversight of the "Part A Program" by Entain's board and senior management resulted in serious and systemic non-compliance with the Act and Rules over many years. These failures allowed Entain customers to deposit money into betting accounts in non-transparent ways with inadequate due diligence on their ML/TF Risks. These failures exposed Entain to the risk that customers were using proceeds of crime to obtain designated services.

**The Part B Program failures**

45. During the Relevant Period, Entain had written documents that purported to be Part B of an AML/CTF Program (**Entain's "Part B Program"**). However, during the Relevant Period, Entain's "Part B Program" did not:
- a. include appropriate risk-based systems and controls to determine whether to collect and/or verify additional KYC information over and above the statutory minimum, contrary to rr 4.2.5 and 4.2.8 of the Rules; and
  - b. prior to 29 August 2024, require Entain to verify the KYC information prescribed by r 4.2.6 of the Rules when using "reliable and independent electronic data" from at least two separate data sources, contrary to r 4.2.14 of the Rules.

**Contravention of s 81 of the Act**

46. During the Relevant Period, by reason of the matters in paragraphs 31 to 41 and paragraphs 43(c) to (d) above, Entain:

- a. did not adopt and maintain an AML/CTF Program within the meaning of s 83(1)(a) and that complied with s 84(2) of the Act;
  - b. commenced providing designated services as set out in paragraph 6 above to customers where it had not adopted and maintained an AML/CTF Program; and
  - c. by reason of sub-paragraphs (a) and (b) above, contravened s 81(1) of the Act on each occasion that it commenced to provide a designated service to a customer from 16 December 2018 to 16 December 2024.
47. During the Relevant Period, by reason of the matters in paragraph 45 above, Entain:
- a. did not adopt and maintain an AML/CTF Program within the meaning of s 83(1)(a) and that complied with s 84(3) of the Act;
  - b. commenced providing designated services as set out in paragraph 6 above to customers where it had not adopted and maintained an AML/CTF Program; and
  - c. by reason of sub-paragraphs (a) and (b) above, contravened s 81(1) of the Act on each occasion that it commenced to provide a designated service to a customer from 16 December 2018 to 16 December 2024.

#### **Ongoing customer due diligence – s 36 of the Act**

48. During the Relevant Period, Entain provided designated services to 17 customers listed in Confidential Annexure A (the **17 customers**) in respect of whom high ML/TF Risks were indicated, including one or more of the following:
- a. the customers were depositing and/or withdrawing money into and/or from betting accounts in large amounts;
  - b. the customers were depositing and/or withdrawing money into and/or from betting accounts with high frequency;
  - c. the customers were depositing and/or withdrawing money in escalating patterns, including the cycling of money into and out of betting accounts;
  - d. the depositing and/or withdrawing behaviour of the customers was unusual in other respects;
  - e. the customers were depositing money through cash-based channels or potentially cash-based channels that lacked transparency;
  - f. the customers were withdrawing money from a betting account to a different source to where the customers deposited money;
  - g. the customers were subject to a law enforcement inquiry and/or integrity request from a racing and gambling regulator;
  - h. the customers used a number of debit and/or credit cards to deposit money into betting accounts;
  - i. Entain had information that some of the customers had been arrested, charged or convicted in connection with offences, including corruption, money laundering, drug offences and other offences;

- j. Entain did not have sufficient information about the customers' source of wealth/source of funds to provide a reasonable basis to be satisfied that the customers' transactional activity was consistent with or supported by their source of wealth/source of funds; and
  - k. Entain had information indicating high ML/TF Risks with respect to the customers' source of wealth/source of funds, including information indicating jurisdictional risks, criminal activity or proceeds of crime.
49. With respect to each of the 17 customers, Entain submitted one or more suspicious matter reports to the AUSTRAC CEO that reported unusual or suspicious activity, including Entain's suspicions relating to source of wealth/source of funds, proceeds of crime, money laundering and/or tax evasion. Some of the customers were also rated "high" ML/TF Risk by Entain at various points during the Relevant Period, sometimes for extensive periods.
50. Despite the ML/TF Risks, Entain continued to provide designated services to the 17 customers during the Relevant Period, without carrying out appropriate risk-based ongoing due diligence, including enhanced customer due diligence. During the Relevant Period, these customers were (amongst other things):
- a. not appropriately risk-rated;
  - b. not subject to appropriate inquiries to verify their source of wealth/source of funds and whether it was consistent with or supported their transactional activity;
  - c. not subject to appropriate risk-based transaction monitoring;
  - d. not subject to appropriate enhanced customer due diligence; and/or
  - e. not appropriately escalated to senior management in response to ML/TF Risks to determine whether an ongoing business relationship was within Entain's ML/TF risk appetite.
51. On the occasions where senior management did consider the ongoing business relationship, appropriate regard was not had to the ML/TF Risks posed by the customer with respect to the provision of designated services.
52. During the Relevant Period, by reason of paragraphs 48 to 51 above, Entain failed to monitor each of the 17 customers, with a view to identifying, mitigating and managing ML/TF Risks and in accordance with the Rules, contrary to s 36 of the Act.
53. Entain contravened s 36 of the Act on each occasion that it provided a designated service to each of the 17 customers during the time that appropriate risk-based customer due diligence was not conducted of that customer.
54. Alternatively to paragraph 53 above, Entain contravened s 36 of the Act with respect to each of the 17 customers on each day during the time that appropriate risk-based customer due diligence was not conducted of that customer.
55. During the Relevant Period, the 17 customers collectively:
- a. deposited in excess of \$152 million into their betting accounts; and
  - b. withdrew in excess of \$105 million from their betting accounts.



56. The failure to monitor these customers exposed Entain to the risk of being exploited by criminals and to the risk that proceeds of crime were being used to obtain designated services.

**B. THE RELIEF SOUGHT FROM THE COURT**

57. The Applicant seeks the following relief from the Court:
- a. declaratory relief under s 21 of the *Federal Court of Australia Act 1976* (Cth);
  - b. orders for civil pecuniary penalties under s 175 of the Act; and
  - c. costs.

**C. THE PRIMARY LEGAL GROUNDS FOR THE RELIEF SOUGHT**

58. Entain has contravened s 81 and s 36 of the Act on an innumerable number of occasions during the Relevant Period.
59. Each contravention attracts a maximum civil penalty between \$21 million and \$33 million.

**D. THE ALLEGED HARM SUFFERED**

60. Entain provided designated services to customers in ways that involved and courted high ML/TF Risks. In particular, money could be deposited into betting accounts through the Inward Payment Channels in ways that obscured the source of funds. Entain implemented these Inward Payment Channels without first appropriately assessing ML/TF Risks, without implementing appropriate risk-based controls and without appropriate oversight by its board and senior management, contrary to the Act and Rules.
61. From 1 January 2019 to 30 June 2024, total deposits through the Inward Payment Channels exceeded \$11 billion. By reason of its non-compliance with the Act and Rules, Entain was unable to identify, mitigate and manage the risk it reasonably faced that its designated services could be obtained with proceeds of crime and could be used to launder money.
62. By facilitating this movement of money into and out of betting accounts without compliant AML/CTF controls, Entain exposed its banking partners and other financial institutions to ML/TF Risks. This in turn has exposed the Australian financial system to systemic ML/TF Risks. It is likely that many ML/TF Risks were realised and that Entain was at risk of being exploited by criminals.
63. During the Relevant Period, Entain provided designated services to 17 high risk customers, without carrying out appropriate risk-based due diligence. During this period, these 17 customers collectively deposited in excess of \$152 million into their betting accounts and withdrew in excess of \$105 million from their betting accounts. In spite of often being aware of the high ML/TF Risks, Entain chose to continue business relationships with these customers, including customers with suspected criminal profiles and associations.
64. The deposit of money through non-transparent Inward Payment Channels and deficiencies in the identification and verification of persons conducting transactions inhibit the ability of law enforcement and AUSTRAC to trace money to its source. This inhibits law enforcement investigations, prosecutions and the recovery of proceeds of crime.

Where money can be moved quickly, it can be even more difficult to trace and recover. These issues were compounded by Entain's failures to adopt appropriate systems and controls to ensure that it fully and accurately reported suspicious matters. Entain's conduct has undermined the objectives of the Act.

65. Entain's non-compliance with s 81 and s 36 of the Act was long-standing, systemic and reflective of inadequate oversight by Entain's board and senior management. The ML/TF Risk management failures occurred in circumstances where Entain was operating as part of a profitable and expanding global online gaming market. Entain plc experienced significant growth during the Relevant Period and between 2019 to 2023 reported over £20.3bn in global revenue. Entain avoided expending funds that should have been invested in compliance including on automated solutions, staffing, training and the development of AML/CTF controls.

Date: 16 December 2024



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Signed by Sonja Marsic  
Solicitor for the Applicant

This pleading was prepared by Sonja Marsic, solicitor, Norton Rose Fulbright.

### Certificate of lawyer

I Sonja Marsic certify to the Court that, in relation to the concise statement filed on behalf of the Applicant, the factual and legal material available to me at present provides a proper basis for each allegation in the pleading.

Date: 16 December 2024

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Signed by Sonja Marsic  
Lawyer for the Applicant

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1 Items 31 and 32, table 1, s 6 of the Act.  
2 Items 1, 4, 11 and 13, table 3, s 6 of the Act.  
3 Customer is defined in s 5 of the Act and tables 1 and 3, s 6 of the Act.  
4 Ladbrokes (16 December 2018 to 16 December 2024); Neds (1 May 2019 to 16 December 2024); Betstar (16  
December 2018 to 21 February 2023); Bookmaker.com.au (16 December 2018 to 21 February 2023).  
5 Item 11, table 3, s 6 of the Act.  
6 Item 13, table 3, s 6 of the Act.  
7 Item 32, table 1, s6 and item 13, table 3, s 6 of the Act.  
8 Until 10 June 2024.  
9 From 6 September 2019.  
10 From 28 March 2023.  
11 Until 3 June 2024.  
12 Business development managers were responsible for generating new customers for Entain, managing their assigned  
customers and encouraging the uptake of new products by their assigned customers.  
13 Until 2 July 2024 (and from 20 December 2022, with management approval).  
14 Exclusive Affiliates were responsible for promoting Entain brands through online advertising on affiliate websites,  
offline marketing, social networking, or any other media and generating new customers for Entain.  
15 Until 2 July 2024 (and from 20 December 2022, with management approval).  
16 From 7 September 2020 to 30 September 2023.  
17 Until 1 January 2023.  
18 Until 3 June 2024.  
19 A Punt Club was a group of individuals who pooled money for the purposes of gambling on betting accounts.  
20 Item 31, table 1, s 6 and item 13, table 3, s 6 of the Act.  
21 Prior to 11 June 2024.  
22 Rules 8.1.3, 8.1.4, 8.1.5(3) and 8.1.5(4) of the Rules and s 84(2)(a) and (c) of the Act.  
23 See Entain's Risk Register (during the Relevant Period) and the ML/TF Risk Assessment Report (from 20 August  
2024).  
24 The inherent ML/TF Risks faced by Entain during the Relevant Period are defined at paragraphs 7 to 8 above.  
25 In contravention of r 8.1.7 of the Rules.  
26 Rules 8.1.3, 8.1.4, 8.1.5(3) and 8.1.5(4) of the Rules and s 84(2)(a) and (c) of the Act.  
27 Rules 8.1.3, 8.1.4, 8.1.5(1), 8.1.5(3), 8.1.5(4), 15.2, 15.3 and 15.10 of the Rules and s 84(2)(a) and (c) of the Act.  
28 Rules 8.1.3, 8.1.4, 8.1.5(1), 8.2, 15.4, 15.5, 15.6 and 15.7 of the Rules and s 84(2)(a) and (c) of the Act.  
29 Rules 8.1.3, 8.1.4, 15.9, 15.10, and 15.11 of the Rules and s 84(2)(a) and (c) of the Act.  
30 Rule 8.9.1(2) of the Rules and s 84(2)(c) of the Act.  
31 Rule 8.4 of the Rules.