Guidance for Civil Penalties Individuals

V1.0 December 2026

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1. Background

1.1 The Isle of Man, as a responsible international financial centre, is required to commit to and apply certain international standards. FATF recommendation 35 requires that countries have a range of effective, proportionate and dissuasive sanctions, whether criminal, civil or administrative, available to deal with legal and natural persons who fail to comply with AML/CFT requirements and that those sanctions should be applicable not only to legal persons but also their directors and senior management.

1.2 Section 22(1A) of the Gambling (Anti-Money Laundering and Countering the Financing of Terrorism) Act 2018 empowers the Gambling Supervision Commission ("the GSC") to require a person to pay a civil penalty when the Commission is satisfied that:

(a) an operator has contravened AML/CFT legislation or the Act; and
(b) such contravention(s) is committed with the consent or connivance of, or was attributable to neglect on the part of a controller, key person or senior manager.

1.3 It is recognised that it is important to have a robust internal procedure in place to ensure that utilising this power is undertaken in an effective, proportionate, dissuasive and fair manner. The imposition of a civil penalty will therefore be subject to the GSC's 'Decision-Making Process – Enforcement and Sanctions' alongside its other dissuasive sanctions.

1.4 For the purpose of this document, a Controller, Key Person or Senior Manager will be referred to as a "Relevant Person."

1.5 The maximum civil penalty that the GSC may impose on a relevant person is set out in the Gambling (Civil Penalties) Regulations 2026.

1.6 Civil penalties may be used in conjunction with other regulatory tools afforded to the GSC where necessary. A decision to impose a civil penalty will not necessarily preclude the use of complementary regulatory actions where these are considered a proportionate response to the regulatory failing(s) in question.

1.7 The GSC acknowledges that the imposition of a civil penalty does not remedy the identified contraventions, however it is intended to address the underlying behaviour that led to the non-compliance.

1.8 Section 34 of the Act provides that a person may appeal to the Gambling Appeals Tribunal by a decision made or an action taken by the Commission as specified.

1.9 This policy is to be used when contraventions of the Gambling (AML/CFT) Code 2019 have been identified.

2. Policies

The table below details other documents issued by the GSC that are associated with this policy and can be found on its website.

Document name	Content(s)
Enforcement Strategy	• An overview of the GSC's strategy of its enforcement activities
Discretionary Civil Penalties - Operators	• Criteria to be assessed by the GSC when considering the imposition of a penalty against an operator • The level(s) of penalty that can be imposed • The availability of discount
Decision-Making Process – Enforcement and Sanctions ("DMP")	• The enforcement powers subject to the DMP • The administrative decision-making process to be followed by the GSC when considering the imposition of an enforcement power
Settlement Policy	• When and in what circumstances the GSC will consider entering into settlement discussions with a subject
Publication Policy	• When the GSC publishes enforcement outcomes • Notice and timing of any publication
Prohibition Policy	• When the GSC issues a prohibition
Referral to the GSC Enforcement & Intelligence Division	• Factors relevant to a referral to the GSC Enforcement & Intelligence Division for further investigation
Making a Referral to the Police and/or the Attorney General	• In what circumstances the GSC will consider referring actual, suspected or prima facie criminal offences (including contraventions of the AML/CFT Code[1]

[1] *Gambling (Anti-Money Laundering and Countering the Financing of Terrorism) Code 2019*

3. Interpretation

In this Guidance –

Expression	Meaning
"AML/CFT"	Anti-Money Laundering and Countering the Financing of Terrorism
"AML Contravention"	Has the same meaning as in regulation 3(2)(a) of the Regulations
"Competent Authority"	All Isle of Man administrative and law enforcement authorities concerned with AML/CFT, including the Isle of Man Gambling Supervision Commission, the Isle of Man Financial Services Authority, the Department of Home Affairs, the Isle of Man Constabulary, the Financial Intelligence Unit, the Attorney General's Chambers, the Customs and Immigration and Income Tax Divisions of the Treasury
"Consent"	(i)The individual was aware that the conduct in question was occurring or was likely to occur; (ii) The individual knew that the conduct in question constituted a contravention; and (iii) The contravention occurred as a direct or indirect result of the individual's informed decision to cause or not take steps to prevent This definition does not cover all scenarios in which "consent" may be found, but is intended to serve as an illustrative example of the criteria that may typically be present
"Connivance"	(i) The individual was aware that the conduct in question was occurring or was likely to occur; (ii) The individual knew that the conduct in question constituted a contravention; (iii) The individual failed to take reasonable steps to raise awareness of it or prevent it; and (iv) Although the individual did not directly cause the contravention to occur, the circumstances indicate that they were complicit in its occurrence This definition does not cover all scenarios in which "connivance" may be found, but is intended to serve as an illustrative example of the criteria that may typically be present
"Contravention"	A contravention of "AML/CFT legislation" (as defined in the Act)
"Decision-Makers"	The Board of the GSC itself, or a sub-committee of it or a person(s) authorised by it, exercises the GSCs statutory powers to take any of the significant administrative decision listed in Appendix 1 of the Decision-Making Process Enforcement & Sanctions
"Director"	Includes any person occupying the position of director by whatever name called

"DMP"	Decision Making Process – Enforcement and Sanctions
"Legal person"	Includes any body corporate or unincorporate capable of establishing a business relationship with a financial institution or of owning property
"Natural person"	A person that is a human being
"Negligence"	The individual failed to take steps to prevent the contravention, those steps being such that would reasonably have been expected of someone, given the duties and responsibilities associated with a 'Relevant Person' and the roles defined thereunder This definition does not cover all scenarios in which "negligence" may be found, but is intended to serve as an illustrative example of the criteria that may typically be present
"Operator"	A holder of a licence issued by the GSC under any of the Gambling Acts
"Relevant Person"	As defined in section 5 of this guidance
"the Act"	Gambling Anti-Money Laundering and Countering the Financing of Terrorism) Act 2018
"the Code"	The Gambling (Anti-Money Laundering and Countering the Financing of Terrorism) Code 2019
"the GSC"	The Isle of Man Gambling Supervision Commission
"the Regulations"	Gambling (Civil Penalties) Regulations 2026
"the GSA"	Gambling Supervision Act 2010

4. The purpose of imposing a civil penalty

4.1 The principal purpose of imposing a civil penalty is to promote high standards of regulatory conduct and to demonstrate the benefits of compliant behaviour, by deterring persons who have been identified as being responsible for non-compliance and deter others within the industry.

4.2 All civil penalties should support the GSC in fulfilling its regulatory objectives and be considered when other regulatory sanctioning powers afforded to the GSC are not believed to be sufficient.

5. Who is considered a 'Relevant Person'?

5.1 The Act defines an individual holding the role of "controller", "key person" or "senior manager" as being liable for the imposition of a civil penalty. Persons who have ceased in these roles may still be liable for a civil penalty in respect of conduct committed while they were a role holder.

5.2 The roles that would be captured –

	Roles on the GSC estate
Controller	Director
Key person	As defined in the Act – AML/CFT Compliance Officer Money Laundering Reporting Officer ("MLRO") Deputy MLRO
Senior manager	As defined in the Act - a person who, by virtue of the person's role within a body corporate, has powers and responsibilities of sufficient significance to enable the person to directly influence corporate decision-making and corporate activity

6. When can't a civil penalty be imposed?

A civil penalty will not be imposed in the following circumstances:

6.1 If consent, connivance or neglect cannot be apportioned to the Relevant Person;

6.2 If an associated criminal investigation of the Relevant Person is being pursued;

6.3 If the GSC revokes or intends to revoke the licence of the operator where roles were or are being undertaken by the Relevant Person;

6.4 Any contraventions identified as being committed prior to the commencement of section 90 of the Gambling Legislation (Amendment) Act 2026, except if the contravention was continuing at the time of the commencement, and then only in respect of the conduct that continued after the commencement;

6.5 If the contravention came to the attention of the GSC more than 6 years prior to the imposition of the penalty; and

6.6 For any non-compliance or misconduct other than when identified contraventions of the Gambling (AML/CFT) Code 2019 have been identified.

7. Maximum penalty payable

7.1 When the GSC determines that, systemic and material AML failings have been identified, and there is evidence of consent, connivance or neglect, and in all of the circumstances, it is reasonable, appropriate and proportionate to issue a civil penalty, the GSC shall have regard to the factors set out in Appendix 1 when determining the penalty.

7.2 Subject to the methodology set out in Appendix 1, the maximum cumulative penalty that the GSC may impose against a Relevant Person is £50,000 after discount, pursuant to regulation 4(2) of the Regulations.

8. Discount to the financial penalty

8.1 The GSC, in considering the quantum of a financial penalty, will pay particular attention to any aggravating and mitigating factors. It will invariably be in a Relevant Person's interest to be full, frank and open with the GSC at the earliest opportunity. In appropriate cases, credit may be given for this in the form of a discount.

8.2 The size of the discount that may be applied will reduce depending on which stage an agreement is reached or the matter is determined in the context of the GSC's DMP as follows:

Stage	Discount
Self-reporting	Up to 50%
Prior to issuance of a draft enforcement report	Up to 30%
Prior to issuance of a final enforcement report	Up to 15%
At Stage 3 – issue of 'minded to' letter	Up to 10%
At any point beyond Stage 3	zero

9. Process to be followed by the GSC

9.1 **Identify and investigate**

The Act affords the GSC powers in relation to obtain relevant information. Each investigation will vary and it will be determined by the investigators which appropriate powers need to be utilised to assist in gathering information during the investigation of an operator. The objectives of an investigation is to enable the GSC to identify all of the non-compliance, how the non-compliance occurred and who was responsible.

9.2 **Regulatory action**

Each Relevant Person on the GSC estate holds specific duties and responsibilities to ensure that an operator complies with AML/CFT legislation. However, not all identified AML contraventions will be attributable to all roles. Accordingly, the GSC must determine which AML contraventions are the responsibility of which role.

9.3 **Consideration of factors**

If the imposition of a civil penalty on a Relevant Person is deemed appropriate, the GSC must assess whether the Relevant Person knew, or ought reasonably to have known, of the AML contraventions in light of the responsibilities and duties inherent in the role they hold, and whether those contraventions occurred with their consent, connivance or through neglect.

9.4 **Determining the penalty**

All contraventions that can be demonstrated to have occurred with consent,

connivance, or neglect will incur a separate penalty for each breach. The maximum penalty applicable per contravention is outlined in Appendix 1.

9.5 **Aggravating and mitigating factors**

The GSC will consider any aggravating or mitigating factors that may adjust the amount payable. A table of relevant factors that will be considered can be found in Appendix 2.

9.6 **Multiple contraventions**

In cases where there are multiple AML contraventions of a similar nature, it may be appropriate to determine a single penalty amount that reflects the identified contraventions rather than imposing separate penalties for each breach. A breakdown of the total penalty figure, showing which contraventions the amount refers to will be provided to the individual during the decision making process.

9.7 **Discount applied**

Consideration will be given to ascertain if any discount can be applied which will adjust the total penalty figure.

9.8 **Proportionality**

A review of the total penalty figure will be undertaken to ensure it is proportionate to the contraventions identified, reasonable, and in keeping with the regulatory objectives as stated within the GSA.

9.9 **Decision Making Process ("DMP")**

To ensure in the consistency of decisions, the imposition of any regulatory sanction including a civil penalty will be subject to the GSC's DMP whereby the relevant facts for each case will be reviewed and carefully considered by the Decision Makers.

The process is broken down into stages, allowing for representations to be made in writing and provided orally by the individual and/or any legal representative. Full regard will be given to all representations provided by the Decision Makers prior to reaching their decision. The Decision Makers responsible for making any decision will be independent of the investigation and will not have participated in earlier stages of the process.

10. Written Notice

As required by regulation 6 of the Regulations, if the GSC intends to impose a civil penalty, a written notice of the decision will be served as soon as reasonably practicable which will include:

10.1 the reasons for the imposition of a civil penalty;

10.2 the amount payable;

10.3 the breakdown of the amount of civil penalty attributable to each contravention;

10.4 the date in which the civil penalty must be paid in full by;

10.5 the right to appeal; and

10.6 the date of the imposition, ensuring that it allows for time within which an appeal may be brought about has lapsed, or any appeal has concluded.

Should the Commission have determined to issue a public statement, a copy of the statement along with the reasons will be attached to the notice.

11. Appeal

Section 34 of the Act provides that a person may appeal to the Gambling Appeals Tribunal against the imposition of a civil penalty or the amount of a financial penalty on the grounds that the decision of the GSC was unreasonable having regard to all the circumstances of the case, based on an error of fact, or wrong in law. The person will have 28 days to lodge an appeal following the decision being made, before it comes into effect.

12. Payment

12.1 Once the appeals period has expired (28 days from notification of the sanction), an invoice will be issued, with the amount stated being paid in full to the Isle of Man Government no later than 28 days immediately following the day on which it is issued.

12.2 All such civil penalties are payable to the Isle of Man Government and form part of the General Revenue of the Isle of Man.

12.3 Failure to pay the civil penalty on or before the date indicated by the GSC will make the Relevant Person liable for prosecution.

13. Publicity

13.1 The GSC maintains on its website a register of all civil penalties issued.

13.2 In accordance with its Publication Policy the GSC will, unless in its consideration it is not in the public interest to do so, issue a public statement regarding the issuance of each civil penalty, the associated non-compliance and contraventions underpinning the calculation and imposition of the penalty.

13.3 The publication of civil penalties is a key element to maximising the deterrent effect to all Relevant Persons in the gambling sector in order to reduce the likelihood of future non-compliance by Relevant Persons together with any associated operators.

13.4 As set out in the regulations, no public statement will be published until the statutory period for appeal elapses.

Appendix 1
Civil Penalties – Amount Per Contravention and Level of Overall Maximum Penalties

The level of the civil penalty recommended in individual cases may differ. Each case will be assessed on its own merits taking into account all of the relevant facts

Did the Relevant Person 'consent' [1] OR	**Did the Relevant Person 'connive'[2] OR**	**Was the non-compliance attributable to 'negligence' on the part of the Relevant Person[3]**
(i) The individual was aware that the conduct in question was occurring or was likely to occur; (ii) The individual knew that the conduct in question constituted a contravention; and (iii) The contravention occurred as a direct or indirect result of the individual's informed decision to cause or not take steps to prevent	(i) The individual was aware that the conduct in question was occurring or was likely to occur; (ii) The individual knew that the conduct in question constituted a contravention; and (iii) The individual failed to take reasonable steps to raise awareness of it or prevent it; and (iv) Although the individual did not directly cause the contravention to occur, the circumstances indicate that they were complicit in its occurrence	The individual failed to take steps to prevent the contravention, those steps being such that would reasonably have been expected of someone, given the duties and responsibilities associated with a 'Relevant Person' and the roles defined thereunder

Penalty per individual contravention	**£1,000**
Maximum overall penalty	**£50,000**

[1] *Consent - This definition does not cover all scenarios in which "consent" may be found, but is intended to serve as an illustrative example of the criteria that may typically be present*
[2] *Connivance - This definition does not cover all scenarios in which "connivance" may be found, but is intended to serve as an illustrative example of the criteria that may typically be present*
[3] *Negligence - This definition does not cover all scenarios in which "negligence" may be found, but is intended to serve as an illustrative example of the criteria that may typically be present*

Appendix 2
Civil Penalties – Aggravating and Mitigating Factors*

** Factors are in addition to those already assessed in relation to the Operator and include, but are not limited to:*

	Aggravating Factors	**Mitigating Factors**
Integrity	The contraventions occurred deliberately or recklessly, or with the consent or connivance of the Relevant Person	The contraventions occurred through genuine error or were outside of the Relevant Persons control
Competency	Obvious gaps in skill, knowledge, failure to undertake CPD requirements, not keeping up to date with related policy, guidance and any regulatory updates or were neglectful	Recognised and addressed competency or capacity issues, undertaken prompt remedial action to improve performance
Co-operation	Disengagement throughout the investigation, providing false, misleading or withholding information	Full and transparent cooperation with the GSC, proactively assisting with the investigation, self-reported issues and acceptance of responsibility
Governance	The Relevant Person knew they were unable to perform their functions and failed to act appropriately	The Relevant Person could not effectively discharge their functions or perform all responsibilities required, and has sufficiently escalated matters
Timeliness of actions taken	Identified risks were not escalated or their escalation was delayed without good reason	Identified risks were escalated as soon as practicable
Prior compliance history	The Relevant Person has been subject to prior regulatory concerns which have been identified and evidenced	No prior regulatory concerns identified on the part of the Relevant Person