

Why is 31 March 2026 an important date for gambling and hospitality venues?



'AUSTRAAC is serious about driving illicit money out of the gambling industry in Australia and making sure businesses that facilitate gambling have strong money laundering controls.'

Brendon Thomas CEO AUSTRAAC 30th May 2025

Since 2006, any venue licensed to operate electronic gaming machines (**EGMs**) has been required to comply with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (**AML/CTF Act**) no matter what the type of venue. Whether it is a pub, sporting club, leagues club, hospitality venue, RSL or worker's club, casino or even a cruise ship operating in Australian waters, if the venue is one where electronic gaming takes place, then that venue is required to have an AML Program. If the number of EGMs are above the exemption threshold such venues are Tranche 1 entities and must review their existing AML Program, and in most cases, rewrite their AML Program by the 31 March 2026. The AML/CTF Act requirements are additional to State and Territory licensing laws so licensed venues must comply with both sets of law.

AUSTRAAC timeline



AUSTRAAC and venues with EGM – existing law

AUSTRAAC has demonstrated how important the hospitality and gaming industry is to the control of AML in Australia. It has issued a Regulatory Guide *Pubs and Clubs* and has launched very high profile actions over the last 12 months across a range of EGM sectors not just casinos, which attract the most media attention. These are the most recent and most publicised.

'Following the Federal Court ordering Crown pay \$450 million in penalties over 2 years in 2023, this year AUSTRAAC has seen the Federal Court order SkyCity to pay a \$67 million penalty for breaches to the AML/CTF Act, accept an enforceable undertaking from Sportsbet, continue the Federal Court case against Star and we are continuing our regulatory focus on a number of other gambling entities across Australia.'

Brendon Thomas AUSTRAAC CEO 16th December 2024

July 2025

The Mount Pritchard District and Community Club (**Mounties**) was notified by AUSTRAAC that it had launched Federal Court civil penalty proceedings against it. Mounties owns 10 venues across Greater Sydney and the Central Coast including eight that operate approximately 1400 poker machines. Like many such establishments Mounties outsourced part of its compliance program to a service provider, Betsafe, which is also a provider to several other venues with EGMs.

AUSTRAAC is alleging that Mounties AML/CTF Program was not compliant and that Mounties AML/CTF Program:

- did not have an adequate risk assessment
- did not contain appropriate staff risk awareness training
- did not contain appropriate risk based systems and controls in its transaction monitoring program
- did not include appropriate risk based systems and controls in its enhanced customer due diligence processes, and
- was not subject to an independent review that met the requirements of the Rules.

AUSTRAAC also alleged that Mounties failed to appropriately monitor a number of its customers with a view to identifying, mitigating and managing the money laundering risk that they faced.

30 May 2025

AUSTRAC instructed The Ville Resort-Casino in Townsville and Mindil Beach Casino Resort in Darwin to appoint external AML auditors to assess their AML/CTF compliance. The actions were taken after AUSTRAC identified potential gaps and deficiencies in AML/CTF controls, risk and oversight.

AUSTRAC CEO, Brendan Thomas, said the far-north casinos operate gaming machines and table games which come with an elevated risk. Without adequate controls and monitoring, they can be used for money laundering.

'Although they may be smaller than entities such as Crown Resorts and The Star, like all gambling venues, The Ville and Mindil Beach face heightened risk of exploitation by criminals,' Mr Thomas said. 30th May 2025

16 Dec 2024

The Entain Group Pty Ltd (Entain) has multiple Australian venues and is the leading pub poker provider (Australian Poker League). The Australian pub poker market forecasted revenues are AU\$13 million for 2025. Entain's online betting sites include Ladbrokes, Neds and other online betting brands.

AUSTRAC has commenced civil penalty proceedings in the Federal Court against Entain, one of the world's largest sports betting and gaming groups. The proceedings allege serious and systemic non-compliance with Australia's AML/CTF laws. AUSTRAC's allegations include that:

- Entain's board and senior management did not have appropriate oversight of its AML/CTF program, which limited its ability to identify the ML/TF risks it faced and its vulnerability to criminal exploitation.
- Entain operates a 24/7 business through its website and app, which creates potential risks that persons unknown to Entain could access and use Entain's betting platform including through third party providers.
- Third parties, including businesses and individuals, accepted cash and other deposits on behalf of Entain to be credited into betting accounts in ways that could obscure the proceeds of crime. Cash is less transparent than other forms of money and is at higher risk of being the proceeds of crime.
- Entain did not have appropriate controls to confirm the identity of customers making these deposits and the source of this money.
- Entain did not conduct appropriate checks on 17 higher risk customers, including examples where it failed to address the risk that its online betting sites were being exploited by criminals to spend the proceeds of serious crime. It was also alleged that Entain deliberately obscured the identity of some high risk customers, on its own systems, through the use of pseudonyms to 'protect their privacy'.
- It was reported in March 2025 that Entain has set aside more than \$100 million for the purposes of negotiating resolution of the action.

7 Jun 2024

SkyCity Adelaide Pty Ltd (**SkyCity**) ordered by the Federal Court of Australia to pay a \$67 million penalty after AUSTRAC launched civil penalty proceedings against it for breaches of the AML/CTF Act. The Court also ordered SkyCity to pay AUSTRAC's costs at \$3 million. The Court found that SkyCity failed to meet the requirements of the AML/CTF Act, and that it did not carry out appropriate ongoing customer due diligence.

What is changing for 31 March 2026?

The AML reforms passed in late 2024 are changing the focus for AML programs from straight compliance to the management of AML risks specific to your facilities and EGMs. Venues with EGMs have unique AML risks and red flags, especially as they involve cash or token transactions.

Apart from the new requirements discussed below, your AML obligations include having processes in place that tell you if any of the following red flags are happening and what processes you must have in place to identify, manage or eliminate risk if there is a customer in your venue.

How well do you know your customers and what they do in your venue?

Do you have the right (or any) technology (security cameras), people trained to watch or processes that identify red flags like the following if a customer:

- tries to circumvent note insertion limits by playing multiple EGMs at once, sometimes non-adjacent EGMs
- abandons an EGM and fails to request a payout once credits are at a value greater than the cheque or EFT payment threshold amount
- approaches another customer at an EGM and offers to purchase their ticket in ticket out (**TITO**) ticket or the credit on their EGM
- photographs their TITO ticket so they can later rely on it to justify receipt of funds
- plays an EGM then saves cash redemption terminal (**CRT**) receipts so they can later rely on them to justify receipt of funds
- requests to take a photograph of another customer's TITO ticket so they can later rely on it to justify receipt of funds
- requests any redeemed TITO tickets or CRT receipts from venue staff
- retains winning TITO tickets or payout vouchers without redemption for an unusually long period (for example weeks, months or years)
- feeds cash into an EGM and requests a cheque or EFT payment after minimal or no play (machine stuffing)
- presents a combination of TITO tickets and cash, asking to exchange them for a cheque
- presents multiple TITO tickets to exchange for a cheque
- asks for multiple TITO tickets under the cheque threshold to be paid as a cheque

- repeatedly collects winnings just below the thresholds for mandatory ID collection
- has large sums of cash, with indications they have recently been involved in a serious crime (for example, wearing an electronic tracking device)
- attempts to have funds directed to a third party
- supplies a third-party's BSB and account number, along with their own account name, to effect a payment to a third-party without detection
- states they don't have a bank account and insists on receiving cash
- offers venue staff a small gift or bribe to not record any details of a cheque or EFT payment
- advises venue staff they have a 'cash business' and asks to exchange cash for cheques
- retains winning cheque(s) without redemption or depositing for an extended period (e.g. weeks, months or years)
- third-parties closely watch patrons with high winning tickets and offer to exchange their winning tickets with cash and extra incentives
- presents high volume cheque payouts, and
- has large sums of cash inserted but records indicate minimal or no play.

What risk assessment do you do when change happens?

How, when and who does the risk assessments when you:

install a new type of gaming machine or gambling product (for example, card-based gaming or electronic table games) or a new type of automated ticket or cash dispensing kiosk, such as TITO or TICO?

undertake a significant renovation to the layout of your gaming room or introduction of more cashier booths takes place?

make a change to prize payment amounts under relevant state or territory gaming machine legislation?

see a change in the type of clientele in your area change or the locality has an increased crime rate?

notice there is a sudden increase in the usage of EGMs without valid explanation?

receive a notice from AUSTRAC or other law enforcement agencies?

What employee due diligence are you conducting and which roles have been assessed as AML risks?

Employees and contractors that play an important role in limiting your AML risk exposure include:

- ☐ Venue manager
- ☐ Gaming manager
- ☐ Duty manager
- ☐ Floor staff (gaming attendants, dealers, croupiers)
- ☐ Cage Cashiers
- ☐ Individuals with vault access
- ☐ Counting room
- ☐ Your cash in transit couriers

So what do you need to do before the 31 March 2026 reforms kick in?

- 1 Do you know the number of EGMs at your venue and whether the number is below the threshold? Is this number consistent with your licence and who is named on your licence?
- 2 Do you know what your annual gross revenue is from EGMs?
- 3 Do you know what your AML obligations are even if you have an exemption?
- 4 Do you know who the governing body is for the purposes of your AML?
- 5 Have you appointed a Compliance Officer and Senior Managers who meets the new AML requirements from 31 March 2026?
- 6 Have you identified the AML risks to your business and which employees need to have due diligence conducted on them?
- 7 Have you revised your AML program so it complies with the new laws?
- 8 When was the last time you had an independent AML Audit?
- 9 Have you lined up the AML training for the new AML law?
- 10 Have you rewritten your processes and procedures to reflect the new AML laws?
- 11 Have your staff been trained in the new due diligence requirements?
- 12 If you have outsourced your Program, have you looked at your supplier in the light of the Mounties case and seriously considered whether you need an external audit as soon as possible?

Action Needed: Do you know what you need to do with all this information once you have it? Sparke Helmore can help you answer these questions and provide you with an implementation program that will help you prepare the governance and AML processes you need to be compliant by 31 March 2026. Let Sparke Helmore help!

New focus on identification and assessment of AML and proliferation financing risks

The original AML laws encouraged AML programs focused on management of compliance risk. Because of this, many Tranche 1 entities assumed that the upcoming AML reforms would only require them to make small adjustments to their existing AML programs. However, this is not the case.

The new laws shift the focus from compliance to the management of risk and require a significant shift in the focus of existing AML programs. Gone are the days of a template Part A and Part B AML/CTF Program.

Under the Tranche 2 reforms, reporting entities (**RE**) must adopt a risk-based, outcomes focused approach. The Board and senior management must:

- i. conduct a comprehensive risk assessment of the specific money laundering and terrorism financing ML/TF risks the business faces
- ii. apply risk-based systems and controls to manage risks, and
- iii. identify emerging risks and modify relevant systems and controls to minimise and manage these risks.

An AML Program that merely identifies and addresses general compliance risks, whilst failing to address the risks relevant to the entity, is no longer sufficient. Contravening these requirements could attract a civil penalty.

Action Needed: As each entity is unique, there is no room for 'vanilla' off-the-shelf programs. Each RE must be in a position to demonstrate that the risk assessment has been conducted to identify the AML specific risks and show how its AML implementation program addresses and manages the identified risks. We understand your business is different to others and as it usually involves customer relationships – how do you manage these and conduct customer diligence in such an environment?

Conducting a meaningful AML risk assessment requires a sound knowledge of the AML legislation, including the relevant sanctions and privacy laws, as well as a good understanding of the risk management standard *AS/ NZS ISO 31000:2018 Risk Management Principles*. Sparke Helmore is well positioned to support REs in meeting these obligations. We assist with conducting the AML risk assessment, surveying personnel to determine any new designated services, delivering targeted training for staff and management and assisting with drafting the new AML program to reflect the risk-related focus.

New governance requirements require reporting to governing body

Each RE is required to implement a formal governance reporting structure where the RE identifies the governing body legally responsible for a number of significant decisions including:

- i. approval of the AML Program
- ii. approval of the risk management assessment
- iii. approval of the policies required to be made for the implementation of the AML Policy
- iv. appointment of the Compliance Officer
- v. receiving sufficient information to discharge its oversight responsibilities
- vi. receiving independent evaluations that assess risk assessments, policy design, compliance, and effectiveness, and
- vii. receiving the reports from the Compliance Officer in relation to implementation of the AML program.

Action Needed: Identifying the governing body can be a complex exercise, especially for partnerships and complex business structures. REs may require legal assistance in navigating this process. Sparke Helmore can assist with reviewing your corporate structure and reporting lines, preparing Board briefing memos and resolutions, and identifying the necessary policies to ensure compliance.

Contact us



Marianne Robinson
Special Counsel, Sydney
t: +61 2 9260 2755
m: +61 412 100 884
e: Marianne.Robinson@sparke.com.au



Stephen Putnins
Partner, Melbourne
t: +61 3 9291 2392
m: +61 428 641 561
e: Stephen.Putnins@sparke.com.au



Peter Charteris
Partner, Sydney
t: +61 2 9260 2556
m: +61 412 368 176
e: Peter.Charteris@sparke.com.au



Robert Fraser
Associate, Melbourne
t: +61 3 9291 2343
e: Robert.Fraser@sparke.com.au

www.sparke.com.au

adelaide | brisbane | cairns | canberra | darwin | melbourne | newcastle | perth | sydney | upper hunter