

PUBLIC STATEMENT CONCERNING A REGULATORY INVESTIGATION BY THE ISLE OF MAN GAMBLING SUPERVISION COMMISSION IN RESPECT OF SHELGEYR LIMITED (“SHELGEYR”)

1. Action

- 1.1. 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**”).
- 1.2. 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.
- 1.3. Consequential to undertaking a regulatory AML inspection of Shelgeyr which identified prima facie contraventions of the Gambling (Anti-Money Laundering and Countering the Financing of Terrorism) Code 2019 (the “**Code**”) the Commission opened an enforcement investigation (“**the investigation**”). This Public Statement details the conclusions, identified failings and outcomes of that investigation.
- 1.4. In light of the same, the Commission has determined that it would be reasonable and proportionate, in all the circumstances, that Shelgeyr be required to pay a discretionary civil penalty in connection with these contraventions in the sum of £200,000 (the “**Civil Penalty**”).
- 1.5. The level of the Civil Penalty has been calculated in-line with the methodology set out in the Commission’s Discretionary Civil Penalties Policy available on its website.
- 1.6. The Civil Penalty shown above is net of a discount applied under the Commission’s Discretionary Civil Penalties Policy. The Civil Penalty reflects that the failures were admitted, but also the fact that Shelgeyr and the Shelgeyr senior personnel fully co-operated with the Commission throughout the Investigation.

2. Background

Shelgeyr was licenced by the Commission pursuant to the Online Gambling Regulation Act 2001 (“**OGRA**”) between 30th November 2018 until it surrendered on 17th July 2024.

3. Investigation conclusions

3.1 The Investigation identified a range of issues that, when assessed by the Commission against relevant Legislation established, at all relevant times when formerly licenced, Shelgeyr –

- 3.1.1. allowed an account which had not provided sufficient EDD and had been subject to an internal disclosure to continue and it also allowed the account to be reopened, in addition to allowing accounts which were placed into suspended status due to insufficient EDD, were then not retrospectively reassigned to closed status where necessary in contravention of paragraph 14(4)(b) of the Code.
- 3.1.2. could not evidence taking reasonable measures to establish source of wealth of a customer at all times, as required by paragraph 14(2)(c) of the Code.
- 3.1.3. could not evidence undertaking EDD on a potential PEP match in order to discount or verify the customers position, in line with its documented procedures, in contravention of paragraph 14(3)(a) of the Code.
- 3.1.4. could not evidence conducting EDD in line with its documented procedures, in contravention of paragraph 14(1) of the Code.
- 3.1.5. could not evidence obtaining CDD information for all customers in-line with paragraph 10(2)(a) of the Code.
- 3.1.6. could not demonstrate regular on-going monitoring had been undertaken as per its documented procedures or ensure that practices undertaken for on-going monitoring were formally documented in its AML/CFT Manual, contravention of paragraph 15(6) of the Code.
- 3.1.7. did not ensure anonymous accounts were not maintained and that customers were unable to transact without providing full personal information in line with paragraph 28(1) of the Code.
- 3.1.8. Could not evidence ongoing monitoring of its operational procedures and controls, in contravention of paragraph 25(1)(b) of the Code.
- 3.1.9. did not ensure that appropriate documentation relating to the analysis of customer transactions (i.e. automated monitoring) and business correspondence was retained outside of the relevant system to demonstrate compliance with paragraph 16(b) of the Code.
- 3.1.10. within its BRA did not have sufficient regard to the nature of its business, CRA, the Isle of Man NRA or the NRA's of other jurisdictions where it predominantly accepted business from, in contravention of paragraphs 6 (3)(a), (b) and (g) of the Code.
- 3.1.11. did not ensure its MLRO(s) had sufficient expertise and authority, as required by paragraph 21(2)(a) of the Code.
- 3.1.12. did not ensure its AML/CFT Compliance Officer(s) could demonstrate that they had sufficient expertise in order to fulfil the requirements of the role

or sufficient authority to resolve conflicts of interest in line with paragraph 25(4)(a) of the Code.

3.1.13. did not consider the risks posed by accepting CVC payments in its TRA and what measures were in place to mitigate those risks, in contravention of paragraph 7(3)(d) of the Code.

3.1.14. did not sufficiently take into account the manner in which the products and services were provided to the customer with its CRA, or demonstrate whether Shelgeyr and the customer had met during the ongoing relationship, in contravention of paragraphs 8(4)(c) and (e) of the Code.

3.1.15. could not evidence key staff had undertaken sufficient AML/CFT training, and up to date training containing details of new developments had not been refreshed for all staff in over 12 months, in contravention of paragraphs 27 of the Code.

3.2. Following the conclusion of the Investigation, the nature, extent and type of contraventions identified 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.

4. Statement

The Commission is satisfied that the imposition of the Civil Penalty on Shelgeyr reflects the serious nature of the non-compliance and issues identified in relation to Shelgeyr.

5. Key Takeaways

- The Commission expects the Board of Directors to have appropriate oversight of an Operator's activities, staff, systems, procedures and controls in particular when any aspects are outsourced. As noted within the Commission's Enforcement Strategy, *"... 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"*.
- The Board of an Operator should ensure that it is receiving appropriate reporting to demonstrate, to its own satisfaction, that its documented arrangements are being adhered to.
- An AML/CFT Compliance Officer is responsible for undertaking suitable monitoring, testing and review of the activities and operations of an Operator and its customers to ensure compliance with all relevant legislation and providing suitably detailed reports to the Board of Directors of the outcome of this monitoring.