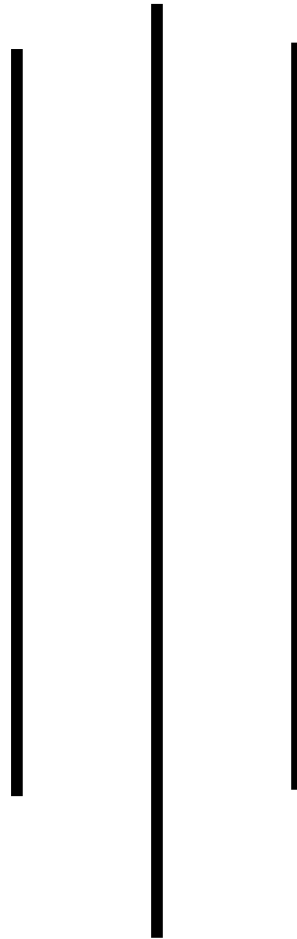


Anti-Money Laundering Directives
to
the Casinos



NEPAL RASTRA BANK
CENTRAL OFFICE
FINANCIAL INFORMATION UNIT (FIU)
Nepal
1 Dec. 2009 (2066, Mansir -16)

In exercise of the power under Section 10(3) of the Asset (Money) Laundering Prevention Act, 2008 and Rule 7 of the Asset (Money) Laundering Prevention Rules, 2009, the FIU has issued the following directives to the Casinos.

1. Customers to be clearly identified (Know Your Customer) and records thereof maintained:

- (1) The Casino shall obtain documents and particulars that establish the clear identity of the customers as per schedule-1 and maintain the record thereof.
- (2) The Casino may obtain other relevant particulars in addition to those mentioned in schedule-1.
- (3) The Casino shall designate the chief or the officer designated by the chief to attest the copies of documents the customer required to be submitted under schedule -1 and to maintain a file of the attested copies of the document.
- (4) The Casino shall prepare a form to keep systematic record of the particulars relating to clear identification of customer (Customer Due Diligence) as mentioned in schedule-1 and manage for keeping with the signature of the customer and the Casino officer.

2. Particulars to be provided by customer:

It shall be the obligation on the part of the concerned customers to provide the particulars as requested by Casino as per Section 1 of this directive. Casino shall have the right to instantly decline to allow entry into the Casino of those customers who fail to provide or is not able to provide the particulars for whatsoever reason. Where the entry may not be denied owing to prevalence of an otherwise circumstance, the transactions with such customer shall be treated as suspicious and such particulars are to be submitted to the Financial Information Unit as per schedule - 3.

3. Transaction of threshold amount and threshold exceeding amount to be reported:

- (1) The Casino shall submit to the Financial Information Unit the particulars of the following transaction of threshold amount or amount more than that within 7 days from the date of the transaction as per Schedule -2 format.

- (a) If any person gambled of three hundred thousand rupees or more amount in a day, whether at a single or series of gambling,
- (b) Exchanging three hundred thousand rupees or more amount in a day by a any person through Casino chip to Casino cheque, either at a transaction or series of transactions

Explanation: "Amount" means cash amount in Indian Currency or convertible foreign currency acceptable in casino gaming/gambling transaction or card, chips, token, coin, coupon, electronic or monetary instrument that is loaded with monetary value of the said currency and the value of such instrument.

4. Suspicious transaction to be reported:

- (1) No threshold amount shall apply for reporting transaction as suspicious transaction. Any attempt of suspicious transaction or cooperating such attempt by any person shall instantly be reported to the Financial Information Unit.
- (2) The Institution working as the Casino shall immediately provide information to the Financial Information Unit as per the format specified in Schedule 3, in case the following circumstances exist in the customer or his behaviors:
 - (a) If the customer does not give required particulars or gives false particulars or is not willing to give the particulars at the time of depositing amount, giving coupon or withdrawal of amount through money or check during settlement,
 - (b) If the customer attempts to deposit the amount that is incompatible with the particulars furnished to the Casino or the customer brings cash amount of more than one million,
 - (c) If no source of the money is mentioned or becomes unable to provide satisfactory source,
 - (d) If more than one customer buy Casino coins or other gaming/gambling instruments worth three hundred thousand at a time and play the game or gamble by mixing such coins or gaming/gambling instruments and lastly asked the Casino to pay the amount or cheque in the name of one person or the customers divide large sum of money among themselves,
 - (e) If the customer games/gambles excessively large amount of money,

- (f) If any customer asks for several payments of smaller amount even though he wins more than three hundred thousand rupees or if any customer asks for the payment of large sum of money, either after a little or no gaming/gambling,
- (g) If any customer requests the Casino to pay the huge amounts he wins to another person,
- (h) If any customer provides varying names, addresses or particulars,
- (i) If any customer bets both the contesting sides of the gaming/gambling,
- (j) If individual or organization who has been declared by Nepal government as 'Individual or organizations involved in terrorist or criminal activities' or individual or organizations placed in the list of terrorist or criminal by the United Nations through adoption of various resolutions comes to the Casino as a customer or any transaction appears to be directly or indirectly facilitating any type of terrorist activity, terrorist organization or any criminal activity,
- (k) If individual or organization involved in terrorist activities or criminal activities or any other person who is or is likely to be directly or indirectly associated with criminal activities comes to the Casino as a customer,
- (l) If the transaction appears in any manner suspicious or the gaming/gambling is carried out or appears to be carried out with the purpose of money laundering or encouraging terrorist or criminal activities,
- (m) If the amount that seems to be earned by doing illegal acts,
- (n) Gaming/gambling that appears to be suspicious or abnormal or suspicious or abnormal behaviors of the customer,
- (o) If any customer tries to influence any Casino officials through economic or any other enticement so as not to report the particulars of threshold transaction to the Financial Information Unit or if any customer does any illegal act,
- (p) If the customer is the one attempting to do suspicious transaction or if the customer plays or attempts to play games/ gambles with such amount that does not correspond to his general economic status,

- (q) Other acts designated as suspicious by the Financial Information Unit.

(3) The Casino shall safely maintain a separate register with the records of information on suspicious gaming/gambling transaction submitted to the Financial Information Unit, by certifying such records by the chief of the Casino or the officer designated by him.

5. Payment:

The Casino shall pay the customer the amount of more than three hundred thousand rupees through cheque or other negotiable instrument if the customer wins that or more than three hundred thousand rupees in gaming/gambling.

6. Classification and Mitigation of Risk:

- (1) The Casino shall classify the transactions of its customers by identifying the inherent risks on the basis of the quantum, nature and scope of the transaction. Such classification shall be made at least as follows:
 - (a) High risk transaction
 - (b) Risk transaction
 - (c) Low risk transaction
- (2) Classification of transactions as per Sub-clause (1) shall be reviewed from time to time.

Provided that high-risk transactions shall be reviewed at every three months.

- (3) For the purpose of classification as per Sub-clause (1), customer having abnormal type of transactions; individuals who have/had occupied higher rank in politics, business, administration as well as in social and financial sectors; conduit transaction (non face to face transaction); firm, company, organization or entity having no particular regulatory or supervisory authority; customers carrying out international transactions and customer from the countries not adopting the necessary measures for the prevention of money laundering and financing of terrorism, customers and transaction for having grounds of suspicious transaction and the transactions designated as high risk transaction by the Financial Information Unit shall be classified as high risk transactions.
- (4) The Casino shall discuss on setting up of and improving mechanisms to prevent customer's suspicious and abnormal transactions or money laundering and make necessary arrangement for this effect, at every three months.

7. Obligation to comply with the Act, Rules and Directives:

- (5) The Casino shall manage to provide information and particulars to the Financial Information Unit with full confidentiality from a secured place in accordance with the Asset (Money) Laundering Prevention Act, the Rules or the directives, order, circulars issued under the Act and Rules and other relevant laws. It shall be the duty of its chief to monitor whether or not such provisions are complied with.
- (6) The chief of the Casino or the officer designated by the chief shall be the focal person to comply with the Asset (Money) Laundering Prevention Act, FIU directives and other existing relevant laws. It shall be the duty of the chief of the Casino to submit the details of the focal person, including name, address, contact number and email.
- (7) Annual report of the activities conducted in accordance with this directive shall be prepared and a copy thereof shall be submitted to the Financial Information Unit within three months after the completion of the fiscal year.

8. Reporting Procedure:

- (8) Institution working as the Casino shall submit the information and particulars required to be reported to the Financial Information Unit as per schedule-2 or schedule-3 depending upon the nature of transaction.
- (9) The information and particulars relating to the transaction required to be reported to the Financial Information Unit may be submitted through electronic means of communication like email and fax, subject to immediate confirmation of such information through other means.
- (3) Where any particular is found to have been omitted in the information submitted to the Financial Information Unit or where different particulars or information, other than particulars and information received during the transaction is received afterward, Casino shall immediately inform the Financial Information Unit of such differences.
- (4) The Casino shall safely maintain the record of customer profile and transaction submitted to the Financial Information Unit for five years.

9. Internal Guidelines:

- (5) In compliance with the Asset (Money) Laundering Prevention Act, rules and this directive, the Casino shall prepare and implement necessary guidelines in

respect of prevention of money laundering and financing of terrorist activities, risk prevention, internal control, customer due diligence, information management, record keeping, identification of suspicious transactions, information to be reported to the FIU and the compliance with the Act, Rules and directives and inform the Financial Information Unit along with a copy of such documents. The guidelines shall contain procedures relating to Customer Due Diligence, customer acceptance, customer identification, and process of monitoring customer's transactions as well as process of risk management.

- (6) With respect to Customer Due Diligence, the Casino may also use the guidelines laid down by relevant international organizations and the use of such guidelines shall be informed to the Financial Information Unit along with a copy of the guidelines.

10. Information and Training:

Casino shall provide necessary training and information to its directors and employees so as to put in place an internal management system for the prevention of money laundering as well as financing of terrorist activities.

11. Monitoring and Regulation:

- (10) The Financial Information Unit may monitor or cause to monitor from time to time regarding the compliance of the provisions of Asset (Money) Laundering Prevention Act and the Rules, By-laws, directives or orders issued in exercise of the power under the said Act.

- (11) It shall be the duty of the concerned Casino to provide all necessary cooperation in the monitoring process conducted as per Sub Section (1).

12. Confidentiality to be maintained:

Casino or any staff, official or representative thereof shall not disclose any information provided to the Financial Information Unit nor divulge the facts/confidentiality of the document that has/had come into knowledge during investigation and enquiry or during the execution of own duties to any other persons including the customers through any means except under the circumstances as may be required by the prevailing laws.

13. Penalty and Action:

- (12) The Financial Information Unit may impose fine, as per Section 31 of the Act, to Casino which does not furnish information to the Financial Information Unit as per the requirement of Asset (Money) Laundering Prevention Act, and the Rules, By laws, directives or order formulated and issued under the said Act.
- (13) Action shall be taken in accordance with the Asset (Money) Laundering Prevention Act, 2008 against those breaching the provisions of the Act, the Rules, by laws, directives or order.

Note: The report is to be submitted in the following address:

**Nepal Rastra Bank
Financial Information Unit
Baluwatar
Karthmandu
Phone: 4419804, 4419805, 4419807 (Ext. 414, 417, 418)
Fax: 4441051
Email: reportfiu@nrb.org.np**

Schedule-1

Customer Due Diligence Procedure

- (a) Clear Full Name and Address (Including the country)
- (b) Copy of any of Passport and Visa, Certificate of citizenship, Identity Card disclosing nationality,
- (c) Full mailing address for correspondence including permanent/ temporary address,
- (d) Telephone number (if any),
- (e) Source of the money or value,
- (f) Means through which the money or value has been brought and its proof,
- (g) Means for taking won or withdrawal amount,
- (h) Other documents and particulars as deemed necessary by the concerned Casino under the Act,
- (i) Private interview with the customer, if necessary .

