

**POSITION OF EPMA ON THE PROPOSAL FOR A
DIRECTIVE AGAINST MONEY LAUNDERING**

EPMA understands the main objectives of the Proposal for a Directive against money laundering¹ and considers that gambling services should be subject to an actual customer due diligence. Indeed, EPMA is fully aware of the existing risks in this sector (money laundering risks also exist within the local betting network) and its challenges in terms of public policy and consumer protection.

The extension of the scope of the anti-money laundering measures to the gambling sector does not seem to raise any difficulty when it comes to online betting. However, with regard to horse-race betting taking place in local networks, the details of such extension should be rearranged in order to take into consideration the characteristics of the members of EPMA registration system, mainly consisting of sales outlets in cafés, bars, newsstands supermarkets and racecourses.

The activities of the members of EPMA are different from those of a casino.

The purpose of the Proposal for a Directive is to set, like the one that was set for casinos, a threshold of EUR 2000 above which the registration of the bet must be made along with the verification of the customer's identification. Nevertheless, the purpose pursued should be consistent with the particularities of such a business along with the constraints related to the betting registration.

However, EPMA's members and casinos' activities are very different from each other.

The casino gambler provides proof of identification when entering into the casino, he then buys casino chips and receives a *chèque* in exchange for his chips on his way out. In the meantime, he is paid at each game by chips and can play with them at the following game. Thus, in any case, the threshold set for the identification verification never constitutes an issue for the gambler.

In contrast, horse-race betting is based on the possibility to register bets in real time and during the course of the races. In practice, in order to obtain complete and accurate information, most of the bettors bet in the last five minutes preceding the start of the race. Imposing preliminary requirements on the bettors would prevent them from betting in proper conditions and would therefore be detrimental. Moreover, the brief amount of time separating two races would stop the bettors from benefiting from the chance to decide at the last minute and to take new bets on the upcoming race thanks to the winnings from the last race.

Hence, for both the bettor and the sale outlet, such situation is materially very different.

Constraints particularly harmful for the points of sale.

Verifying the customer's identity during the betting registration would create such requirements on the part of the owners of points of sale that it would result in a total disorganization of the betting registration, an increase of their amount of work and would impair the flow of the registrations. On

¹ Proposal for a Directive of the European Parliament and of the Council on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing COM(2013) 45 final (« the Proposal for a Directive »).



account of those elements, the owner of a sale outlet will see its turnover decrease and its expenses increase.

In France for example, for the profession of *buraliste*², which is already undermined and dependent on the gambling sector, particularly in rural areas, such mechanism would result in a major economic repercussion even beyond the gambling sector.

Furthermore, the verification of the identity of the gamblers in the network of newsstands, cafés, bars or supermarkets (i.e. sales outlets offering different services which are opened to the public) is, unlike in the casinos, materially impossible and seems hardly conceivable since it would be viewed by both the operators and their professional bodies as police control.

An unnecessary control of the wagering.

Money laundering consists in an attempt to make proceeds appear legitimate when they are in fact generated from unlawful activities.

But the wagering level incurred above the threshold of EUR 2000 set by the Proposal for a Directive would:

- Either be a losing bet, and, in this case, the bettor would not receive any benefit from the money laundering, hence would not get any support giving a legitimate justification to this sum;
- Or be a winning bet, and, automatically, it would lead to a payment by *chèque* integrating the customer's identification.

Here again, there is a lesser risk than exists in a casino where the exchange may be made with casino chips between gamblers, regardless of the sums actually gambled.

Ultimately, the main element in horse-race betting is to efficiently combat money laundering without having a cumbersome system of control of the proceeds.

² Tobacconists.