

PUBLIC STATEMENT

3 July 2025

Regulatory investigation by the Isle of Man Gambling Supervision Commission in respect of Celton Manx Limited ("**Celton Manx**")

Action

The Isle of Man Gambling Supervision Commission (the "Commission") makes this public statement in accordance with powers conferred on it under section 19 of the Gambling (Anti-Money Laundering and Countering the Financing of Terrorism) Act 2018 (the "Act").

The making of such public statement supports the Commission's statutory objectives of, among other things, securing an appropriate degree of protection for customers of persons carrying on a regulated activity, reducing financial crime and maintaining confidence in the Isle of Man's gambling industry.

The Commission undertook a regulatory anti-money laundering inspection of Celton Manx which identified prima facie contraventions of the Gambling (Anti-Money Laundering and Countering the Financing of Terrorism) Code 2019 (the "Code"). Subsequent to this, the Commission opened an investigation into Celton Manx. This Public Statement details the conclusions, identified contraventions and outcomes of that investigation.

In light of the same, the Commission has determined that it would be reasonable and proportionate, in all the circumstances, that Celton Manx be required to pay a discretionary civil penalty in connection with these contraventions in the sum of £5,625,000 discounted by 30% to £3,937,500 (the "Civil Penalty").

In determining the Civil Penalty, the Commission considered mitigating factors specific to the circumstances of this case. The discount applied reflects that the contraventions were admitted, but also the fact that Celton Manx and the Celton Manx senior personnel engaged appropriately and meaningfully with the Commission from an early stage and have sought to progress the conclusion of the Commission's investigation at the earliest opportunity by co-operating with the Commission and agreeing to the terms of this settlement expeditiously.

Background

Celton Manx was licensed by the Commission pursuant to the Online Gambling Regulation Act 2001 ("OGRA") between 1st August 2008 and 9th May 2025 when its licence was surrendered (the "Surrender").

In accordance with its statutory powers, in October 2024 the Commission commenced an AML/CFT inspection in respect of Celton Manx (the "Inspection"). The Inspection, based on a sample of customer files, identified a significant number of material contraventions of the Code (the "Contraventions"), in some areas these Contraventions were of a systemic nature.

The identification of such Contraventions caused the Commission to consider that it was reasonable, necessary and proportionate in all the circumstances to commence a regulatory investigation (the "Investigation").

Investigation conclusions

The Investigation identified a range of issues, some of which were systemic in nature, which showed that Celton Manx whilst formerly licensed could not evidence compliance with the Code, when assessed by the Commission against relevant legislation. The contraventions included the following:

- contrary to the Isle of Man's regulatory framework Celton Manx failed to evidence that its Network Partners were applying measures at least equivalent to the standards applying in the Isle of Man and principally set out in the Code.
- Celton Manx did not ensure customers of its Network Services Model were monitored and it was unable to demonstrate that it had processes or any procedures around how or when ongoing monitoring was determined as required by paragraph 15 (2) and 15 (6) of the Code.
- Celton Manx did not evidence that it carried out an assessment that estimates the risk of Money Laundering ("ML"), Terrorist Financing ("TF") or Proliferation Financing ("PF") posed by a customer in line with paragraph 8 (2) of the Code.
- Celton Manx could not evidence that its CRA's had full regard to all relevant matters and risk factors set out in paragraphs 8 (3) - (8) of the Code.
- Celton Manx could not evidence that it could identify and verify legal arrangements and/persons in line with paragraphs 10 (3)- (5) of the Code.
- Celton Manx could not evidence that it carried out a BRA to estimate the risk of ML/FT posed in line with paragraph 6 (1) of the Code.
- Celton Manx did not conduct Enhanced Due Diligence despite the customers being identified as posing a higher risk of Money Laundering and/or Terrorist Financing, and identifying unusual activity as required by paragraphs 14 (1) - (4) of the Code.
- Celton Manx did not establish, record, maintain or operate appropriate procedures and controls sufficiently to ensure the verification of identity of its customers as required by paragraph 11 of the Code.
- Celton Manx was unable to demonstrate that its procedures set out requirements for action to be taken when suspicious activity was identified as required by paragraph 15 (4) of the Code.
- Celton Manx could not demonstrate the frequency of Technology Risk Assessment reviews and its Technology Risk Assessment policy was not specific to its business or the risks relevant to its business, as required by paragraph 7 of the Code.

- Celton Manx did not have appropriate procedures and controls to monitor and test compliance with AML/CFT legislation as required by paragraph 25 of the Code.
- Celton Manx had an MLRO and AML/CFT Compliance Officer who were unable to demonstrate having sufficient expertise to properly discharge the responsibilities of these positions as required by paragraphs 21 and 25 of the Code.
- Celton Manx failed to comply on one occasion with Code, paragraph 22 and 24 of the Code which requires that SAR's are provided to the Financial Intelligence Unit 'as soon as is practicable'.
- Celton Manx failed to ensure it has procedures and controls in place regarding retrieval of records that meet the requirement so paragraph 18 of the Code.
- Celton Manx failed to meet the training and education requirements of the Code has been delivered specific to the Network Services Model. Additionally, records fail to demonstrate all staff have undertaken training in line with paragraphs 27 (1) - (3) of the Code including training on reporting internal disclosures.

The Commission's review of the information available to it did not extend beyond understanding how Celton Manx sought to comply with the provisions of the Code and the conditions of its licence. Celton Manx has maintained to the Commission that its own enquiries have not identified any money laundering nor customer detriment.

The nature, extent and type of contraventions were of such a nature as to cause the Commission to conclude that, in all the prevailing circumstances, the imposition of a Discretionary Civil Penalty was appropriate.

Statement

The Commission is satisfied that the imposition of the Civil Penalty on Celton Manx reflects the serious nature of the identified non-compliance and the issues and risks identified.

It was further noted that Celton Manx acknowledged the serious shortcomings in its operational and governance arrangements at an early stage of the Commission's investigation and thereupon had entered into settlement discussions with the Commission and sought to resolve matters expeditiously.

Key Takeaways

As noted in the Commission's Enforcement Strategy, "holding a licence issued by the GSC imposes upon that licence-holder a requirement and expectation that it seeks to achieve the highest standards of regulatory compliance, governance and risk management". In this regard, compliance with the Code is mandatory and not optional.

The application of AML/CFT controls must reflect the particular risks associated with an operator's business model.

In carrying out its statutory functions the Commission is required to have regard to a range of matters including the need to safeguard the reputation of the Isle of Man. It will carry out those functions consistently with all Operators in line with its regulatory objectives.

The Code sets out the preventative measures necessary to ensure, to the greatest degree possible, that a gambling Operator's products, systems and services are not exploited for criminal purposes. Any form of material non-compliance with the Code heightens the risk of money laundering, terrorist financing or proliferation financing occurring.

The Commission will find unacceptable any business that is unable to satisfactorily identify, measure and mitigate risk posed by contravening the provisions of the Code.

On 29 May 2025, the Isle of Man issued a National Risk Appetite Statement ("NRAS") regarding e-gaming and financial crime. Whilst the publishing of the NRAS post-dated the Inspection in this case, it is appropriate to note in these Key Takeaways that, going forward, the Commission is likely to find unacceptable obvious gaps in an Operator's operational procedures and controls where aspects of its business are exposed to particular country or typology risk and such risks have not been appropriately assessed and mitigated.

Businesses wishing to operate in jurisdictions flagged in the NRAS, namely in East and Southeast Asia, will be required to satisfy the Commission that they have the necessary knowledge, experience and sophistication to ensure that the products and services they are offering cannot be exploited. The Commission expects relevant businesses to carefully scrutinise their activities where necessary.

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