
ENFORCEABLE UNDERTAKING TO THE CHIEF EXECUTIVE OFFICER OF THE
AUSTRALIAN TRANSACTION REPORTS AND ANALYSIS CENTRE

FOR THE PURPOSES OF SECTION 197 OF THE

ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING ACT 2006

BY

Sportsbet Pty Ltd

ACN 088 326 612

Definitions

AML/CTF Act means the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (as amended).

AML/CTF Capacity and AML/CTF Transformation Program means Sportsbet's document of the same name, dated 20 July 2023.

AML/CTF Program means an anti-money laundering and counter-terrorism financing program and has the meaning given in section 83 of the AML/CTF Act.

AML/CTF Regulations means the *Anti-Money Laundering and Counter-Terrorism Financing Regulations 2008* (Cth) (as amended).

AML/CTF Rules means the *Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1)* (as amended) made under section 229 of the AML/CTF Act.

AUSTRAC means the Australian Transaction Reports and Analysis Centre continued in existence by section 209 of the AML/CTF Act.

AUSTRAC CEO means the Chief Executive Officer of AUSTRAC.

AUSTRAC's Concerns means the concerns referred to in paragraphs 5 - 10 of this Enforceable Undertaking.

Designated Service has the meaning given by section 6 of the AML/CTF Act.

ECDD means Enhanced Customer Due Diligence.

Enforceable Undertaking means an undertaking accepted by the AUSTRAC CEO under subsection 197(1) of the AML/CTF Act.

External Audit Report means the report prepared by the External Auditor dated 31 August 2023.

ML/TF Risk means money-laundering/terrorism-financing risk.

OCDD means Ongoing Customer Due Diligence.

PEP means politically exposed person(s).

Recommendation Response Plan means Sportsbet's document of the same name, dated 14 September 2023.

Remedial Action Plan means the plan that appears at Annexure A addressing the matters set out in paragraph 16.

Sportsbet means Sportsbet Pty Ltd (ACN 088 326 612).

TMP means Transaction Monitoring Program.

Introduction

- 1 Under section 3 of the AML/CTF Act, the objects of the AML/CTF Act include fulfilling Australia's international obligations designed to combat the laundering of money and the financing of terrorism. Under section 212 of the AML/CTF Act, the AUSTRAC CEO's functions include, amongst other matters, promoting compliance with the AML/CTF Act, AML/CTF Rules and AML/CTF Regulations.

Persons giving the Enforceable Undertaking

- 2 This Enforceable Undertaking is given to the AUSTRAC CEO by Sportsbet.

Background

- 3 Sportsbet provides Designated Services of the kind set out in table 3 in subsection 6(4) of the AML/CTF Act and is a reporting entity for the purposes of the AML/CTF Act.
- 4 The AML/CTF Act and the AML/CTF Rules impose obligations on reporting entities to, amongst other matters, implement appropriate risk-based systems and controls to identify, mitigate and manage the ML/TF Risks that a reporting entity might reasonably face through its provision of Designated Services and to give certain reports to the AUSTRAC CEO.

AUSTRAC's Concerns

- 5 AUSTRAC is concerned that Sportsbet needs to take specified actions:
 - (a) in order to comply with the AML/CTF Act and the AML/CTF Rules; and
 - (b) directed towards ensuring that Sportsbet does not contravene the AML/CTF Act or the AML/CTF Rules, or is unlikely to contravene the AML/CTF Act or the AML/CTF Rules, in the future.
- 6 In a letter to Sportsbet dated 15 August 2022, AUSTRAC outlined certain concerns regarding Sportsbet's compliance with the AML/CTF Act in the period between 1 July 2016 and 30 June 2020. In that same letter, AUSTRAC stated that the AUSTRAC CEO was considering requiring Sportsbet to appoint an external auditor. Subsequent to the letter, on 2 November 2022, a delegate of the AUSTRAC CEO issued a notice pursuant to subsection 162(2) of the AML/CTF Act, requiring Sportsbet to appoint an external auditor to carry out an audit, which was done.
- 7 On 14 September 2023, Sportsbet provided AUSTRAC with the External Audit Report addressing the period between 1 September 2021 to 2 November 2022. In light of the findings in the External Audit Report, AUSTRAC remains concerned that Sportsbet failed to comply, and may remain non-compliant, with provisions of the AML/CTF Act, being:
 - (a) Section 81 – failure to adopt and maintain an AML/CTF Program within the meaning of section 83 of the AML/CTF Act;
 - (b) Section 82 – failure to comply with Part A of its AML/CTF Program by not conducting a risk assessment within the required timeframe; and

- (c) Section 36 – failure to conduct OCDD for certain customers.
- 8 While holding these concerns, AUSTRAC acknowledges that Sportsbet has demonstrated a commitment to remediating its AML/CTF compliance issues as part of an extensive remediation program through the implementation of Sportsbet's AML/CTF Capacity and Transformation Program, Recommendation Response Plan and Remedial Action Plan.
- 9 AUSTRAC considers that the concerns identified from AUSTRAC's 2021 Compliance Assessment and the findings and recommendations of the external audit provide Sportsbet with a foundation to continue to remediate and uplift the overall design and operational effectiveness of its AML/CTF framework.
- 10 The terms of this Enforceable Undertaking reflect and build on AUSTRAC's concerns identified in the 2021 Compliance Assessment and findings and recommendations made in the External Audit Report that form the basis for Sportsbet's Remedial Action Plan.

Acknowledgments by Sportsbet of AUSTRAC's Concerns

- 11 Sportsbet acknowledges AUSTRAC's Concerns and voluntarily offers the AUSTRAC CEO an Enforceable Undertaking in the terms of paragraphs 15 to 19 below, and pursuant to section 197 of the AML/CTF Act.
- 12 Sportsbet provides this Enforceable Undertaking with a view to mitigating AUSTRAC's Concerns and ensuring that Sportsbet does not contravene the AML/CTF Act or the AML/CTF Rules, or is unlikely to contravene the AML/CTF Act or the AML/CTF Rules, in the future.
- 13 Sportsbet confirms that it has been offered the opportunity to seek its own independent legal advice in relation to its obligations under, and the effect of giving this Enforceable Undertaking, including the actions which can be taken by AUSTRAC pursuant to section 198 of the AML/CTF Act should there be a failure to adhere to or a breach of the Enforceable Undertaking by Sportsbet.

Undertakings

- 14 The undertakings in paragraphs 15 to 19 are voluntarily given by Sportsbet to AUSTRAC pursuant to section 197 of the AML/CTF Act.

Remedial Action Plan

- 15 The Remedial Action Plan responds to and explains how Sportsbet will address each of the key findings, insights and recommendations from the External Audit Report that remain to be completed. Sportsbet will continually employ an auditor to monitor the progress of Sportsbet's remediation work arising from key findings and recommendations from the External Audit Report.

AML/CTF Program

- 16 Sportsbet undertakes to:
- (a) Implement a solution that will increase the frequency of PEP and sanctions screening, which will be completed no later than 31 December 2024;
 - (b) Implement additional rules to its TMP to detect unusual and/or suspicious activity by customers through certain payment channels, which will be completed no later than 31 December 2024;
 - (c) Implement the Board approved Backbook Remediation Program, which will apply rules within Sportsbet's TMP at 1 July 2023 over identified segments of its active customer base and carry out ECDD on those customers where appropriate to manage and mitigate potential ML/TF risk, which will be completed no later than 31 March 2025;
 - (d) Design and implement the Board approved Customer Risk Assessment Methodology to enable it to assign and update an ML/TF risk rating to each active customer upon

- verification and during the course of its relationship with Sportsbet, which will be completed no later than 30 November 2025; and
- (e) Implement a Case Management Solution which consolidates records of TMP alerts and resultant actions including records of ECDD, which will be completed no later than 28 February 2025.
- 17 Sportsbet will advise AUSTRAC in writing of any proposed deviations to the actions or timeframes set out in the Remedial Action Plan. Prior to making any material deviation to the Remedial Action Plan, Sportsbet will obtain AUSTRAC's written consent to do so. Whether a proposed deviation is material will be determined by AUSTRAC.
- 18 Sportsbet undertakes to provide:
- (a) a milestone based report prepared by the auditor for each of the deliverables set out in the Remedial Action Plan, once those deliverables have been implemented and the auditor's review has been completed. Sportsbet will provide AUSTRAC each of those reports within 45 days of receipt of those reports from the auditor, along with Sportsbet's response; and
 - (b) a final report, prepared by the auditor, confirming that each of the five initiatives set out in the Remedial Action Plan has been fully implemented and operationalised, and that the entirety of the remediation works set out in the External Audit Report are completed, assured and in operation, by 31 March 2026. Sportsbet will provide AUSTRAC with that report within 45 days of receipt of that report from the auditor, along with Sportsbet's Response.

Provision of information and documents

- 19 Sportsbet undertakes to provide AUSTRAC any information or documents that AUSTRAC requests for the purpose of monitoring its compliance with this Enforceable Undertaking, on a confidential basis, within 10 business days of the date on which it receives a written request. Sportsbet is not required to provide to AUSTRAC any documents or information subject to legal professional privilege or the provision of which would result in Sportsbet breaching a legal obligation.
- 20 Any documents or information requested will be provided to the AUSTRAC CEO:
- (a) in electronic form by email to Enforcement3@austrac.gov.au;
 - (b) in electronic form by upload to a share folder that AUSTRAC can access; or
 - (c) otherwise as agreed to by AUSTRAC in writing.

Acknowledgements – Operation of Enforceable Undertaking

- 21 Sportsbet acknowledges that:
- (a) the AUSTRAC CEO has accepted this Enforceable Undertaking based on (among other things) Sportsbet's disclosures to the AUSTRAC CEO of the material facts, matters and circumstances in relation to AUSTRAC's Concerns;
 - (b) the AUSTRAC CEO's acceptance of this Enforceable Undertaking does not affect AUSTRAC's right to take any action in relation to any contraventions by Sportsbet of the AML/CTF Act and/or AML/CTF Rules and/or AML/CTF Regulations;
 - (c) this Enforceable Undertaking in no way derogates from the rights and remedies available to any other person or entity arising from any conduct committed by Sportsbet described in AUSTRAC's Concerns or arising from future conduct;
 - (d) the AUSTRAC CEO may publish a copy of this Enforceable Undertaking on AUSTRAC's website in accordance with subsection 197(5) of the AML/CTF Act;

- (e) AUSTRAC may from time to time publicly refer to this Enforceable Undertaking without the need to advise Sportsbet prior to that being done;
- (f) if any part of this Enforceable Undertaking is held invalid, that part shall be severed from this Enforceable Undertaking and the remainder of this Enforceable Undertaking will continue to be valid and enforceable; and
- (g) the costs of complying with this Enforceable Undertaking will be borne by Sportsbet.

Commencement and duration

- 22 Sportsbet acknowledges that this Enforceable Undertaking has no operative force until accepted and signed by the AUSTRAC CEO.
- 23 This Enforceable Undertaking ends on the date that the AUSTRAC CEO gives Sportsbet written notice cancelling the Enforceable Undertaking or the date on which the AUSTRAC CEO consents to Sportsbet withdrawing the Enforceable Undertaking, whichever is earlier.

EXECUTED by Sportsbet Pty Ltd)
ACN 088 326 612 in)
accordance with section)
127(1) of the *Corporations Act 2001*)
(Cth) by authority of its directors:)

Name of director

Name of director

Signature
Brendan Thomas
Chief Executive Officer, AUSTRAC

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REMEDIAL ACTION PLAN

Item	AML/CTF Requirement				
1	KYC Information				
2	Transaction Monitoring Program (TMP)				
3	Enhanced Customer Due Diligence (ECDD)				

Item	AML/CTF Requirement				
4	ML/TF Risk Assessment				
5	Ongoing Customer Due Diligence				