

SJU Limited trading as Stan James Online

Regulatory settlement following investigation

Public statement

Breach of social responsibility code provisions 3.4.1. Customer Interaction

Failure to comply with financial requirements Ordinary code provision 2.1.2 Anti-money laundering

30 October 2017

The issues identified in this statement are likely to form the basis for future compliance assessments of gambling operators

1. Executive summary

This case concerns SJU Limited, trading as Stan James Online, which holds an operating licence authorising them, amongst other activities, to provide facilities for online real event betting.

The Gambling Commission commenced a regulatory investigation on 29 March 2017 after receiving a police report regarding an individual who was convicted of stealing from his employer.

The customer deposited some of the proceeds of his crimes with Stan James Online (the website), losing a total of £40,000 with the operator.

SJU accept that they did not have adequate policies in place to identify problem gambling and failed to comply with financial requirement aimed at preventing money laundering.

SJU were open and cooperative throughout the engagement and in correspondence immediately accepted it had not managed the customer appropriately. In reaching the settlement figure we discounted the financial penalty by giving credit to SJU for timely disclosures and early acceptance of their failings.

2. Commission findings

Issue 1: Failure to identify problem gambling behaviour

Our investigation found that SJU breached social responsibility (SR) code provision 3.4.1 which states:

“Licensees must put into effect policies and procedures for customer interaction where they have concerns that a customer’s behaviour may indicate problem gambling”.

The policies must include:

- e) specific provision for making use of all relevant sources of information to ensure effective decision making, and to guide and deliver effective customer interactions, including in particular
 - i. provision to identify at risk customers who may not be displaying obvious signs of, or overt behaviour associated with, problem gambling: this should be by reference to indicators such as time or money spent*
 - ii specific provision in relation to customers designated by the licensee a ‘high value’, ‘VIP’ or equivalent**

Analysis of the licensee’s responsible gambling policy revealed the policy did not meet the required standards. It is our view that had the licensee followed effective procedures then there would have been better social responsibility interactions with the customer.

Between 1 November 2014 and 30 October 2016 the customer lost £40,000 with Stan James Online but during this period the social responsibility interactions were limited to emails containing social responsibility sign posting. The emails were triggered by purely monetary alerts and did not take the holistic view of the customers gambling activities that we would have expected.

We take the view that inadequate policy and procedures were a contributory factor in the failure of the licensee to identify and effectively interact with the customer, especially given that in 2011 the customer had self-excluded from casino products.

Issue 2: Failure to comply with financial requirements

SJU did not adhere to 'Ordinary code provision 2.1.2 Anti-money laundering – other than casino' which states:

“As part of their procedures for compliance with the requirements in respect of the prevention and detection of money laundering in the Proceeds of Crime Act 2002 and the Terrorism Act 2000, licensees should take into account the Commission’s advice on the Proceeds of Crime Act 2002, Duties and responsibilities under the Proceeds of Crime Act 2002 - Advice for operators (excluding casino operators)”.

The customer managed to gamble £137,000 of stolen money over a two year period without triggering AML thresholds or being subjected to adequate source of funds checks. Had SJU followed our guidelines on operators' [duties and responsibilities under the Proceeds of Crime Act 2002](#) this would not have occurred.

This failure to adhere to an ordinary code provision would now be a breach of a licence condition following the issue of the revised LCCP in October 2016.

3. Good practice

Following engagement with us SJU has made immediate improvements to its anti-money laundering and responsible gambling policies and procedures and continues to develop more robust processes. In addition the licensee has recognised the value of investing in staff development providing an enhanced level of service.

To avoid making the same mistakes operators should consider the following questions:

- Will your policies identify at risk customers who may not be displaying obvious signs of, or overt behaviour associated with, problem gambling?
- Have you ensured you are regularly updating and reviewing anti-money laundering policies?
- Are you gaining a holistic picture of the customer source of funds/wealth using all of the information available?
- Once an at risk customer has been identified via an alert, do you have in place procedures for reviewing all the information available in order to decide how to respond?

4. Regulatory settlement

The penalty package comprises:

- a) agreement to the publication of this statement outlining the failings by SJU and the lessons to be learned by the wider industry
- b) a payment in lieu of a financial penalty in the sum of £40,000, which we would otherwise impose for breach of a licence condition in accordance with our [Statement of Principles for Determining Financial Penalties](#), to include a contribution to the Commission costs of investigating this matter.
- c) Divestment of a further £40,000 by way of re-imburement to the victim (the customer's employer) in line with the Commission's policy for determining financial penalties. This amount replicates the customer loss to Stan James Online whilst licensed by the Commission.

In agreeing the settlement we acknowledge that SJU accepted the regulatory issues at an early stage and took prompt action to address our concerns. During the investigation SJU was open and transparent in its dealings with us. It was able to demonstrate that it had insight into the failings and was able to take action that would prevent the need for formal regulatory action. SJU have updated and enhanced its procedures and controls to ensure in future similar incidents are promptly identified.

5. Conclusion

We consider that this case provides further learning for remote and non-remote operators.

Operators must ensure that they for making use of all relevant sources of information to ensure effective decision making in respect of anti-money laundering and responsible gambling issues.

In addition operators should constantly review their policies and procedures and staff training to ensure they are effective and remain relevant.

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