



financial intelligence centre

REPUBLIC OF SOUTH AFRICA

**PUBLIC COMPLIANCE COMMUNICATION No. 30 (PCC30) –
CUSTOMER IDENTIFICATION AND VERIFICATION OF CASINO JUNKET AGENTS
AND THEIR UNDERLYING CLIENTS IN TERMS OF THE FINANCIAL INTELLIGENCE
CENTRE ACT, ACT NO. 38 OF 2001, AS AMENDED**

The Financial Intelligence Centre (the Centre) provides the guidance contained in this Public Compliance Communication (PCC) in terms of its statutory function under section 4(c) of the Financial Intelligence Centre Act, Act No. 38 of 2001, as amended (the FIC Act) read together with Regulation 28 of the Money Laundering and Terrorist Financing Control Regulations (the Regulations) issued in terms the FIC Act.

Section 4(c) of the FIC Act empowers the Centre to provide guidance in relation to a number of matters concerning compliance with the obligations of the FIC Act.

Guidance provided by the Centre is the only form of guidance formally recognised in terms of the FIC Act and the Regulations issued under the FIC Act. Guidance provided by the Centre is authoritative in nature. An accountable institution must comply with the FIC Act and Regulations read with guidance issued by the Centre, and where there is a departure explain the reasons for not adhering to the guidance provided by the Centre. It is important to note that enforcement action may emanate as a result of non-compliance with the FIC Act in areas where there have been non-compliance with the guidance provided by the Centre.

PCC Summary

Where a junket agent pools funds and deposits those funds into a casino's account for purposes of a casino junket, the casino (as an accountable institution) must identify and verify the identity of the junket agent and the underlying clients of the junket agent and also establish and verify the junket agent's authority to act on behalf of the clients that the junket agent represents prior to any pooled funds being transferred/deposited into the casino's account.

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Objective

The objective of this PCC is to provide clarity on the client identification and verification requirements applicable to junket agents and their underlying clients.

1. Introduction

- 1.1 A junket agent is a person who, for any consideration (e.g. in the form of a fee, a commission, a share in gambling profits, etc.) in conjunction with the holder of a casino licence, plans or organises a casino junket.

1.2 A junket means a visit or an excursion to a casino by one or more persons who may receive complimentary services such as transport, food and lodging as an inducement to gamble at the casino, which is arranged by a third party.

1.3 The junket may also include incentives to play at the casino and the movement of funds to and from the casino.

2. The Centre's View

2.1 According to industry practice junket agents will frequently move funds intended to be used for gambling into a casino's account on behalf of his or her underlying clients so that funds are available for use upon their arrival at the casino.

2.2 Section 21 of the FIC Act prohibits accountable institutions from establishing business relationships or entering into single transactions with their clients unless they have established and verified:

- the identity of their client;
- the identities of the other person or persons their client is acting on behalf of in terms of section 21(1)(b); or
- the identities of the other person or persons acting on behalf their clients in terms of section 21(1)(c) of the Act.

2.3 Section 21(1) (b) stipulates that where a client acts on behalf of another person, the accountable institution must establish and verify the identity of that other person, and also establish and verify the client's authority to act on behalf of that other person.

2.4 Where a junket agent pools funds from his or her underlying clients and transfers those funds into a casino's account, the casino (as an accountable institution) must establish and verify the identity of the junket agent and the clients of the junket agent (other persons) and also establish and verify his or her authority to act on behalf of the clients that he or she represents, prior to any funds being transferred to the casino's account.

- 2.5 The definition of “transaction” contained in section 1 of the FIC Act is as follows:
“A transaction concluded between a client and an accountable institution in accordance with the type of business carried on by that institution.”
- 2.6 The definition of “single transaction” contained in section 1 of the FIC Act is as follows:
“A transaction other than a transaction conducted in the course of a business relationship.”
- 2.7 It is the Centre’s view that the receipt of funds which are provided in exchange for the provision of any representation of value issued or sold by the casino to be used for gambling activities, constitutes a transaction concluded between the casino and the gambler, irrespective of whether these representations of value are issued or sold to the person who will be participating in gambling activity directly or indirectly.
- 2.8 Where a casino then issues or sells representation of value to the client of a junket agent which is to be used for the purpose of participating in gambling activity, whether such issue or sale is conducted directly or indirectly through the junket agent, the identity of the junket’s client that will be participating in gambling activity needs to be established and verified in accordance with section 21 of the FIC Act read in conjunction with the requirements of regulations 3, 4, 5 and 6 of the Regulations.
- 2.9 In terms of exemption 13 of the Exemptions to the FIC Act, the gambling institution (as an accountable institution) must identify and verify the identity of the junket agent as well as the underlying client of the junket agent prior to issuing, selling or redeeming representations of value, whether such single transactions are conducted directly or indirectly, and where the single transactions exceed R25 000 in value.

3. Conclusion

- 3.1 Gambling institutions are required to identify and verify the identity of junket agents prior to receiving funds intended to be used for gambling purposes, where such agent’s pool funds from underlying clients and transfer those funds on behalf of their clients.

- 3.2 In addition to this requirement the accountable institution must establish and verify the identities of the underlying clients of the junket agent and also establish and verify the junket agent's authority to act on behalf of the clients that the junket agent represents prior to any pooled funds being transferred/deposited into the casino's account.

For any further enquiries regarding PCC30, contact the Centre on 0860 222 200, or by sending an email to: fic_feedback@fic.gov.za.

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**The Director
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