

## NOTICE OF FILING

### Details of Filing

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Registry:	NEW SOUTH WALES REGISTRY - FEDERAL COURT OF AUSTRALIA



*Sia Lagos*

Registrar

### Important Information

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## Concise Statement

No. of 2025

Federal Court of Australia  
 District Registry: New South Wales  
 Division: Commercial and Corporations

### CHIEF EXECUTIVE OFFICER OF THE AUSTRALIAN TRANSACTION REPORTS AND ANALYSIS CENTRE

Applicant

### MOUNT PRITCHARD & DISTRICT COMMUNITY CLUB LTD (ACN 000 458 622)

Respondent

#### A. IMPORTANT FACTS GIVING RISE TO THE CLAIM AGAINST MOUNTIES

1. Between 30 July 2019 and 13 February 2024 (**Relevant Period**), Mount Pritchard & District Community Club Ltd (ACN 000 458 622) (**Mounties**) provided designated services that were regulated by the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (**Act**).
2. Mounties' principal business is the operation of licensed clubs in New South Wales. In the Relevant Period, Mounties held a licence for 10 venues located in New South Wales which permitted it to provide electronic gaming machines (**EGMs**) at those venues. In the Relevant Period, Mounties made EGMs available to customers at nine venues.
3. During the Relevant Period, Mounties provided the following designated services to customers within the meaning of s 6 of the Act:
  - a. Table 1 (financial services), Item 21: Issuing a stored value card which can be withdrawn in cash (over \$1000);
  - b. Table 1 (financial services), Item 22: Increasing the value of a stored value card which can be withdrawn in cash (over \$1000);

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- c. Table 3 (gambling services), Item 1: Receiving or accepting a bet placed or made by a person (as agent for TAB);
  - d. Table 3 (gambling services), Item 3: Introducing a person who wishes to make or place a bet to another person who is willing to receive or accept the bet (as agent for TAB);
  - e. Table 3 (gambling services), Item 4: paying out winnings in respect of a bet (as agent for TAB);
  - f. Table 3 (gambling services), Item 6: Accepting entry of person into a game;
  - g. Table 3 (gambling services), Item 9: Paying out winnings;
  - h. Table 3 (gambling services), Item 11: Opening Player accounts for gaming machines; and
  - i. Table 3 (gambling services), Item 13: Allowing transaction to occur on player account for gaming machines.
4. By reason of the matters set out at [3] above, Mounties was a 'reporting entity' as defined in s 5 of the Act.
5. During the Relevant Period, the provision of designated services by Mounties involved a combination of the following money laundering and terrorism financing (**ML/TF**) risks:
- a. Customers could insert cash into an EGM to obtain credit, redeemed in the form of a cheque, but engage in very little or no game play. This conduct is commonly known as "bill stuffing".
  - b. Customers could insert large amounts of cash or credits into EGMs or Multi-Terminal Gaming Machines and engage in minimal or no game play before cashing out.
  - c. Customers could purchase winning vouchers from other customers with cash then redeem the purchased winning vouchers.
  - d. Customers could pay cash to a legitimate player who had accumulated credits or had winning tickets, in order to claim the legitimate winnings as their own.
  - e. Customers could bet or transact on behalf of a third party.

- f. Customers could use multiple cashiers or only using cash redemption terminals (**CRT**) to avoid observation or monitoring by staff.
  - g. Customers could work individually or in groups to gain the trust of gaming staff, or collude with staff to avoid detection or avoid being required to provide identification when collecting winnings.
- 6. By reason of the matters set out at [5] above, at all times during the Relevant Period, Mounties reasonably faced the risk that in providing designated services to customers, Mounties could be in receipt of:
  - a. money from unknown sources;
  - b. proceeds of crime;
  - c. money derived from fraud; and/or
  - d. money derived from contraventions of a Commonwealth, State or Territory law, including but not limited to taxation laws.
- 7. By reason of the matters set out at [5] and [6] above, Mounties reasonably faced the risk that its provision of designated services to customers could involve or facilitate money laundering or the financing of terrorism (**ML/TF risk**).

#### **Contraventions of section 81 of the Act**

##### Relevant provisions of the Act

- 8. Section 81 of the Act provides that a reporting entity must not commence to provide a designated service to a customer if the reporting entity has not adopted and does not maintain an anti-money laundering and counter-terrorism financing program (**AML/CTF program**) that applies to the reporting entity.
- 9. Section 84(1) of the Act provides that a standard AML/CTF program is a written program that is divided into Parts A and B.
- 10. Section 84(2) of the Act relevantly provides that Part A of a standard AML/CTF program is a part, the primary purpose of which is to identify, mitigate and manage ML/TF risk, and which complies with such requirements (if any) as are specified in the *Anti-Money Laundering and Counter-Terrorism Financing Rules 2007 (No 1)* (Cth) (**Rules**).



11. An AML/CTF program that does not have the characteristics of a program as set out in s 84(2) of the Act, including having a Part A program that complies with the relevant Rules, is not a standard AML/CTF program the adoption or maintenance of which satisfies the requirement in s 81.
12. Whenever a reporting entity commences to provide a designated service to a customer, if the entity has not adopted and maintained an AML/CTF program within the meaning of s 83 of the Act, including in circumstances where the purported standard AML/CTF program of that entity is not one which contains a Part A program that complies with the relevant Rules as required by s 84(2)(c) of the Act, the reporting entity contravenes s 81, which is a civil penalty provision.

Mounties' AML/CTF Program

13. During the Relevant Period, Mounties had in place at all times a written document that purported to be a standard AML/CTF program (**Mounties' AML/CTF Program**) that was adopted and maintained by Mounties, such that Mounties purported to satisfy the requirement in s 81 of the Act when providing designated services.
14. In the Relevant Period, Mounties engaged BetSafe Pty Ltd (ACN 096 171 345) (**BetSafe**) to create, maintain and update its AML/CTF Program. At all relevant times, BetSafe provided those services to Mounties as part of a suite of AML/CTF services including but not limited to:
  - a. designing Mounties' AML/CTF risk awareness training program and carrying out relevant training to Mounties' board and employees both online and in person;
  - b. advising Mounties in relation to suspicious matters which may give rise to a reporting obligation under s 41 of the Act;
  - c. conducting AML/CTF risk assessments; and
  - d. attending Mounties' quarterly AML/CTF Committee (which became the Gaming Compliance Committee in around April 2023) meetings.
15. BetSafe's online AML/CTF training slides and face to face AML/CTF training slides formed appendices to Mounties' AML/CTF Program.

Contravention of s 81 of the Act – Non-compliance with rule 8.1.5 of the Rules

16. In the Relevant Period, Mounties' AML/CTF Program was required to comply with the requirements for a program specified in rule 8.1.5 of the Rules.
17. Rule 8.1.5 required the design of Part A of the AML/CTF Program to enable Mounties to understand, recognise, identify, mitigate and manage any ML/TF risks posed to Mounties (including ML/TF risks arising from the provision of new designated services, new methods of designated service delivery, new or developing technologies, and changes to the Mounties' business).
18. Each version of the Mounties' AML/CTF Program in the Relevant Period was not designed to enable Mounties to understand, recognise, identify, mitigate or manage the ML/TF risks posed to Mounties as required by rule 8.1.5 for the following reasons:
  - a. Mounties' AML/CTF Program did not explain or provide any methodology for Mounties to understand, recognise, identify, mitigate or manage the ML/TF risks that it reasonably faced in the provision of designated services to customers.
  - b. Mounties' AML/CTF Program only set out in general terms that Mounties had ongoing obligations to identify and assess ML/TF risks without explaining how any ML/TF risks were to be identified or assessed.
  - c. Mounties' AML/CTF Program failed to explain how Mounties might identify, mitigate and manage new ML/TF risks as and when they arose including when they arose as a result of the circumstances set out under rule 8.1.5(5).
  - d. The 'Risk Management Table' in the Program:
    - i. set out certain 'risks' without providing a methodology for identifying or assessing risks, or explaining how those risks were identified or assessed;
    - ii. listed the 'likelihood' of the 'risks' identified in the table (ranging from 'very low' to 'low') without explaining what methodology was used to assess the 'likelihood' of each 'risk', how those ratings were derived or what those ratings signified;
    - iii. listed 'control procedures' and 'responses' with respect to the 'risks' identified in the table in general terms without explaining how any measures were to be deployed by Mounties to mitigate or manage any of the ML/TF risks identified.

e. The 'Risk Assessment Table' in the Program:

- i. identified certain 'types' of risks without providing a methodology for identifying or assessing risks, or explaining how those risks were identified or assessed;
- ii. set out 'details' in relation to the 'types' of risks identified without explaining how those 'details' were relevant to any particular ML/TF risk faced by Mounties;
- iii. contained a column headed 'responses' with respect to each risk 'type' identified in the table, which failed to explain what steps were to be taken by Mounties if an ML/TF risk was identified;
- iv. contained a column headed 'level assessed' without explaining what 'level assessed' means, what methodology was used for that assessment and what the levels (ranging from 'very low' to 'medium') signified.

19. For the reasons set out at [18] above, in the Relevant Period and on each occasion that it commenced to provide designated services, Mounties contravened s 81 of the Act by reason that its purported AML/CTF Program failed to comply with rule 8.1.5 of the Rules as required by s 84(2)(c) of the Act.

Contravention of s 81 of the Act – Non-compliance with rule 8.2.3 of the Rules

20. In the Relevant Period, Mounties' AML/CTF Program was required to comply with the requirements for a program specified in Part 8.2 of the Rules comprising rules 8.2.1, 8.2.2 and 8.2.3.
21. Rule 8.2.1 provided that Part A of an AML/CTF program must include an AML/CTF risk awareness training program that met the requirements of rules 8.2.2 to 8.2.3.
22. Rule 8.2.3 provided that the AML/CTF training program must be designed to enable employees to understand the reporting entity's obligations under the Act and Rules, the consequences of non-compliance with the Act and Rules, the type of ML/TF risk that the reporting entity might face and the potential consequences of such risks, and the processes and procedures provided for by the reporting entity's AML/CTF program that were relevant to the work carried out by employees.



23. In the Relevant Period, Mounties' AML/CTF Program did not contain an AML/CTF risk awareness training program that was designed to enable Mounties' employees to understand Mounties' obligations under the Act and Rules, the consequences of non-compliance with the Act and Rules, the type of ML/TF risk that the reporting entity might face and the potential consequences of such risks, and the processes and procedures provided for by Mounties' AML/CTF Program that are relevant to the work carried out by Mounties' employees as required by rule 8.2.3, for the following reasons:
- a. Mounties' AML/CTF risk awareness training program was not aligned with Mounties' assessment of the ML/TF risks that it might have faced.
  - b. Mounties' AML/CTF risk awareness training program did not appropriately consider the ML/TF risk that Mounties might face in relation to customers who may be gambling or transferring the proceeds of crime, or gambling or transferring money in a way that was inconsistent with their known profile.
  - c. Mounties' risk awareness training program was not designed in a manner that enabled employees to understand the ML/TF risk that Mounties might face in circumstances where Mounties did not have an ML/TF risk methodology that identified, or enabled the identification of, the ML/TF risks reasonably faced by Mounties.
24. For the reasons set out at [23] above, in the Relevant Period and on each occasion that it commenced to provide designated services, Mounties contravened s 81 of the Act by reason that its AML/CTF Program failed to comply with rule 8.2.3 of the Rules as required by s 84(2)(c) of the Act.

*Contravention of s 81 of the Act – Non-compliance with rules 8.6.1 and 8.6.5 of the Rules*

25. In the Relevant Period, Mounties' AML/CTF Program was required to comply with the requirements for a program specified in rule 8.6.1 of the Rules which provided that its Part A program must be subject to regular independent review.
26. Rule 8.6.5 provided that the purpose of the review should be to assess:
- a. the effectiveness of Mounties' Part A program having regard to the ML/TF risk of Mounties;
  - b. whether Mounties' Part A program complies with the Rules;



- c. whether Mounties' Part A program has been effectively implemented; and
- d. whether Mounties has complied with its Part A program.

27. Between 2019 and 2023:

- a. Legal Review Pty Ltd (ACN 635 214 845) (**Legal Review**) was appointed by Mounties to conduct independent reviews of Mounties' AML/CTF Program;
- b. Richard Brading, Principal of Legal Review, conducted the independent reviews of Mounties' AML/CTF Program; and
- c. Legal Review conducted five independent reviews of Mounties' AML/CTF Program and provided Mounties with five independent review reports.<sup>1</sup>

28. The independent reviews of Mounties' AML/CTF Program conducted by Legal Review as set out in [27] above did not have the purpose of a review as required by rule 8.6.5 of the Rules for the following reasons:

- a. Legal Review could not assess the effectiveness of Mounties' AML/CTF Program as, on each occasion, Legal Review did not review, test or verify the efficacy of the steps taken by Mounties, including any systems or procedures used by Mounties, to implement its AML/CTF Program.
- b. Between 2019 and 2023, Legal Review's process for reviewing Mounties' AML/CTF program consisted only of:
  - i. an interview with Mounties' AML/CTF Compliance Officer on an annual basis;
  - ii. an interview with Daniel Symond in his capacity as Managing Director of BetSafe on one occasion in 2019;
  - iii. an interview with a Mounties' Gaming Operations Co-ordinator on one occasion in 2020; and

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<sup>1</sup> Mounties Group Independent Review Report dated 10 October 2019; Mounties AML-CTF External Review Report dated 3 November 2020; 2021 Mounties AML-CTF Review Report dated 7 December 2021; Mounties AML-CTF Review Report dated 22 December 2022 and Mounties AML-CTF Review Report dated 8 December 2023.

- iv. reading the relevant version of Mounties' AML/CTF Program in effect at the time.
  - c. Legal Review did not engage with the board or senior management of Mounties in relation to the reviews that it conducted.
  - d. Legal Review did not investigate or analyse the manner in which Mounties in fact provided designated services, or otherwise sought to comply with its AML/CTF Program, such that Legal Review could not assess whether Mounties had complied with the Program.
29. For the reasons set out at [28] above, in the Relevant Period and on each occasion that it commenced to provide designated services, Mounties contravened s 81 of the Act by reason that its AML/CTF Program was not a program that was reviewed in a manner that was compliant with rules 8.6.1 and 8.6.5 of the Rules, as required by s 84(2)(c) of the Act.

Contravention of s 81 of the Act – Non-compliance with rule 15.5 of the Rules

30. In the Relevant Period, Mounties' AML/CTF Program was required to comply with the requirements for a program specified in rule 15.4 of the Rules, which required that such program include a transaction monitoring program.
31. The transaction monitoring program was required, by rule 15.5 of the Rules, to include appropriate risk-based systems and controls to monitor the transactions of customers.
32. The transaction monitoring program was required, by rule 15.6 of the Rules, to have the purpose of identifying, having regard to ML/TF risk, any transaction that appears to be suspicious within the terms of s 41 of the Act.
33. In the Relevant Period, Mounties' AML/CTF Program contained:
- a. a section on "Ongoing Customer Due Diligence" which included a transaction monitoring program (**TMP**); and
  - b. a "Transaction Monitoring Program Checklist".
34. In the Relevant Period, Mounties' TMP did not include appropriate risk-based systems and controls to monitor the transactions of customers, for the following reasons:

- a. Mounties' TMP was vague and lacked detail, such that a person referring to Mounties' TMP could not logically follow the steps required to monitor the transactions of customers. In particular:
  - i. Mounties' TMP did not clearly identify which staff members were responsible for the relevant actions set out in Mounties' TMP, nor what procedures were in place to ensure that each step of Mounties' TMP was carried out.
  - ii. Mounties' TMP required "weekly and monthly cash flow analysis of all gaming machines" to be carried out, however, Mounties' TMP provided no explanation as to what "analysis" was to be undertaken.
  - iii. Mounties' TMP required a report to be run that "flag[ged] sessions on gaming machines whereby a large amount of money [was] inserted with minimal play". However, no explanation was given as to how such a report was to be generated, nor how, when and by whom it was to be determined that "a large amount of money" had been inserted or "minimal play" carried out.
  - iv. Mounties' TMP relied on "observations made by staff working in the Group's gaming machine areas" to monitor customer transactions including to look for gaming machine data that was "unusual or distorted". In the versions of the Mounties' AML/CTF Program that were adopted from January 2021 onwards (being versions 3.31.01 and following), no specific and practical guidance was provided in the Program as to how those observations were to be prompted, recorded, escalated or otherwise result in action.
  - v. Mounties' AML/CTF Program contained a 'Transaction Monitoring Program Checklist'. The Checklist was not expressly referred to in the section of Mounties' AML/CTF Program relating to Mounties' TMP. The AML/CTF Program did not explain who was to complete the Checklist or in what circumstances, nor explain who was responsible for taking action in response to the completed Checklist (including by escalating issues to more senior staff) and in what circumstances.

- vi. Mounties' TMP provided examples of transactions that might have warranted further investigation in terms that were vague and incapable of providing appropriate guidance to those responsible for carrying out transaction monitoring.
35. In the Relevant Period, Mounties' TMP did not set out any criteria for identifying, having regard to ML/TF risk, transactions that appeared to be suspicious within the terms of s 41 of the Act in circumstances where Mounties' TMP:
- a. did not provide any criteria for identifying transactions that were suspicious within the terms of s 41 of the Act; and
  - b. made no reference to the circumstances set out under s 41 of the Act that would cause a person to suspect on reasonable grounds that a suspicious matter had arisen.
36. For the reasons set out at [34] and [35] above, in the Relevant Period and on each occasion that it commenced to provide designated services, Mounties contravened s 81 of the Act by reason that its AML/CTF Program did not include a transaction monitoring program as required by rule 15.4, having the characteristics required by rule 15.5, as required by s 84(2)(c) of the Act.

*Contravention of s 81 of the Act – Non-compliance with rule 15.10 of the Rules*

37. In the Relevant Period, Mounties' AML/CTF Program was required, by rule 15.8 of the Rules, to include an enhanced customer due diligence (**ECDD**) program.
38. The ECDD Program was required, by rule 15.10 of the Rules, to include appropriate risk-based systems and controls so that, in cases where one or more of the circumstances set out in rule 15.9 of the Rules were to arise, a reporting entity must undertake measures appropriate to those circumstances as set out under rule 15.10 of the Rules.
39. In the Relevant Period, Mounties' AML/CTF Program contained:
- a. a section on 'Ongoing Customer Due Diligence' including 'Enhanced Customer Due Diligence'; and
  - b. an 'Enhanced Customer Due Diligence (ECDD) Form'.



40. In the Relevant Period, Mounties' ECDD program did not include appropriate risk-based systems and controls as required by rule 15.10 of the Rules for the following reasons:
- a. The ECDD program misstated the circumstances in which ECDD must be applied, because it indicated that the ECDD must be applied in the circumstances described in rule 15.9(1), but without indicating that the same obligation would arise in the circumstances described in rule 15.9(3) and (4).
  - b. The ECDD program stated that customers were normally considered to be low risk, and suggested that a customer need only be the subject of further risk assessment if the AML/CTF Compliance Officer received information about that person that warranted further investigation and the person was recorded on the "Persons of Interest Register".
  - c. The ECDD program introduced limitations not supported by the Rules (and inconsistent with the requirements for ECDD imposed by rule 15.10):
    - i. The ECDD program stated that source of wealth or source of funds checks needed to be conducted only if the person engaged in EGM activity was a foreign Politically Exposed Person (**PEP**) or a high-risk domestic PEP.
    - ii. The ECDD program suggested that a customer would only be considered as other than low risk, and transactions involving that customer would only need to be the subject of enhanced due diligence, if the customer had been included on the "Persons of Interest Register".
  - d. Mounties' ECDD program was vague and insufficiently detailed such that a person referring to the program could not logically follow the steps required to apply ECDD to a customer. In particular:
    - i. The ECDD program provided that the AML/CTF Compliance Officer was to "apply ECDD measures proportionately to the level of risk that [was] determined. Where an individual [was] assessed as being of extremely high risk, a greater degree of ECDD measures shall be applied". However, the ECDD program did not provide for any levels of risk other than a customer's ML/TF Risk being "high". No explanation was provided as to what "extremely high risk" meant nor how it was to be determined.
    - ii. No guidance was provided as to how ECDD measures were to be applied in a manner that was proportionate to the different "level[s] of risk" identified.

41. For the reasons set out at [40] above, in the Relevant Period and on each occasion that it commenced to provide designated services, Mounties contravened s 81 of the Act by reason that it did not have an AML/CTF Program with an ECDD Program that included appropriate risk-based systems and controls in compliance with rules 15.8 and 15.10 of the Rules, as required by s 84(2)(c) of the Act.

**Contraventions of s 82 of the Act – Allegations in the alternative**

42. In the Relevant Period, s 82 of the Act provided that if a reporting entity had adopted a standard AML/CTF program that applied to it, then the reporting entity must comply with Part A (including as varied from time to time).
43. The applicant's primary allegation, set out above, is that the purported AML/CTF Programs of Mounties that existed from time to time during the Relevant Period lacked various defining characteristics of an AML/CTF program, flowing from its non-compliance with s 84(2)(c) of the Act and the Rules.
44. The applicant's secondary allegation, made in the alternative, is that if and to the extent that the purported AML/CTF Program did constitute an AML/CTF program for the purposes of the Act and was adopted and maintained by Mounties from time to time, then Mounties contravened s 82 of the Act by failing to comply with the applicable version of Part A of its own Program as adopted and maintained from time to time.
45. In the Relevant Period, each version of Part A of the Mounties' AML/CTF Program required, amongst other things, that:
- a. all Board members attend AML/CTF training on a biennial basis; and
  - b. Mounties' Learning Management System keep a record of all staff who had completed AML/CTF training including the date upon which each staff member received initial AML/CTF training, refresher AML/CTF training and dates of completion.
46. Mounties contravened s 82 of the Act:
- a. by failing to ensure that all board members attended AML/CTF training on a biennial basis as required by Mounties' AML/CTF Program; and
  - b. by failing to keep a record of all staff who had completed AML/CTF training including the date upon which each staff member received initial AML/CTF

training, refresher AML/CTF training and dates of completion, as required by Mounties' AML/CTF Program.

47. In the Relevant Period, each version of the Mounties' AML/CTF Program required appropriate ECDD to be applied to customers whose ML/TF risk had been identified as "high".
48. By reference to [53] – [61] below, Mounties contravened s 82 of the Act by failing to apply appropriate ECDD to customers who were identified as being of high ML/TF risk to Mounties, as required by Mounties' AML/CTF Program.
49. The customers identified as "high risk" but to whom ECDD was not applied or was not appropriately applied are listed in Confidential Annexure A (**Sample High Risk Customers**).

#### **Contravention of s 36 of the Act**

50. In the Relevant Period, s 36 of the Act required a reporting entity to:
  - a. monitor its customers in relation to the provision of designated services with a view to identifying, mitigating and managing the ML/TF risks that it may reasonably face; and
  - b. do so in accordance with the Rules.
51. Rule 15.9 of the Rules provided that a reporting entity must apply the ECDD program when:
  - a. it determined that the ML/TF risk posed by a customer was high; or
  - b. a designated service was being provided to a customer who was, or had a beneficial owner who was, a foreign PEP; or
  - c. a suspicion had arisen for the purposes of s 41 of the Act, meaning that a suspicious matter reporting obligation had been triggered; or
  - d. the reporting entity entered into a transaction with a party in a prescribed foreign country.



52. Rule 15.10 of the Rules provided that the ECDD program must include appropriate risk-based systems and controls so that, in cases where one or more of the circumstances in rule 15.9 arose, a reporting entity must undertake measures appropriate to those circumstances, including any of the measures set out under rule 15.10.
53. In the Relevant Period, Mounties provided designated services to customers including the 10 customers listed in Confidential Annexure B (**Sample Suspicious Customers**) in respect of whom high ML/TF risk was identified or should have been identified.
54. Each of the Sample Suspicious Customers engaged in, and was identified as having engaged in, one or more of the following high ML/TF risk behaviours:
  - a. engaging in EGM play with high frequency, sometimes on an almost daily basis;
  - b. engaging in EGM play involving high turnovers notwithstanding the customer's personal circumstances and employment status suggesting that the sums involved were suspiciously large;
  - c. receiving high numbers and/or high values of payouts by cheque, sometimes in a short period of time;
  - d. engaging in suspicious or unusual gambling activity including inserting large sums of bank notes into EGMs with minimal or no betting activity;
  - e. giving or receiving cash from other patrons;
  - f. collecting tickets from, or giving tickets to, other patrons in order to redeem those tickets; and
  - g. engaging in conduct that prompted investigations by Liquor and Gaming NSW.
55. Seven of the Sample Suspicious Customers were the subject of suspicious matter reports that Mounties submitted to the AUSTRAC CEO in accordance with s 41 of the Act.
56. Eight of the Sample Suspicious Customers were identified by Mounties as being high risk of ML/TF.
57. Two of the Sample Suspicious Customers were not identified by Mounties as being high risk of ML/TF but should have been so identified having regard to their gambling activities being inconsistent with or not supported by their reported source of wealth or source of funds.



58. Mounties did not conduct appropriate source of wealth or source of funds checks in relation to any of the Sample Suspicious Customers to be reasonably satisfied that the customers' gambling activities were consistent with or supported by their source of wealth or source of funds.
59. Notwithstanding the matters set out at [54] to [58] above, Mounties provided designated services to the Sample Suspicious Customers during the Relevant Period without carrying out appropriate ongoing due diligence, including appropriate ECDD.
60. In the Relevant Period, none of the Sample Suspicious Customers was subject to appropriate ECDD as required by rules 15.9 and 15.10 of the Rules by reason of one or more of the factors set out below:
- a. the customers were not appropriately risk-rated;
  - b. the customers were not subject to (or subject to appropriate) source of wealth or source of funds checks;
  - c. the customers were not subject to appropriate transaction monitoring; and / or
  - d. the customers were not subject to senior management review (or appropriate senior management review) to determine whether an ongoing business relationship ought to be maintained with them having regard to the ML/TF risk that they posed to Mounties.
61. In the Relevant Period, the Sample Suspicious Customers collectively:
- a. had turnover<sup>2</sup> in excess of \$139,855,108 from EGM play; and
  - b. had payouts in excess of \$10,464,856.
62. By reason of the matters set out at [53] – [61] above, Mounties contravened s 36 of the Act by:
- a. failing to monitor any of the Sample Suspicious Customers with a view to identifying, mitigating and managing the ML/TF Risk that they posed; and
  - b. by failing to monitor any of the Sample Suspicious Customers in accordance with the Rules.

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<sup>2</sup> In the EGM industry context, turnover means the total amount wagered including any re-invested winnings.

## **B. THE RELIEF SOUGHT FROM THE COURT**

63. The Applicant seeks the following relief from the Court, as detailed in the Originating Application:

- a. declaratory relief under s 21 of the *Federal Court of Australia Act 1976* (Cth);
- b. orders for civil pecuniary penalties under s 175 of the Act; and
- c. costs.

## **C. THE PRIMARY LEGAL GROUNDS FOR THE RELIEF SOUGHT**

64. For the reasons detailed above, Mounties contravened s 81 of the Act on each occasion throughout the Relevant Period when it commenced to provide a designated service to a customer, because Mounties had not, at each such point in time, adopted and maintained an AML/CTF program that met the statutory definition of such a program.

65. In the alternative, if and to the extent that the AML/CTF programs adopted and maintained by Mounties did meet the statutory definition of such a program, Mounties contravened s 82 of the Act throughout the Relevant Period by failing to comply with Part A of the program, for the reasons detailed above.

66. Throughout the Relevant Period in its dealings in relation to the Sample Suspicious Customers, for the reasons detailed above, Mounties contravened s 36 of the Act by:

- a. failing to monitor any of the Sample Suspicious Customers with a view to identifying, mitigating and managing the ML/TF Risk that they posed; and
- b. by failing to monitor any of the Sample Suspicious Customers in accordance with the Rules.

67. Each contravention attracts a maximum civil penalty between \$21,000,000 and \$31,300,000.

## **D. THE ALLEGED HARM SUFFERED**

68. Mounties operates in an industry known to pose high ML/TF risks. EGMs constitute a money laundering risk because they primarily accept cash and because cash continues to be the primary method by which criminals obtain wealth from dealing in illicit commodities.

69. In the period 1 July 2019 to 30 June 2023, Mounties' EGM revenue ex GST for this period was \$459,158,462. Mounties' main venue, in Mount Pritchard, is ranked 3rd in overall number of EGMs but is ranked 1st in net profit per machine. Further, in the period 1 July 2019 to 30 June 2023, the total EGM deposits, being the total amount of money staked for gaming play by Mounties customers, was \$4,170,057,016.
70. Mounties' non-compliance with the Act and Rules meant that, over a prolonged period, there was a high risk of ML/TF occurring, involving very large sums of money, through the use of Mounties' EGMs and related services, and that risk was not addressed adequately or at all. As a consequence of Mounties' contraventions of the Act, the Australian community and Australia's financial systems have been exposed to systemic ML/TF Risk over many years.
71. In the Relevant period Mounties served innumerable customers without adequate controls. The Sample Suspicious Customers alone had turnovers in excess of \$139,855,108 and payouts in excess of \$10,464,856. In spite of Mounties being aware of the high ML/TF Risk posed by the Sample Suspicious Customers, Mounties either failed to consider whether ongoing business relationships ought be maintained with the customers or concluded that ongoing business relationships ought be maintained notwithstanding the ML/TF Risk posed by the customers.
72. As a result of the conduct set out above, Mounties permitted extremely large sums of money to be gambled by customers using its designated services without any, or without any adequate, monitoring of ML/TF Risk or measures to address that risk.
73. Mounties' contraventions of s 36, s 81 and/or s 82 of the Act were reflective of long-standing, systemic deficiencies in Mounties' approach to its AML/CTF responsibilities. Mounties' failure to comply with the Act and Rules occurred in circumstances where its operations were profitable and expanding in the pubs and clubs sector. Further, over a number of years, Mounties has avoided having to expend funds that should have been invested in developing its AML/CTF Program such that it complied with the Act and Rules.

This Concise Statement was prepared by Winnie Liu of counsel and settled by Robert Yezerski SC of counsel.

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**ANNEXURE A: Sample High Risk Customers**

<b>Customer No.</b>	<b>Name of Customer</b>	<b>Mounties Membership No.</b>
1.	Redacted	
2.		
3.		
4.		
5.		
6.		
7.		
8.		



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**ANNEXURE B: Sample Suspicious Customers**

<b>Customer No.</b>	<b>Name of Customer</b>	<b>Mounties Membership No.</b>
1.	Redacted	
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

**Certificate of lawyer**

I Thomas Litchfield Jarvis certify to the Court that, in relation to the statement of claim filed on behalf of the Applicant, the factual and legal material available to me at present provides a proper basis for each allegation in the pleading.

Date: 30 July 2025



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Signed by Tom Jarvis

Lawyer for the Applicant