

NOTICE OF FILING

Details of Filing

Document Lodged:	Defence - Form 33 - Rule 16.32
Court of Filing	FEDERAL COURT OF AUSTRALIA (FCA)
Date of Lodgment:	27/10/2025 10:44:06 AM AEDT
Date Accepted for Filing:	27/10/2025 2:06:47 PM AEDT
File Number:	NSD1814/2024
File Title:	CHIEF EXECUTIVE OFFICER OF THE AUSTRALIAN TRANSACTION REPORTS AND ANALYSIS CENTRE v ENTAIN GROUP PTY LTD ACN 151 956 768
Registry:	NEW SOUTH WALES REGISTRY - FEDERAL COURT OF AUSTRALIA



Sia Lagos

Registrar

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Defence

No. NSD1814 of 2024

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

ENTAIN GROUP PTY LTD ACN 151 956 768

Respondent

Filed on behalf of (name & role of party)	Entain Group Pty Ltd, the Respondent
Prepared by (name of person/lawyer)	James Campbell & Peter Haig
Law firm (if applicable)	Allens
Tel	(02) 9230 4000 & (03) 9613 8289
Fax	(02) 9230 5333
Email	james.campbell@allens.com.au & peter.haig@allens.com.au
Address for service (include state and postcode)	Allens, Deutsche Bank Place, Level 28, 126 Phillip St, Sydney NSW 2000

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As to the allegations in the Amended Statement of Claim filed by the Applicant on 19 August 2025 (**SOC**), Entain says as follows:

- A. Headings are used for convenience only. They do not form part of the Respondent's defence to the SOC.
- B. In accordance with principle and usual practice, the Respondent generally does not plead to the particulars to any paragraph of the SOC. However, at times the Respondent has done so, in order to better identify the facts in issue.
- C. Where the Respondent has not pleaded to a particular to any paragraph of the SOC, the absence of such response should not be taken to be an admission of any fact alleged in those particulars.
- D. Unless the context requires otherwise, the Respondent adopts the defined terms used in the SOC, but does not admit any factual assertions contained in or implied by the use of those terms.
- E. The admissions and allegations in this defence are made for the purposes of these proceedings only.

A. PARTIES

A.1 The Chief Executive Officer of AUSTRAC

- 1 Entain admits paragraph 1.
- 2 Entain admits paragraph 2.

A.2 Entain Group Pty Ltd

- 3 Entain admits paragraph 3.

B. DESIGNATED SERVICES

B.1 Background: overview of Entain's business

- 4 Entain admits paragraph 4.
- 5 Entain admits paragraph 5.
- 6 Entain refers to and repeats paragraph 10 of this Defence and otherwise admits paragraph 6, but, in relation to subparagraph (b), says that those services were provided where those accounts were not suspended and were active.

Particulars

Year	Open accounts	Active accounts
2019	1,270,282	592,165
2020	1,498,854	613,233
2021	1,722,644	667,626
2022	1,901,689	698,454

2023	1,979,948	648,997
2024	2,091,976	631,293

7 Entain admits paragraph 7 and:

- (a) refers to and repeats 69 to 73, 147 to 151, and 182 of this Defence;
- (b) says further that during the Relevant Period:
 - (i) 27 of Entain's customers were non-natural persons (including companies or incorporated associations); and
 - (ii) 28 individuals to whom Entain provided services via the betting accounts used a pseudonym.

8 Entain admits paragraph 8.

9 Entain admits paragraph 9.

10 In response to paragraph 10, Entain:

- (a) refers to and repeats paragraphs 11, 12, 13, 15, 154, 155 and 156, below;
- (b) in relation to subparagraph (d), says further that Entain required that only turned over funds could be withdrawn; and
- (c) otherwise admits the paragraph.

11 In response to paragraph 11, Entain:

- (a) admits subparagraph (a), (c)-(d), (l), (n)-(q);
- (b) admits subparagraph (b), save that, in relation to subparagraph (b)(i)(D), Entain says that Apple Pay was available throughout the Relevant Period, but was not available between 17 September 2019 and 11 February 2020 for Ladbrokes, Bookmaker and Betstar; and
- (c) admits subparagraph (e), but says that the CBA ATM Channel was available to customers who had access to a CBA ATM, and not just CBA customers;
- (d) admits subparagraph (f), but says that:
 - (i) the QR code referred to at subparagraph (f)(i) could only be generated from the Entain App referable to a Ladbrokes or Neds branded betting account; and
 - (ii) while the customer's betting account was credited immediately, Banktech would deposit the amounts into an Entain bank account bi-weekly;
- (e) admits subparagraph (g), and says further that a deposit could be made through a Cash-in Program at least by way of cash or electronic deposit;
- (f) admits subparagraph (h), but says that:
 - (i) the reference to 2 July 2024 should be a reference to 1 July 2024; and
 - (ii) no management approval was granted from 20 December 2022;
- (g) admits subparagraph (i), but says that:

- (i) the reference to 2 July 2024 should be a reference to 1 July 2024; and
 - (ii) no management approval was granted from 20 December 2022;
 - (h) admits subparagraph (j), save that Entain does not know and cannot admit the means by which a voucher was purchased from one of various merchants as pleaded at subparagraph (j);
 - (i) admits subparagraph (k), save that Entain does not know and cannot admit the means by which a person purchased a prepaid card from a Cash-in retail venue; and
 - (j) admits subparagraph (m), save that Entain says that this functionality was only available in respect of cards created prior to July 2019, which expired up until 22 February 2022.
- 12 In response to paragraph 12, Entain:
- (a) says that Entain had system limits for bets placed on sporting and racing events;
 - (b) says that bets exceeding the system limits as referred to above in subparagraph (a) were referred to Entain's Trading team for review and potential approval; and
 - (c) otherwise admits the paragraph.
- 13 Entain admits paragraph 13.
- 14 In response to paragraph 14, Entain:
- (a) admits subparagraph (a); and
 - (b) denies subparagraph (b), and says that:
 - (i) under Entain's Punt Club Affiliate program, a nominated Club Captain could give an instruction to Entain for the transfer of an amount of money from the Member Club betting account, provided that members of the Member Club agreed to that withdrawal;
 - (ii) Entain required that only turned over funds could be withdrawn; and
 - (iii) during the Relevant Period, Entain engaged two affiliates (Punt Club Pty Ltd and The Great Tip Off) as part of Entain's Punt Club Affiliate program.
- 15 In response to paragraph 15, Entain:
- (a) in relation to subparagraph (a):
 - (i) admits subparagraphs (a)(i), (ii), (iii), (iv) and (vi); and
 - (ii) in relation to subparagraph (a)(v), says that Entain could give effect to the instruction described at paragraph 14(a) of the SOC by debiting the customer's betting account and transferring the amount of money by a non-negotiable cheque, and otherwise admits subparagraph (a)(v);
 - (b) in relation to subparagraph (b):
 - (i) says that the method pleaded at subparagraph (b) was the means by which Entain could give effect to the instruction described at paragraph

14(b) of this Defence (as opposed to subparagraph 14(b) of the SOC);
and

(ii) otherwise admits the subparagraph.

16 [not used]

17 [not used]

18 [not used]

19 [not used]

20 [not used]

21 [not used]

22 [not used]

B.2 Table 3 of s 6 of the Act: gambling services

23 In response to paragraph 23, Entain:

(a) refers to and repeats paragraphs 3 to 15 of this Defence; and

(b) otherwise admits the paragraph.

**C. MONEY LAUNDERING AND TERRORISM FINANCING RISKS REASONABLY
FACED BY ENTAIN**

24 Entain admits paragraph 24, but says the matters and/or risks identified at
subparagraphs (a) to (l) of the SOC were inherent ML/TF Risks.

25 In response to paragraph 25, Entain:

(a) refers to and repeats paragraph 24 of this Defence; and

(b) admits the paragraph, but says the matters referred to in subparagraphs (a) to
(e) of the SOC were inherent ML/TF Risks.

26 In response to paragraph 26, Entain:

(a) refers to and repeats paragraphs 24 and 25 of this Defence; and

(b) admits the paragraph, but says the risk identified at paragraph 26 of the SOC
was an inherent ML/TF Risk.

**D. THE ANTI-MONEY LAUNDERING/COUNTER-TERRORISM FINANCING
PROGRAM**

27 Entain admits paragraph 27.

28 Entain admits paragraph 28.

29 Entain admits paragraph 29.

E. ENTAIN'S 'PART A PROGRAM'

30 In response to paragraph 30, Entain says that:

(a) during the Relevant Period, had written documents as pleaded at
subparagraphs (a)-(j) of the SOC;

(b) says that the documents pleaded at subparagraphs (a)-(j) of the SOC did in
fact comprise Part A of an AML/CTF program; and

(c) otherwise denies the paragraph.

31 In response to paragraph 31, Entain:

(a) says that during the Relevant Period, Entain's 'Part A Program' included, incorporated or was supported by the systems, controls, policies and/or procedures, as varied from time to time, pleaded at subparagraphs (a) to (bb), but says that:

(i) in relation to (f), Entain's 'ECDD Program' comprised of:

(A) from the beginning of the Relevant Period to 16 October 2023, the 'ECDD Procedure'; and

(B) from 17 October 2023, the 'ECDD Procedure' and the 'Enhanced Customer Due Diligence (**ECDD**) Standard';

(ii) the ML/TF Risk Assessment Model pleaded at subparagraph (aa) was referred to as Artic Intelligence, which formed part of Entain's Enterprise Wide Risk Assessment; and

(iii) the 'Employee Due Diligence Procedure' pleaded at subparagraph (bb) was referred to as the 'Employee Due Diligence Standard';

(b) in relation to subparagraph (n), says further that the 'Part A Program' included, incorporated or was supported by the Governance and Oversight Framework from September 2023;

(c) in relation to subparagraph (r), says that the 'Part A Program' included, incorporated or was supported by the AML Training Manual from January 2021;

(d) says further that Entain's AML/CTF Program was supported by the following additional documents:

(i) ML/CTF Training Standard (from November 2024);

(ii) Ongoing Customer Due Diligence Standard (from December 2024);

(iii) Quality Assurance Framework (from January 2024);

(iv) SMR Review and Submission Process (from August 2023);

(v) Adverse Media Matrix (from December 2024);

(vi) Data Retention Policy (from May 2021);

(vii) Risk Management Framework (from June 2023);

(viii) Business Partnership Agreement Procedure for the Establishment, Identification and Verification Non-individual Customer Onboarding Procedure (from October 2023); and

(ix) Further KYC Procedure (from November 2024); and

(e) otherwise denies the paragraph.

F. THE ASSESSMENT OF ML/TF RISKS

32 In response to paragraph 32, Entain:

- (a) says that r 8.1.3 of the Rules states that some of the requirements specified in the Rules may be complied with by Entain putting in place appropriate risk-based systems or controls, and that when determining and putting in place appropriate risk-based systems or controls, Entain must have regard to the nature, size and complexity of its business and the type of ML/TF risk that it might reasonably face; and
- (b) otherwise denies the paragraph.

33 Entain admits paragraph 33.

34 Entain admits paragraph 34.

35 Entain admits paragraph 35.

F.1 Entain's Risk Register

36 Entain admits paragraph 36 and says further that:

- (a) in July 2020, Entain engaged Murray Waldren Consulting (**MWC**) to perform an independent review of its 'Part A Program' in accordance with r 8.6.5 of the Rules (**2020 Review**);
- (b) the findings of the review were set out in MWC's report finalised in October 2020; and
- (c) MWC found, inter alia, Entain's Risk Register gave a 'reasonable overview' of Entain's risk profile and justification for the residual risk rating.

37 In response to paragraph 37, Entain:

- (a) admits subparagraph (a);
- (b) in relation to subparagraph (b):
 - (i) says that from 1 October 2020 to 19 August 2024, Entain's Risk Register:
 - (A) set out numerical ratings for the initial (or inherent) risk 'Likelihood' and 'Impact' for each identified risk in the General Risks and Categorical Risks tabs;
 - (B) set out a numerical rating for the initial risk 'Score' for risks identified in the Categorical Risks tab; and
 - (C) set out initial risk 'Scores' of 'low', 'low-medium', 'medium', 'medium-high', and 'high' for risks identified in the General Risks tab; and
 - (ii) otherwise denies the subparagraph;
- (c) in relation to subparagraph (c):
 - (i) says that from 1 October 2020 to 19 August 2024, Entain's Risk Register set out 'Risk Tolerance' with respect to each risk identified in the General Risks tab and Categorical Risks tabs as either 'low', 'low-medium', or 'medium';
 - (ii) says further that from 2 July 2021 onwards, Entain's Risk Register set out a 'Risk Tolerance' with respect to each risk identified as a Deposit and Withdrawal Method Risk as 'low-medium'; and

- (iii) and otherwise denies the subparagraph;
- (d) admits subparagraph (d), but says that Entain's Risk Register described these 'Treatment Controls' and 'Mitigating Actions' from 1 October 2020 to 19 August 2024;
- (e) in relation to subparagraph (e):
 - (i) says that from 1 October 2020 to 19 August 2024, Entain's Risk Register set out a numerical rating for the 'Likelihood' and 'Impact' score with respect to each 'treated' risk identified as General Risks, Categorical Risks and Deposit and Withdrawal Method Risks;
 - (ii) says that from 1 October 2020 to 19 August 2024, Entain's Risk Register set out a rating of 'low', 'low-medium', or 'medium' for the 'Residual Risk' with respect to each 'treated' risk identified as General Risks, Categorical Risks and Deposit and Withdrawal Method Risks; and
 - (iii) otherwise denies the subparagraph.
- (f) admits subparagraph (f);
- (g) admits subparagraph (g), but says that Entain's Risk Register rated the 'Residual Risk' of each such risk from 1 October 2020 to 19 August 2024; and
- (h) admits subparagraph (h), and says further that from 1 October 2020 to 19 August 2024, Entain's Risk Register described 'Future Considerations' with respect to General Risks;
- (i) says that the updates to the Risk Register from October 2020 reflected the findings of MWC's report, with the updates including amongst other matters adding:
 - (i) a 'Categorical Risks' tab to include Entain's assessment of certain jurisdiction, channel, product and customer risks (as set out in paragraph 37(a), Particular 3, of the SOC);
 - (ii) a 'Feedback & Regulatory Insight' tab which was intended to capture regulatory feedback and insights, including commentary from Entain regarding how that guidance may apply to its business and the actions Entain took to address that feedback;
 - (iii) a 'Change Risk Assessment' tab to describe change risk assessments performed by Entain; and
 - (iv) additional ML/TF vulnerabilities in the General Risks tab; and
- (j) says further that MWC conducted a follow up review of Entain's Part A Program in June 2021, including of Entain's Risk Register, and concluded, inter alia, that there had been 'significant progress', that its recommendations from the 2020 review had largely been addressed 'with no indications of compliance deficiencies', and that the Risk Register had been updated to contain the 'required risk categories'.

38 In response to paragraph 38, Entain:

- (a) refers to and repeats paragraphs 36 and 37 of this Defence;

- (b) says that through the Entain Risk Register, and for the purposes of its 'Part A Program', during the Relevant Period, Entain did:
 - (i) identify, and assess the ML/TF Risks of providing designated services; and
 - (ii) list the “risk-based systems and controls” that it applied to the ML/TF Risks it had “identified and assessed”; and
- (c) otherwise denies the paragraph.

39 Entain admits paragraph 39.

40 Entain admits paragraph 40.

F.2 The 2024 'ML/TF Risk Assessment' Report

41 In response to paragraph 41, Entain:

- (a) says that Entain commenced using the external platform in January 2023 and continues to use the external platform;
- (b) says that the external platform assessed the ML/TF Risks faced by Entain with respect to the provision of designated services;
- (c) further or alternatively to subparagraph (b) above, says that through the period of time which it used the external platform, Entain reasonably believed the external platform was capable of assessing, and from 20 August 2024 did assess the ML/TF Risks faced by Entain with respect to the provision of designated services; and

Particulars

1. Arctic Intelligence – SaaS License Proposal (Risk Assessment Platform) and license agreement dated 28 December 2022.
2. 2024 “ML/TF Risk Assessment” Report.

- (d) otherwise denies the paragraph.

42 Entain admits paragraph 42.

43 In response to paragraph 43:

- (a) in relation to sub-paragraph (b), says that the 2024 “ML/TF Risk Assessment” Report formed part of Entain’s AML/CTF framework; and
- (b) otherwise admits the paragraph.

44 In response to paragraph 44, Entain:

- (a) says that the 2024 “ML/TF Risk Assessment” Report did assess, perform and determine the matters set out in sub-paragraphs (a)-(c), respectively, of the SOC; and
- (b) otherwise denies the paragraph.

45 Entain admits paragraph 45.

46 Entain admits paragraph 46.

47 Entain admits paragraph 47.

48 Entain admits paragraph 48.

49 Entain admits paragraph 49.

50 Entain admits paragraph 50.

F.3 The deficiencies in Entain's ML/TF Risk assessments

51 In response to paragraph 51, Entain:

- (a) refers to and repeats paragraphs 24 to 26 of this Defence; and
- (b) otherwise admits the paragraph.

52 In response to paragraph 52, Entain:

- (a) refers to and repeats paragraphs 36 to 38 of this Defence;
- (b) in relation to subparagraph (a)(i):
 - (i) says that Entain was under no legal obligation to ensure that, during the Relevant Period, its Risk Register 'comprehensively' identified or assessed the ML/TF Risks reasonably faced by Entain with respect to the designated services provided by Entain;
 - (ii) otherwise denies the subparagraph.
- (c) in relation to subparagraph (a)(ii):
 - (i) repeats subparagraph (b)(i), above;
 - (ii) admits that, from 16 December 2018 to 19 August 2024, Entain's Risk Register did not appropriately identify or assess the inherent ML/TF Risks with respect to the following channels through which designated services were provided by Entain:
 - (A) EFT from an international bank account;
 - (B) international credit cards;
 - (C) Zepto;
 - (D) CBA ATM cash deposits; and
 - (E) deposits to Member Club betting accounts; and
 - (iii) otherwise denies the subparagraph;
- (d) in relation to subparagraph (a)(iii):
 - (i) repeats subparagraph (b)(i), above;
 - (ii) admits subparagraph (a)(iii) for the period from 16 December 2018 until 30 September 2020; and
 - (iii) otherwise denies the subparagraph;
- (e) in relation to subparagraph (a)(iv):
 - (i) repeats subparagraph (b)(i), above;
 - (ii) admits subparagraph (a)(iv) for the period from 16 December 2018 to 30 September 2020; and
 - (iii) otherwise denies the subparagraph;
- (f) admits subparagraphs (b) for the period from 16 December 2018 to 19 August 2024, and otherwise denies this subparagraph;

- (g) in relation to subparagraph (c), Entain:
 - (i) refers to and repeats subparagraphs (c) to (f), above;
 - (ii) admits the subparagraph for the period from 16 December 2018 to 19 August 2024; and
 - (iii) otherwise denies the subparagraph;
- (h) in relation to subparagraph (d):
 - (i) admits subparagraph (d) for the period from 18 December 2018 to 19 August 2024;
 - (ii) says further that:
 - (A) in May 2021, Entain developed a quality assurance program in response to MWC's 2020 recommendation that Entain document the first and second line oversight or assurance measures in place to measure the effectiveness of its AML/TF program and to ensure that documentation was saved correctly;
 - (B) MWC did not otherwise make any recommendations in relation to Entain's controls and/or mitigating actions in Entain's Risk Register until September 2022, when MWC:
 - (1) noted that the controls listed to mitigate identified risks were not rated in terms of their effectiveness which in turn should be justified with control testing outcomes; and
 - (2) recommended that Entain consider whether the residual risk scores could be justified in line with AUSTRAC's regulatory focus and industry incidents; and
 - (3) Entain incorporated MWC's September 2022 recommendations as part of its uplift program in its 2024 Risk Assessment; and
 - (iii) otherwise denies the subparagraph;
- (i) in relation to subparagraph (e):
 - (i) admits subparagraph (e) for the period from 16 December 2018 to 19 August 2024;
 - (ii) refers to and repeats subparagraph (h)(ii)(B), above; and
 - (iii) otherwise denies the subparagraph.
- (j) in relation to subparagraph (f), Entain:
 - (i) admits subparagraph (f) for the period from 16 December 2018 to 19 August 2024;
 - (ii) says further that:
 - (A) in 2020, MWC stated that Entain's Risk Register gave a 'reasonable overview of [Entain's] risk profile and justification for the residual risk assessment rating'; and

- (B) refers to and repeats subparagraph (h)(ii)(B), above; and
- (iii) otherwise denies the subparagraph.

53 In response to paragraph 53, Entain:

- (a) refers to and repeats paragraphs 43(c) and 52 of this Defence;
- (b) admits that the matters identified in paragraph 52 of the Defence above regarding Entain's Risk Register impacted its ability to assess the overall ML/TF Risk relating to the provision of its designated services for the period 16 December 2018 to 19 August 2024;
- (c) says that Entain's AML/CTF program provided a reasonable basis for the matters pleaded at paragraphs 53(a)-(b) of the SOC; and
- (d) otherwise denies the paragraph.

54 In response to paragraph 54:

- (a) in relation to sub-paragraphs (k) and (l), Entain says that:
 - (i) the only jurisdiction relevant to its business operations and/or customers as at 20 August 2024, being the date of the 2024 'ML/TF Risk Assessment' Report, was Australia;
 - (ii) it assessed the inherent jurisdiction ML/TF Risk for Australia as 'low';
 - (iii) in accordance with the ML/TF Risk Assessment Methodology Entain did not calculate a residual ML/TF risk score for jurisdiction risk because customer, product and channel risk areas all incorporate jurisdictional risk;
 - (iv) it:
 - (A) assessed the effectiveness of its controls in a spreadsheet titled 'Indicative Controls Effectiveness Assessment – Entain Australia'; and
 - (B) considered, among other things, whether each of its controls mitigated inherent jurisdiction risk or managed residual jurisdiction risk;
- (b) otherwise denies the paragraph.

55 In response to paragraph 55 of the SOC, Entain:

- (a) refers to and repeats paragraphs 51-54 of this Defence;
- (b) admits subparagraphs (a)-(d) for the period from 16 December 2018 to 19 August 2024; and
- (c) otherwise denies the paragraph.

56 Entain admits paragraph 56.

57 In response to paragraph 57, Entain:

- (a) refers to and repeats paragraphs 32, 55 and 56 of this Defence;
- (b) admits that by reason of the matters admitted at paragraphs 55 and 56 of this Defence:

- (i) from 16 December 2018 to 19 August 2024, Entain's 'Part A Program' did not comply with rr 8.1.3 and 8.1.4 of the Rules and therefore did not comply with s 84(2)(c) of the Act; and
- (ii) from 16 December 2018 to 26 August 2024, Entain's 'Part A Program' did not comply with rr 8.1.5(3), 8.1.5(4) and 8.1.6 of the Rules and therefore did not comply with s 84(2)(c) of the Act; and
- (c) otherwise denies the paragraph.

G. CONTROLS IN ENTAIN'S 'PART A PROGRAM' ON DEPOSITS THROUGH INWARD PAYMENT CHANNELS AND WITHDRAWALS THROUGH OUTWARD PAYMENT CHANNELS

G.1 Limits on deposits of money into betting accounts

58 Entain admits paragraph 58.

59 In response to paragraph 59, Entain:

- (a) denies subparagraph (b) and says the pleaded transaction limit started at the beginning of the Relevant Period;
- (b) in relation to subparagraph (d), admits the paragraph and says that the relevant bank through which the cash deposit was made bore the onus of undertaking KYC measures; and
- (c) in relation to subparagraph (e), says that deposit limits were applied at the point of deposit into an individual member's betting account, not at the point of the transfer of funds into the Member Club betting account; and
- (d) otherwise admits the paragraph.

60 In response to paragraph 60, Entain:

- (a) admits subparagraph (a) and says that the pleaded transaction limit in respect of Zepto was introduced on 21 April 2021;
- (b) in relation to subparagraph (b), says:
 - (i) in relation to debit cards and credit cards:
 - (A) from the start of the Relevant Period until October 2019, there was a single transaction limit of \$25,000;
 - (B) from October 2019 to the end of the Relevant Period, there was a single transaction limit of \$500,000; and
 - (C) says further that the relevant banks that issued the debit and credit card may have imposed their own lower single transaction limits than those described in subparagraphs (A) and (B);
 - (ii) in relation to Apple Pay, says:
 - (A) the pleaded transaction limit of \$25,000 was introduced before the start of the Relevant Period; and
 - (B) the pleaded transaction limit of \$100,000 was introduced on 6 March 2023;

- (iii) the pleaded transaction limit in respect of Google Pay was introduced on 28 March 2023; and
 - (iv) admits the transaction limit for POLi, but says POLi ceased being available as a payment channel in September 2023; and
 - (v) otherwise admits the subparagraph;
- (c) denies subparagraph (c), and says that transaction limits were imposed by CBA, not Entain;
- (d) in relation to subparagraph (d), says that a single transaction limit of \$2,500 in respect of the Banktech ATM Channel was introduced on 7 September 2020 until 30 September 2023, when the payment channel was discontinued;
- (e) admits subparagraph (e), but says that the Cash-in Terminal (retail venue) Channel was discontinued on 4 June 2024;
- (f) admits subparagraph (f), but says that:
 - (i) the pleaded transaction limit was changed to \$2,500 on 28 April 2020; and
 - (ii) the Cash-in Terminal (BDM) Channel ceased operation in December 2022 and was formally discontinued on 2 July 2024;
- (g) admits subparagraph (g), but says the pleaded transaction limit in subparagraph (g)(ii) applied from 21 November 2022 to 19 December 2022 and no cash deposits were accepted thereafter;
- (h) admits subparagraph (h), but says that customers could no longer purchase Flexepin Vouchers from a merchant for use with Entain from 2 January 2023;
- (i) admits subparagraph (i), but says that the Prepaid Card Channel was discontinued on 4 June 2024;
- (j) admits subparagraph (j), but says that Betstar and Bookmaker branded Mastercards were discontinued on 22 February 2023;
- (k) admits subparagraph (k), but says that the Neds cash Top-Up card was only available from May 2019 to 23 February 2022;
- (l) in relation to subparagraph (l), says that:
 - (i) the same single transaction limits for credit cards and debit cards as described at subparagraph 60(b)(i)(A) to (C) of this Defence applied to debit and credit card deposits via telephone; and
 - (ii) the telephone service was discontinued on 11 June 2024; and
- (m) denies subparagraph (m).

61 In response to paragraph 61, Entain:

- (a) in relation to subparagraph (a), says Zepto was introduced on 21 April 2021;
- (b) in relation to subparagraph (b)(i), says that Google Pay was introduced on 28 March 2023;

- (c) in relation to subparagraph (c), says that the pleaded daily transaction limits in respect of cash deposits through the Bank Branch Channel were set by the relevant bank, rather than Entain;
- (d) in relation to subparagraph (d), says that Banktech ATM Channel was introduced on 7 September 2020 and discontinued in September 2023;
- (e) in relation to subparagraph (h), says that customers could no longer purchase Flexepin Vouchers from a merchant for use with Entain from 2 January 2023;
- (f) in relation to subparagraph (j), says that deposit limits were applied at the point of deposit into an individual member's betting account, not at the point of the transfer of funds from the individual member's betting account into the Member Club betting account; and
- (g) otherwise admits the paragraph.

62 In response to paragraph 62, Entain:

- (a) admits subparagraph (a), but says that POLi was discontinued in September 2023;
- (b) denies subparagraph (b), and says that transaction limits were imposed by CBA, not Entain;
- (c) admits subparagraph (c), but says that the Cash-in Terminal (retail venue) Channel was discontinued on 4 June 2024;
- (d) admits subparagraph (d), but says that the Cash-in Terminal (BDM) Channel:
 - (i) was in practice only operated by BDMs who were employed by Entain, who were authorised to use Cash-In Terminals; and
 - (ii) ceased being used as a payment channel in December 2022, and was formally discontinued on 2 July 2024;
- (e) admits subparagraph (e), but says that the Sight Unseen Channel was discontinued on 20 December 2022; and
- (f) admits subparagraph (f), but says that Betstar and Bookmaker branded Mastercards were discontinued on 22 February 2023.

63 Entain admits paragraph 63.

64 In response to paragraph 64, Entain:

- (a) admits that its 'Part A Program' did not include or incorporate risk-based controls to stop or prevent transactions outside the limits identified at subparagraphs 62(c) and (d) of the SOC from the beginning of the Relevant Period until 4 June 2024 (for the Cash-in Terminal (retail venue) Channel) and until December 2022 (for the Cash-in Terminal (BDM) Channel);
- (b) says that in relation to both the Cash-in Terminal (retail venue) Channel (throughout the Relevant Period until 4 June 2024) and the Cash-in Terminal (BDM) Channel (throughout the Relevant Period until December 2022):
 - (i) Cash-In Terminals were 'hard coded' to prevent customers from exceeding single transaction limits;

- (ii) deposits through Cash-in Terminals exceeding the daily transactional limit appeared:
 - (A) from the start of the Relevant Period to February 2022, in the daily Cash-in Suspicious Report;
 - (B) from April 2020, in the weekly or monthly Flexepin and Cashin Use Report (referred to as the Blueshyft Cashin Top Deposits Report from March 2023); and
 - (C) from September 2021, in the daily Potential Cash Based Activity Report;
 - (c) says further that for the Cash-in Terminal (BDM) Channel, from April 2020, daily transaction limits were contained in the Sight Unseen Procedure, which:
 - (i) noted the daily transactional limits that applied to deposits via the Cash-in Terminal (BDM) Channel;
 - (ii) from 27 July 2020, required BDMs to take a photograph of the cash received (clearly showing the quantity of cash), and email that photograph to the AML Team, confirming that they had credited the funds to the customer's account using the Cash-in Terminal (noting the customer account and amount); and
 - (iii) was mandatory for BDMs to comply with as part of their employment with Entain, with any changes to the Sight Unseen Procedure communicated to BDMs as required including through annual BDM training sessions;
 - (d) says further that Entain is not aware of any instances where a customer exceeded the daily transaction limits applied to the Cash-in (BDM) Terminal Channel; and
 - (e) otherwise denies the paragraph.
- 65 Entain admits paragraph 65 and says further that deposit limits were applied at the point of deposit into an individual member's betting account, not the point of transfer of funds from an individual member's betting account into the Member Club betting account.
- 66 In response to paragraph 66, Entain:
- (a) refers to and repeats paragraphs 24, 25, 32, 59, 60, 61 and 62 of this Defence;
 - (b) in relation to subparagraphs (b) and (d), says that in relation to the CBA ATM Channel, any transaction limits were set by CBA and not within Entain's control;
 - (c) says that the imposition of single, daily and weekly transaction limits is not mandated by rr 8.1.3 and 8.1.4 of the Rules, which required a reporting entity to put in place appropriate risk-based systems or controls having regard to the nature, size and complexity of its business and the type of ML/TF risks that it might reasonably face;

- (d) says that it was not practicable for Entain to impose additional or lower transaction limits in the manner described at subparagraphs 66(a), (b), (c), (d), (e) and (f) of the SOC, having regard to the nature of Entain's business;
- (e) says further that Entain utilised other risk based systems and controls to mitigate and manage the ML/TF Risks identified in paragraphs 24 and 25, including:
 - (i) reviewing the Transaction Monitoring reports, as described in paragraph 252 of this Defence;
 - (ii) ECDD triggers where transactions via cash-based payment methods exceeded the quantitative transaction thresholds described at paragraph 359(e) of this Defence, or where accounts appeared on Entain's High Value Transaction Report in the circumstances described at paragraph 359(a) of this Defence;
 - (iii) additional controls on third-party payment channels, including as described at paragraphs 64, 124, 133, 144 and 179 of this Defence;
 - (iv) customer verification requirements during onboarding, as described at paragraph 70 of this Defence; and
 - (v) some controls preventing customers from opening or transacting on betting accounts outside Australia, as described at paragraphs 72, 74 and 75 of this Defence; and
- (f) in relation to subparagraph (f), Entain refers to and repeats paragraphs 59(c) and 61(f) above; and
- (g) otherwise denies the paragraph.

67 In response to paragraph 67, Entain:

- (a) refers to and repeats paragraphs 32, and 58 to 66 of this Defence; and
- (b) otherwise denies the paragraph.

68 In response to paragraph 68, Entain:

- (a) refers to and repeats paragraph 67 of this Defence; and
- (b) otherwise denies the paragraph.

G.2 Controls on persons outside Australia receiving designated services

69 In response to paragraph 69, Entain:

- (a) refers to and repeats paragraph 23 and 24 of this Defence; and
- (b) otherwise admits the paragraph.

70 Entain admits paragraph 70, but says further that:

- (a) Entain's policy as pleaded at paragraph 70 of the SOC was subject to the AML/CTF Deposits and Withdrawals Procedure; which provided, inter alia, that:
 - (i) an international withdrawal would not be processed where the bank account was located in a country other than the customer's residence; and

- (ii) attempted withdrawals to bank accounts outside of the country listed as the customer's residence would require approval by the General Manager – Client Services (Director of Client Services from 9 March 2020, then the Senior AML Operations Manager from 30 October 2024) or the AML/CTF Compliance Officer; and
 - (b) the Customer Due Diligence (Know Your Customer) Procedure required:
 - (i) from the start of the Relevant Period to May 2022, that an account would be suspended if the customer was not verified within 14 days;
 - (ii) from May 2022 to 29 September 2023, that an account would be suspended if the customer was not verified within 72 hours; and
 - (iii) from 29 September 2023, that an account could not be opened or transacted upon unless the customer was verified.
- 71 Entain admits paragraph 71.
- 72 Entain admits paragraph 72, but says further that:
- (a) from May 2021, if the customer was, based on their IP address, located in a country on Entain's 'no access list' (later called the 'zero access list' from 28 April 2023), Entain's websites and App would not load;

Particulars

Geoblocking Policy dated 16 November 2022, v1.

- (b) from May 2021, if the customer was, based on their IP address, located outside Australia or New Zealand in a country that was on Entain's restricted jurisdiction list (but not its 'no access' list), the customer would be able to view Entain's platform but would not be able to log into their customer betting account; and
 - (c) from March 2023, if the customer was, based on their IP address, located outside Australia or New Zealand, the customer would not be able to log into their customer betting account.
- 73 Entain admits paragraph 73 and says further that:
- (a) throughout the Relevant Period, Entain's Customer Due Diligence (Know Your Customer) Procedure required the provision of, and verification through a third party provider, of customer identification information;
 - (b) from March 2021, the [REDACTED] contained a 'Geo-Gate' such that a customer could not access their accounts outside of Australia and New Zealand;
 - (c) from May 2021, customers residing in countries outside of Australia or New Zealand could not open a betting account;
 - (d) from March 2023, customers outside of Australia or New Zealand would not be able to log in to their account;
 - (e) in August 2023, Entain permanently closed accounts associated with an address outside Australia or New Zealand; and
 - (f) from 24 June 2024:

- (i) customers outside Australia were not permitted to open a betting account from 24 June 2024; and
- (ii) Entain closed all New Zealand accounts.

74 In response to paragraph 74, Entain:

- (a) refers to paragraph 84 of this Defence;
- (b) says that during the Relevant Period, Entain had systems and controls to prevent customers opening or transacting on betting accounts outside Australia, including:
 - (i) the matters referred to at paragraphs 72, 83 and 84 of this Defence;
 - (ii) from the start of the Relevant Period until 22 May 2021, Entain's terms and conditions provided that a customer was not permitted to open an account if they were within a Restricted Jurisdiction;
 - (iii) from 22 May 2021, Entain's terms and conditions provided that a customer was not permitted to open an account unless they were a resident in either Australia or New Zealand;
 - (iv) from 24 June 2024, Entain ceased offering betting accounts to New Zealand residents;
 - (v) the following processes to block persons associated with jurisdictions outside Australia from accessing the betting platforms:
 - (1) prior to 2019, customers were required to enter their address and would be disabled if the country code selected was coded to a Restricted Jurisdiction and Entain's Fraud Team would then subsequently identify betting accounts that had been opened on a country listed on Entain's Restricted Jurisdictions List and action a closure over the betting account;
 - (2) between 29 April 2019 to 11 August 2019 (following migration to Cerberus) the restricted jurisdictions were removed from the list of countries that could be selected on sign up;
 - (3) around November 2018, Entain utilised third party software to block IP addresses (by reference to the individual geolocation data registered to the IP address) associated with countries listed on the Restricted Jurisdictions List in order to deny access to Entain's platform; and
 - (4) throughout the Relevant Period, Entain used Loquate location intelligence software, a predictive address lookup tool, which provided a pinpoint address location based on information inputted by potential customers;
 - (vi) from March 2021, the use of a 'Geo-Gate' on [REDACTED] which would request the user's location and which would prevent those Apps from functioning if the user did not grant location

permission or if the user was determined to be outside of Australia or New Zealand, including a country on the Restricted Jurisdictions List;

- (vii) throughout the Relevant Period, Entain's Client Services, Fraud Team and Payments Team reviewed accounts for anomalies where unusual activities were identified including the identification of deposits by Entain customers outside of Australia or New Zealand;
- (viii) from at least July 2021, a person from Entain's Payments Team would review deposits and manually allocate them to betting accounts and would identify whether deposits involved an international transfer;
- (ix) from August 2021, customers identified in Entain's weekly 'Cheque and International Deposits Report' were subject to ECDD;
- (x) from April 2023, customers identified in Entain's weekly 'Non-AU Credit Cards Linked to Clients' report may have been subject to ECDD;
- (xi) from October 2023, ECDD was triggered if Entain received a deposit transaction request from a party located overseas; and
- (xii) from 9 March 2020, withdrawals to countries on Entain's Restricted Jurisdictions List or FATF's High Risk and Other Monitored Jurisdictions List were also generally prohibited under the AML/CTF Deposits and Withdrawals Procedure, with any exceptions requiring the prior approval of the Director of Client Services (later the Senior AML Operations Manager from 30 October 2024) or the AML/CTF Compliance Officer, noting that throughout the Relevant Period, no such approvals were given); and

(c) otherwise denies the paragraph.

75 In response to paragraph 75, Entain:

- (a) says that during the Relevant Period, Entain had systems and controls to detect customers who opened or transacted on betting accounts outside Australia, including those pleaded at subparagraph (a) to (d); and
- (b) otherwise denies the paragraph.

76 In response to paragraph 76, Entain:

- (a) refers to and repeats paragraphs 52 to 55 of this Defence;
- (b) admits that from 16 December 2018 until 30 September 2020, by reason and to the extent of the matters admitted at paragraph 52(e) of this Defence, Entain did not carry out an appropriate assessment of the ML/TF Risks it reasonably faced with respect to the provision of designated services by Entain to persons outside Australia; and
- (c) otherwise denies the paragraph.

77 In response to paragraph 77, Entain:

- (a) admits from 16 December 2018 until April 2023, Entain's 'Part A Program' did not include or incorporate appropriate risk based controls to:

- (i) in relation to subparagraph (a) of the SOC, consistently detect customers outside Australia who opened and transacted on betting accounts and monitor their ML/TF Risks; and
 - (ii) in relation to subparagraph (b) of the SOC, consistently give effect to the Entain policies referred to at paragraphs 70 to 73 of the SOC;
- (b) in relation to subparagraph (b):
- (i) in relation to (i), admits that customer account opening forms and Entain's terms and conditions relied on customer compliance with them;
 - (ii) in relation to (ii), admits that identify verification processes did not themselves mitigate or manage the risk that a betting account could be opened by a person outside Australia;
 - (iii) in relation to (iii):
 - (A) admits that its transaction statements from 2 out of its 3 banks did not include any features indicating an international deposit, and the transaction statements from its other bank could not consistently identify international wire transfers; and
 - (B) says that Entain had no control over the information provided in transaction statements provided from its banks;
 - (iv) in relation to subparagraph (iv):
 - (A) refers to and repeats paragraph 317(d) of this Defence; and
 - (B) admits that it was unable to consistently detect deposits into betting accounts through non-AU debit or credit cards prior to the introduction of the Non-AU Credit Card Report in April 2023;
 - (v) in relation to subparagraph (vi), admits that the identification and review of IP addresses used to access Entain's betting platform and betting accounts was primarily directed towards fraud or identification of duplicate accounts;
 - (vi) in relation to subparagraph (vii), admits that its risk-based controls to detect and monitor the use of a VPN to access the Entain betting platforms were reactive only;
 - (vii) in relation to (viii),
 - (A) admits that prior to March-2021 there was no 'Geo-Gate' on the [REDACTED] but says that prior to September 2020, such [REDACTED] were web wraps (which loaded on [REDACTED]) and were subject to IP-filtering;
 - (B) admits that there was no 'Geo-Gate' on the Bookmaker or Betstar [REDACTED], but was still subject to the web wrap described above until the brands were decommissioned; and
 - (C) admits that there was no 'Geo-Gate' on the [REDACTED] [REDACTED] but says that the location API on [REDACTED] have

had ongoing technology issues and cannot adequately identify a customer's true location;

(viii) in relation to subparagraph (x), Entain refers to and repeats paragraph 85 of this Defence; and

(c) otherwise denies the paragraph.

78 In response to paragraph 78, Entain:

(a) refers to and repeats paragraphs 69 to 77, and 80 to 85 of this Defence; and

(b) admits the paragraph for the period between the start of the Relevant Period to April 2023; and

(c) otherwise denies the paragraph.

79 In response to paragraph 79, Entain:

(a) refers to and repeats paragraphs 32 and 78 of this Defence;

(b) admits that by reason of the matters admitted at paragraph 78 of this Defence, for the period between the start of the Relevant Period to April 2023, Entain's 'Part A Program' did not comply with rr 8.1.3 and 8.1.4 of the Rules and s 84(2)(c) of the Act; and

(c) otherwise denies the paragraph.

Controls on persons in restricted jurisdictions receiving designated services

80 Entain admits paragraph 80.

81 Entain admits paragraph 81.

82 Entain admits paragraph 82.

83 Entain admits paragraph 83.

84 In response to paragraph 84, Entain:

(a) says that during the Relevant Period, Entain had systems and controls to detect and/or prevent a person in or resident in a restricted jurisdiction from opening a betting account, depositing and withdrawing money into a betting account and placing bets, including those pleaded at subparagraphs (a) to (f);

(b) in relation to subparagraphs (e) and (f), denies that these systems and controls were effected only 'from time to time'; and

(c) otherwise admits the paragraph.

85 In response to paragraph 85, Entain:

(a) refers to and repeats paragraphs 70(b), 73, 74, 75, 82 and 84 of this Defence;

(b) in relation to subparagraph (a), admits that customer account opening forms and Entain's terms and conditions relied on customer compliance;

(c) in relation to subparagraph (b), admits that identify verification processes did not themselves mitigate or manage the risk that an account could be opened by a person in or resident in a restricted jurisdiction;

- (d) in relation to subparagraph (c), admits that the blocking of IP addresses used to access Entain's betting platform themselves was not capable of consistently detecting access from restricted jurisdictions; and
- (e) otherwise denies the paragraph.

Controls on withdrawals of money from betting accounts

86 In response to paragraph 86, Entain:

- (a) refers to and repeats paragraph 24 of this Defence; and
- (b) otherwise admits the paragraph.

87 Entain admits paragraph 87, but says that from May 2022, money could not be withdrawn from a betting account and sent to an international bank account by EFT without the prior approval of Entain's AML Team.

88 In response to paragraph 88, Entain:

- (a) says that the Deposit and Withdrawal Procedure included the following clauses:
 - (i) from the start of the Relevant Period until 9 March 2020, if a customer requested an international withdrawal, it could only be processed if:
 - (A) the withdrawal bank account was located at the same country in the same country as the customer's residence, and the withdrawal bank account was in the customer's name; and
 - (B) any exceptions to this required the prior approval of the General Manager – Client Services, or the AML/CTF Compliance Officer; and
 - (ii) from 9 March 2020 until the end of the Relevant Period, if a customer requested an international withdrawal:
 - (A) it could only be processed if the withdrawal bank account was located in the same country as the customer's residence, was not a country on Entain's Restricted Jurisdiction's List (later called the FATF High Risk and Other Monitored Jurisdictions List from April 2022), and the withdrawal bank account was in the customer's name; and
 - (B) any exceptions to this required the prior approval of the Director Client Services (later the AML/CTF Manager from April 2022, and then the Senior AML Operations Manager from October 2024) or the AML/CTF Compliance Officer;
- (b) admits that approval for withdrawals meeting the description in subparagraphs (i)(A) and (ii)(A) of this Defence, were not included in the documents referred to in paragraphs 30 and 31 of this Defence; and
- (c) otherwise denies the paragraph.

89 Entain denies paragraph 89, and says further that during the Relevant Period (including prior to June 2019), customers seeking to withdraw funds to an international bank account were required to make a request via Entain's Client

Services Team and reviewed by the Entain's Finance Team (or, since July 2021, Entain's Payments Team).

90 In response to paragraph 90, Entain:

- (a) refers to and repeats paragraphs 24, 25, 88 and 89 of this Defence; and
- (b) otherwise denies the paragraph.

91 In response to paragraph 91, Entain:

- (a) refers to and repeats paragraphs 86 to 90 of this Defence; and
- (b) otherwise denies the paragraph.

92 In response to paragraph 92, Entain:

- (a) refers to and repeats paragraph 91 of this Defence; and
- (b) otherwise denies the paragraph.

Controls on debit and credit cards added to betting accounts

93 Entain admits paragraph 93, but says that:

- (a) Entain monitored debit and/or credit cards that were added by a customer to their betting account through the following reports:
 - (i) throughout the Relevant Period, the Multiple Card Report, which monitored for recently opened accounts where there were more than a set number of cards added in a short period;
 - (ii) from May 2019, the Duplicate Card Report, which identified customers who added the same credit card to a different Entain betting account (both intra and cross brand);
 - (iii) from December 2018, the Credit Card Mismatches Report, which showed where the name of the card added to the customer's betting account did not match the name of the customer;
 - (iv) from May 2020, the Credit Cards Readded Report, which showed any cards on the customer's betting account that had been removed and subsequently readded; and
 - (v) from April 2023, the Non-AU credit card report, which monitored cards linked to betting accounts that were not issued in Australia or New Zealand; and
- (b) Entain verified credit and debit cards either manually by sighting a copy image of the card or by preauthorisation, and/or from January 2023, through the 3DS authentication service.

94 In response to paragraph 94, Entain:

- (a) refers to and repeats paragraphs 24, 25 and 93 of this Defence; and
- (b) otherwise denies the paragraph.

95 In response to paragraph 95, Entain:

- (a) refers to and repeats paragraphs 32, 93 and 94 of this Defence; and
- (b) otherwise denies the paragraph.

96 In response to paragraph 96, Entain:

- (a) refers to and repeats paragraphs 93 to 95 of this Defence; and
- (b) otherwise denies the paragraph.

Controls on third party deposits and withdrawals

97 Entain admits paragraph 97, but says that the procedures applied once a third party deposit or third party withdrawal had been identified.

98 In response to paragraph 98, Entain:

- (a) says that, subject to subparagraph (c) below, Entain's Deposits and Withdrawals Procedure provided that if a deposit or withdrawal was by or to a third party, the third party was subject to customer due diligence as pleaded at paragraph 98(a)-(b) of this Defence until 9 March 2020 (following which the requirement was discretionary);
- (b) says further that during the Relevant Period, Entain's Deposits and Withdrawals procedure stated that Entain discouraged third party deposits and withdrawals;
- (c) in relation to subparagraph (b), says that Entain's Deposits and Withdrawals Procedure provided that third parties could verify their identification by, for example, GreenID from 9 March 2020; and
- (d) otherwise admits the paragraph.

99 In response to paragraph 99, Entain:

- (a) refers to and repeats paragraph 98 of this Defence; and
- (b) otherwise admits the paragraph.

100 Entain admits paragraph 100, but says that the Third Party Card Procedure applied once a client attempted to use a third party card.

101 In response to paragraph 101, Entain:

- (a) in relation to subparagraph (b), says further that the 'real card holder' needed to also provide 100 points of ID that had been certified, and credit card verification images that showed a certain number of digits on the card number (as described in the Third Party Card Procedure);
- (b) in relation to subparagraph (c), says that Entain's Customer Service Supervisors and Senior Customer Service Operators were responsible for verifying third party credit cards in accordance with the procedure set out in the Third Party Card Procedure which included:
 - (i) reviewing the ID documents in accordance with the ID Verification Procedure; and
 - (ii) reviewing the Credit Card Verification images in accordance with the Credit Card Verification Procedure;
- (c) in relation to subparagraph (d), says further that Entain was required to confirm with the third party cardholder whether they wished for the card to remain on the account for future use by the client; and
- (d) otherwise admits the paragraph.

102 In response to paragraph 102, Entain:

- (a) refers to and repeats paragraph 101 of this Defence;
- (b) says that following the completion of the steps at paragraph 101 of this Defence, Entain's Third Party Card Procedure provided that:
 - (i) if everything was in order, the card could be verified as per the Credit Card Verification Procedure;
 - (ii) that the lifting of any suspension on the customer's account was subject to verification of the card; and
 - (iii) if there was anything suspicious about any of the documents provided, anything the card holder said, or if the details were incorrect, Entain was required to follow up with the client or card holder for clearer information until all requirements had been met, or refer the matter to Entain's Fraud Team; and
- (c) otherwise denies the paragraph.

103 Entain admits paragraph 103, but says further that Entain's Third Party Card Procedure:

- (a) provided that use of a third party card was only permitted in exceptional circumstances;
- (b) conferred a discretion on the Compliance Team for the purpose of the Compliance Team applying more stringent measures where a third party card was used in particular circumstances – namely:
 - (i) where a third party card was identified on an account managed by a BDM;
 - (ii) where a third party card had been used to deposit an amount under \$50, and either:
 - (A) the third party card had been used to deposit to an account and it was not a first offence; or
 - (B) the third party card had been used to deposit to an account and it was a first offence;
 - (iii) where a third party card had been used to deposit an amount over \$50, including where:
 - (A) the third party card had been used to deposit a significant amount of funds and those funds had been spent and it was considered they may pose an extreme risk to the business; or
 - (B) if there was a suspicion that the third party cardholder was depositing funds to the account in an attempt to circumvent restrictions on their own account, disguise the true owner of the funds, was a minor, or self-excluded person; or
 - (C) it was the second offence.
 - (iv) where a third party card was used to deposit to an account and there was a suspicion the third party cardholder was attempting to

circumvent restrictions on their own account, disguise the true owner of the funds, was a minor, self-excluded, had already been requested not to use third party cards, or there was a significant financial risk to the business.

104 In response to paragraph 104, Entain:

- (a) relies on the Third Party Card Procedure dated 25 September 2019 in full;
- (b) admits subparagraph (a), but says that section 6 of the Third Party Card Procedure also provided for additional steps relating to third party card deposits under \$50 (where it was a 'first offence'), including:
 - (i) reviewing the account for suspicious behaviour;
 - (ii) searching Entain's customer database for accounts in the name of the third party cardholder to determine if they were depositing to the account to: circumvent restrictions on their own account, disguising the true owner of the funds, or was a minor or a self-excluded person, and if so, referring the incident to the Compliance Team; and
 - (iii) after the process described in paragraph 104(a) of the SOC was completed, including a note on the betting account regarding use of the third party card use and Entain's decision to remove the card and issue a warning;
- (c) admits subparagraph (b), but says that section 7 of the Third Party Card Procedure also provided for additional steps relating to third party card deposits over \$50, or under \$50 where it was not a 'first offence', including:
 - (i) referring the matter to the compliance team;
 - (ii) the process generally described in (b)(ii) of this Defence, above;
 - (iii) if there was a concern that the bets placed posed a greater risk to the business, the Compliance Team could cancel any pending bets or withdrawals at their discretion;
 - (iv) including a note the betting account regarding the third party card use, and provide any necessary instructions for customer service staff and/or supervisors;
 - (v) once the information in 104(b)(ii) of the SOC was provided by the customer, completing the process generally described in (b)(ii) of the Defence; and
 - (vi) after the process described in 104(b)(iii) of the SOC was completed, contacting the client to advise them that their account was reopened, and to issue a warning regarding use of third party cards, and that further use would result in their account being locked or closed;
- (d) in relation to subparagraph (c), says that:
 - (i) with respect to subparagraph (c)(i), the 'security lock' of the customer's betting account was only a requirement if the account was being considered as part of the process outlined in section 8 of the Third Party Cards Procedure; and

- (ii) with respect to sub-paragraph (c)(ii), Entain admits the subparagraph insofar where the betting account was not presently being reviewed by the Compliance Team;
 - (e) admits subparagraph (d);
 - (f) admits subparagraph (e), but says that the Third Party Cards Procedure did not expressly state that the requirements alleged at paragraphs 103(a) to (d) of the SOC did not apply; and
 - (g) otherwise denies the paragraph.
- 105 In response to paragraph 105, Entain:
- (a) says that from 17 April 2020, Entain's Customer Business Accounts Use Procedure applied once Entain identified a business account or corporate card used by a customer;
 - (b) in relation to subparagraph (a), says that the Customer Business Account Use Procedure instructed Entain's employees and contractors to refer the betting account and deposit source:
 - (i) from 17 April 2020 until 30 March 2022, to Entain's compliance team, unless prior approval had been obtained within the previous 3 months and therefore no further action was required; and
 - (ii) from 31 March 2022 onwards, to Entain's AML/CTF Team, unless prior approval had been obtained within the previous 6 months and therefore no further action was required;
 - (c) in relation to subparagraph (b), admits the subparagraph, but says the Customer Business Accounts Use Procedure specified that Entain would advise the customer that the deposit source was required to be removed and could not be used any further unless the criteria set out in subparagraphs (b)(i) or (ii) of the SOC applied;
 - (d) says further that the Customer Business Accounts Use Procedure required that:
 - (i) the Compliance Team (until 30 March 2022) and the AML/CTF Team (from 31 March 2022) would note on the account whether the business account was approved for use or whether it could not be used; and
 - (ii) until 31 March 2022, the Compliance Team would notify Entain's Legal Team that a deposit source had been identified as a business account, along with the Compliance team's assessment, and if the Compliance team was unable to make an assessment, Entain's Legal Team would provide a determination on the appropriate action to take; and
 - (e) otherwise denies the paragraph.
- 105A Entain admits paragraph 105A from 31 March 2022, and says further that the Customer Business Accounts Use Procedure also provided that repeated use of a business account deposit that had not been approved and where the customer had been advised not to use that source may result in the deposit method being removed, or the account being closed.

106 In response to paragraph 106, Entain:

- (a) says that where the circumstances described in paragraphs 105 and 105A of the Defence above applied and prior approval had been obtained by the customer within the applicable time frame, the Customer Business Accounts Use Procedure provided that no further action was required;
- (b) says that if no prior approval had been obtained in the applicable time frame, the Compliance Team (from 17 April 2020 to 30 March 2020) and the AML/CTF Team (from 31 March 2022) were required to advise the customer that the deposit source must be removed and could not be used any further if:
 - (i) the customer was not both the sole shareholder (member) of the company and a director of the company based on a company search via ASIC Connect, and from 31 March 2022, The Search People;
 - (ii) the entity type of the customer was anything other than an individual/sole trader based on an ABN search; and
- (c) otherwise denies the paragraph.

107 In response to paragraph 107, Entain:

- (a) says that from 17 April 2020 to 30 March 2022, the requirements at paragraph 106 of this Defence could be waived by 'compliance' and 'legal' if:
 - (i) the customer requested a review of the decision to remove the deposit source;
 - (ii) the customer provided evidence that the link of a deposit source to a business account is an error, or evidence that other individuals with interests in the business account are aware of /have approved the payments; and
 - (iii) the bank provided confirmation (if requested to do so) of the signatories on the business account;
- (b) says that from 31 March 2022, the requirements at paragraph 106 of this Defence could be waived by the AML Team and Legal Team if:
 - (i) the customer requested a review of the decision to remove the deposit source;
 - (ii) the customer provided reasons for the exception such as evidence that the link of a deposit source to a business account is an error, or evidence that the customer is solely entitled to the relevant funds, or evidence that other individuals with interests in the business account are aware of/have approved the payments; and
 - (iii) the bank provided confirmation (if requested to do so) of the signatories on the business account; and
- (c) otherwise denies the paragraph.

108 Entain admits paragraph 108.

109 In response to paragraph 109, Entain:

- (a) refers to and repeats paragraphs 24, 25 and 32 of this Defence; and

- (b) otherwise admits the paragraph.
- 110 In response to paragraph 110, Entain:
- (a) refers to and repeats paragraphs 52 to 55, 97 to 108 of this Defence;
 - (b) admits this paragraph by reason and to the extent of the matters admitted at paragraphs 52 to 55 of this Defence, for the period from 16 December 2018 to 19 August 2024; and
 - (c) otherwise denies the paragraph.
- 111 In response to paragraph 111, Entain:
- (a) in relation to subparagraph (a):
 - (i) refers to and repeats paragraph 304 of this Defence;
 - (ii) says that:
 - (A) in addition to the Credit Card Mismatches Report, Entain also relied on the Duplicate Cards Report and (from May 2020) the Credit Cards Readded Report to identify third party cards; and
 - (B) the Credit Card & Bank Account Mismatches Procedure required customers who had received 2-3 warnings for linking a bank account or credit card that did not match the customer's name and was subsequently removed from the customer's betting account to be referred to the Fraud Team;
 - (iii) Entain also detected third party deposits:
 - (A) in the course of investigations into other suspicious conduct;
 - (B) in the course of the Trading (Sport Risk) Team's monitoring of automated reports/dashboards, and in the course of its ad hoc reviews of betting activity; and
 - (C) from time to time where source of wealth / source of funds ('**SOW/SOF**') information was obtained;
 - (iv) admits that the Credit Card Mismatches Report was initially reviewed by the Fraud Team and Payments Team, but not by the AML Team, but says further that:
 - (A) until November 2022, the Fraud Team, Payments Team and AML Team were part of a single Compliance Team; and
 - (B) in practice, from time to time, matters in the Credit Card Mismatch Report were referred to the AML Team;
 - (v) admits that there were no procedures which expressly stated that customers appearing on the Credit Card Mismatches Report should be escalated to the AML Team;
 - (vi) despite (iv) and (v), throughout the Relevant Period, the Fraud Team and (from October 2021) Payments Team regularly monitored reports which indicated possible third party credit or debit card deposits, and:
 - (A) from the beginning of the Relevant Period until 8 March 2020:

- (1) where the suspicions related to fraud typologies, the Fraud Team could submit SMRs directly to AUSTRAC (and were required to report such suspicions to the AML Team in accordance with the SMR Procedure);
 - (2) where the suspicions related to other matters, the Fraud Team were required to raise the matter with the AML Team;
 - (B) from 9 March 2020 to 29 August 2023, the Fraud Team, and from October 2021 the Payments Team, were (along with all Entain staff) required to contact the AML/CTF Team or Compliance Team if they formed a suspicion about a transaction or matter in accordance with the SMR Procedure; and
 - (C) from 30 August 2023, members of the Fraud Team with delegated authority were permitted by the AML/CTF Compliance Officer to submit an SMR directly to AUSTRAC;
- (vii) says further that clause 16 of Entain's 'Part A Program' specified that its TMP provided for ad-hoc referrals of customers and/or transactions from other teams to the AML Team;
- (b) in relation to subparagraph (b), Entain:
 - (i) admits the report was initially reviewed by the Fraud Team and Payments Team, but not by the AML Team, but says further that:
 - (A) until November 2022, the Fraud Team, Payments Team and AML Team were part of a single compliance team; and
 - (B) in practice, from time to time, matters in the Bank Account Mismatch Report were referred to the AML Team;
 - (ii) admits that there were no procedures stating that customers appearing on the Bank Account Mismatch Report, specifically, should be escalated to the AML Team;
 - (iii) despite (ii) above, throughout the Relevant Period, the Fraud Team and (from October 2021) Payments Team regularly monitored reports which indicated possible third party withdrawals; and:
 - (A) from the beginning of the Relevant Period until 8 March 2020:
 - (1) where the suspicions related to fraud typologies, the Fraud Team could submit SMRs directly to AUSTRAC (and were required to report such suspicions to the AML Team in accordance with the SMR Procedure); and
 - (2) where the suspicions related to other matters, the Fraud Team were required to raise the matter with the AML Team;
 - (B) from 9 March 2020 to 29 August 2023, the Fraud Team, and from October 2021 the Payments Team, were (along with all Entain staff) required to contact the AML/CTF Team or

- Compliance Team if they formed a suspicion about a transaction or matter in accordance with the SMR Procedure;
- (C) from 30 August 2023, members of the Fraud Team with delegated authority were permitted by the AML/CTF Compliance Officer to submit an SMR directly to AUSTRAC;
 - (iv) says further that clause 16 of Entain's 'Part A Program' specified that its TMP provided for ad-hoc referrals of customers and/or transactions from other teams to the AML Team; and
 - (v) says further that Entain had other withdrawal controls, including:
 - (A) under the Deposits and Withdrawal Procedure, a withdrawal would only be processed for a customer if their identification had been verified;
 - (B) in addition to the Bank Account Mismatch Report, Entain relied on Duplicate Bank Accounts Report to identify bank accounts linked to multiple betting accounts; and
 - (C) the Credit Card & Bank Account Mismatches Procedure required customers who had received 2-3 warnings for linking a bank account or credit card that did not match the customer's name and was subsequently removed from the customer's betting account to be referred to the Fraud Team; and
 - (D) Entain's Payments Team:
 - (1) until June 2022, reviewed and processed all EFT withdrawal requests; and
 - (2) from June 2022, reviewed and processed all EFT withdrawal requests that met certain criteria (for example, new clients, new bank accounts added within a certain period of time); and
 - (E) any withdrawal request from a bank account which did not match the Entain customer betting account details was rejected;
 - (c) admits that Entain was unable to directly detect third party deposits made through the Inward Payments Channels listed in subparagraph (c), but:
 - (i) refers to and repeats paragraph 320 of this Defence;
 - (ii) says that Entain had controls around the use of the Cash-in Terminal (retail venue) Channel, Cash-in Terminal (BDM) Channel and Sight Unseen Channel, including those as set out at paragraphs 64(b)-(d), 124(e), 144 and 179 of this Defence; and
 - (iii) says that Entain's controls around the use of the Banktech ATM Channel included:
 - (A) deposits could only be made by an existing Entain customer by logging into their Ladbrokes or Neds App to confirm the deposit. This would generate a QR Code within the App which needed to be scanned by the Banktech ATM prior to the customer depositing money; and

- (B) Entain AML Analysts reviewing the Blueshyft Cashin Activity reports (referred to in paragraph 256(f) of this Defence), on a weekly basis from about March 2021, which showed deposits made by a customer into a Cashin ATM terminal during the previous week ;
- (d) In relation to subparagraph (d), admits that it was unable to detect whether a Flexepin Voucher or Prepaid Card used to deposit money into a betting account was purchased by a third party, but:
 - (i) refers to and repeats paragraph 133 of this Defence;
 - (ii) says that Entain did not directly sell these products, and instead, they were sold by retailers within the epay network (for Flexepin Vouchers) or who participated in the Cash-in Program (for Prepaid Cards);
 - (iii) says that for:
 - (A) the Prepaid Cards, Entain only received the purchase location, purchase date and time, value of the Prepaid card, card identification number, and PIN via the Blueshyft's API. Blueshyft did not provide the name of the party purchasing the card; and
 - (B) Flexepin Vouchers, they were not issued in the name of a person, and the purchaser's name was not recorded against the voucher;
 - (iv) says that deposits made by:
 - (A) Flexepin Voucher were subject to the controls pleaded at paragraphs 133(e) of this Defence; and
 - (B) Prepaid Card were subject to limits and controls, including:
 - (1) single transaction and daily deposit
 - (2) monitoring under Entain's TMP Reports, including the Potential Card Based Activity Report, Cash In Suspicious Report, and Deposits with GTE 10k from Sight Unseen or BlueShyft Cashin or Blueshyft Prepaid Card Report;
 - (3) the purchase location of the Prepaid Card could be identified in Cerberus, as described in paragraph 259(e) of this Defence.
 - (v) says that by reason of the matters identified in subparagraphs (ii) and (iii) of this Defence above, it was practically difficult to monitor who purchased Flexepin Vouchers and Prepaid Cards beyond the controls referred to in (iv) above;
- (e) in relation to subparagraph (e), Entain:
 - (i) refers to and repeats paragraphs 98 and 99 of this Defence; and
 - (ii) otherwise denies the subparagraph;

- (f) in relation to subparagraph (f), and the role of BDMs and VIP Managers, Entain:
 - (i) admits that they communicated with customers as part of their role, including discussing the removal of the third party card with the BDM Customers and VIP Customers; and
 - (ii) says that they did not approve the decision to remove the card or take other actions;
- (g) admits subparagraph (g)(i), but says that Entain had the following controls:
 - (i) the discretion to assess that the value of a transaction presented only minimal ML/TF risk could only be exercised by the:
 - (A) Director, Client Services, Client Services team or Compliance Manager, Legal and Compliance team (March 2020 - November 2021); or
 - (B) Director, Client Services, Client Services team or AML/CTF Manager, AML Team (April 2022 - end of the Relevant Period);
 - (ii) the Third Party Card Procedure had processes which applied regardless of the value of the transaction;
- (h) in relation to subparagraph (g)(ii), says that the Third Party Card Procedure provided guidance on when an account should be suspended and/or closed following the detection of one or more third party deposits;
- (i) in relation to subparagraph (h), Entain:
 - (i) admits that the Terms and Conditions relied on a customer's compliance and could not be verified or enforced;
 - (ii) says that if Entain reasonably believed a customer had breached the Terms and Conditions, or there was unusual activity on a customer's account, Entain could:
 - (A) suspend or terminate the customer's account;
 - (B) restrict the customer from withdrawing funds from their account;
 - (C) prevent the customer from accessing their account and Entain's betting platforms;
 - (D) require the customer to go through an account reactivation process; and/or
 - (E) require the customer to provide any additional information necessary for Entain to conduct an investigation and/or verify a customer's compliance with the Terms and Conditions.
- (j) in relation to subparagraph (i), Entain:
 - (i) admits that prior to September 2019, it did not have a documented process to return or refund a third party deposit, including by way of credit card;
 - (ii) says further that:

- (A) if an Entain customer and third party did not complete the identification and statutory declarations required, the third party deposit was typically not accepted and the funds were returned to the third party (where possible);
 - (B) where the card was stolen or the deposit otherwise was unauthorised, any bets placed would be cancelled and the money returned to the card; and
 - (C) where the deposit appeared to be authorised by the third party, funds were returned where they had not been spent;
 - (k) in relation to subparagraph (j), refers to and repeats subparagraph 111(a)-(e) of this Defence; and
 - (l) otherwise denies the paragraph.
- 112 In response to paragraph 112 of the SOC, Entain:
- (a) refers to and repeats paragraph 32, 97 to 111 of this Defence;
 - (b) admits subparagraphs (a)-(d) for the period between the start of the Relevant Period to 19 August 2024; and
 - (c) otherwise denies the paragraph.
- 113 In response to paragraph 113, Entain:
- (a) refers to and repeats paragraphs 32 and 112 of this Defence;
 - (b) admits that by reason of the matters admitted at paragraph 112 of this Defence, for the period between the start of the Relevant Period to 19 August 2024, Entain's 'Part A Program' did not comply with rr 8.1.3 and 8.1.4 of the Rules and therefore did not comply with s 84(2)(c) of the Act; and
 - (c) otherwise denies the paragraph.

H. APPLICATION OF ENTAIN'S 'PART A PROGRAM' TO THE PROVISION OF DESIGNATED SERVICES THROUGH THIRD PARTIES

114 Entain admits paragraph 114.

115 Entain admits paragraph 115.

Cash-in retail venues

116 Entain admits paragraph 116.

117 Entain admits paragraph 117.

118 Entain admits paragraph 118, but says the agreement only applied to Ladbrokes and Neds, and did not extend to Betstar and Bookmaker.

119 Entain admits paragraph 119 and says:

- (a) in relation to subparagraph (a), during the Relevant Period, Blueshyft would remit customer deposits from Cash-in retail venues bi-weekly; and
- (b) in relation to subparagraph (b), this process occurred bi-weekly.

120 Entain admits paragraph 120.

121 In response to paragraph 121, Entain:

- (a) denies subparagraph (c), and says that the Blueshyft contract required Blueshyft to use reasonable endeavours to ensure that each retail venue comply with all applicable laws, including the Act; and
 - (b) otherwise admits the paragraph.
- 122 In response to paragraph 122, Entain:
- (a) refers to and repeats paragraph 121 of this Defence; and
 - (b) otherwise admits paragraph 122.
- 123 In response to paragraph 123, Entain:
- (a) refers to and repeats paragraphs 52 and 55 of this Defence;
 - (b) says that between 16 December 2018 until 19 August 2024, Entain's Risk Register assessed ML/TF Risks it reasonably faced with respect to the provision of designated services through the Cash-In Terminal (retail venue) Channel under the 'Deposit and Withdrawal Method Risks' tab; and
 - (c) otherwise denies the paragraph.
- 124 In response to paragraph 124, Entain:
- (a) refers to and repeats paragraphs 64 and 66 of this Defence;
 - (b) admits that neither Entain's 'Part A Program' nor the Blueshyft contract included or incorporated risk-based systems and controls in respect of the matters pleaded at subparagraphs (a), (c), and (d);
 - (c) admits that neither the 'Part A Program' nor the Blueshyft contract included or incorporated appropriate risk based systems and controls in respect of the matters pleaded at subparagraphs (b) and (g);
 - (d) in relation to subparagraph (f), admits that neither Entain's 'Part A Program' nor the Blueshyft contract included or incorporated risk-based systems and controls to ensure the matters pleaded at subparagraph (f) were consistently reported to Entain, but says that it was not necessary or appropriate for Entain's 'Part A Program' and/or the Blueshyft contract to include such risk-based systems and controls because:
 - (i) Blueshyft was itself a reporting entity within the meaning of s 5 of the Act, and therefore, had an obligation to report suspicious matters to the AUSTRAC CEO; and
 - (ii) by reason of (i), Blueshyft was subject to the tipping off prohibitions contained in s 123 of the Act;
 - (e) says further that either Entain's 'Part A Program' or the Blueshyft contract included the following risk-based systems and controls to identify, mitigate and manage the ML/TF Risks reasonably faced with respect to the provision of designated services through the Cash-in Terminal (retail venue) Channel:
 - (i) customers were required to access the Channel through a QR code, which was generated by logging into a customer account and using the customer credentials to confirm the transaction;

- (ii) Cash-in Terminals were 'hard coded' to prevent customers from exceeding single transaction limits;
 - (iii) certain deposits through Cash-in Terminals appeared on the following TMP reports:
 - (A) from the start of the Relevant Period to February 2022, on the daily Cash-in Suspicious Report;
 - (B) from April 2020, on the weekly or monthly Flexepin and Cash In Use Report (referred to as the Blueshyft Cashin Top Deposits Report from March 2023); and
 - (C) from September 2021, on the daily Potential Cash Based Activity Report;
 - (iv) Cash-in terminals were geo-locked and would not function if moved more than 100 metres from their designated location;
 - (v) all deposits made via this Channel were treated as cash deposits for the purpose of considering ML/TF risks; and
 - (vi) the Blueshyft contract required Blueshyft to use reasonable endeavours to ensure that each retail venue comply with all applicable laws, including the Act; and
 - (f) otherwise denies the paragraph.
- 125 In response to paragraph 125, Entain:
- (a) refers to and repeats paragraphs 116 to 124 of this Defence; and
 - (b) otherwise admits the paragraph for the period between the start of the Relevant Period to 3 June 2024.
- 126 In response to paragraph 126, Entain:
- (a) refers to and repeats paragraphs 32 and 125 of this Defence;
 - (b) admits that, by reason of the matters admitted at paragraph 125 of this Defence, for the period between the start of the Relevant Period to 3 June 2024, Entain's 'Part A Program' did not comply with rr 8.1.3, 8.1.4 and/or 8.1.7 of the Rules and s 84(2)(c) of the Act; and
 - (c) otherwise denies the paragraph.
- Flexepin Vouchers**
- 127 Entain admits paragraph 127.
- 128 Entain admits paragraph 128.
- 129 Entain admits paragraph 129, but says further that:
- (a) in relation to subparagraph (a), Entain discontinued the Flexewallet contract on 2 January 2023; and
 - (b) in relation to subparagraph (b), a member of the public purchasing Flexepin Vouchers was required to have an Entain Betting Account in order to redeem and use the voucher with Entain.
- 130 Entain admits paragraph 130.

131 Entain admits paragraph 131.

132 In response to paragraph 132, Entain:

- (a) refers to and repeats paragraphs 52 and 55 of this Defence;
- (b) says further that from 16 December 2018 to 19 August 2024, Entain's Risk Register assessed ML/TF Risks it reasonably faced with respect to the provision of designated services through the Flexepin Vouchers under the 'Deposit and Withdrawal Method Risks' tab; and
- (c) otherwise denies the paragraph.

133 In response to paragraph 133, Entain:

- (a) admits that during the Relevant Period, neither Entain's 'Part A Program' nor the Flexewallet contract included or incorporated risk-based systems and controls in relation to the matters pleaded at subparagraphs (a) and (b); and
- (b) in relation to subparagraph (c), refers to and repeats paragraph 66 of this Defence;
- (c) in relation to subparagraph (d), admits that neither Entain's 'Part A Program' nor the Flexewallet contract included or incorporated risk-based systems and controls to ensure the matters pleaded at subparagraph (d) were consistently reported to Entain, but says that it was not necessary or appropriate for Entain's 'Part A Program' and/or the Flexewallet contract to include such risk-based systems and controls because:
 - (i) Flexewallet was itself a reporting entity within the meaning of s 5 of the Act, and therefore, had an obligation to report suspicious matters to the AUSTRAC CEO; and
 - (ii) by reason of (i), Flexewallet was subject to the tipping off prohibitions contained in s 123 of the Act;
- (d) says that during the Relevant Period, Flexepin Vouchers were not products sold by Entain;
- (e) says further that either Entain's 'Part A Program' or the Flexewallet contract included the following risk-based systems and controls to identify, mitigate and manage the ML/TF Risks reasonably faced with respect to the provision of designated services through Flexepin:
 - (i) customers were required to redeem a Flexepin Voucher by logging into their customer account;
 - (ii) the maximum denomination of a voucher aligned with the Flexepin single transaction limit;
 - (iii) deposits made using Flexepin Vouchers were monitored by the following reports:
 - (A) from March 2020 to February 2022, in the daily Flexepin Voucher Suspicious Activity Report;
 - (B) from April 2020, in the weekly or monthly Flexepin and Cash In Use Report (referred to as the Blueshyft Cashin Top Deposits Report from March 2023); and

- (C) from September 2021, in the daily Potential Cash Based Activity Report;
 - (iv) Flexewallet provided reports to Entain where it detected unusual activity in relation to Flexepin Vouchers, which reports were investigated by Entain's Fraud Team for fraudulent or other concerning conduct; and
 - (f) otherwise denies the paragraph.
- 134 In response to paragraph 134, Entain:
 - (a) refers to and repeats paragraphs 127 to 133 of this Defence; and
 - (b) otherwise denies the paragraph.
- 135 In response to paragraph 135, Entain:
 - (a) refers to and repeats paragraphs 134 of this Defence; and
 - (b) otherwise denies the paragraph.
- Exclusive Affiliates**
- 136 Entain admits paragraph 136 and says further that the following natural and non-natural persons were known as affiliates:
 - (a) web-based affiliates;
 - (b) non web-based affiliates; and
 - (c) 'Exclusive Affiliates', which was an interchangeable reference with BDM independent contractors (**Contractor BDMs**).
- 137 In response to paragraph 137, Entain:
 - (a) in relation to affiliates who were Contractor BDMs, refers to and repeats paragraph 172 below;
 - (b) for web based affiliates and non-web-based affiliates:
 - (i) in relation to subparagraph (b), says that the monthly commission was calculated based on a percentage of 'Net Revenue' received from Entain according to Affiliate Customer activity, where Net Revenue would take into account revenue after deduction of amounts such as client winnings and reversed transactions;
 - (ii) in relation to subparagraph (c), says that the incentive was only paid to affiliates in some cases; and
 - (iii) otherwise admits the paragraph with respect to web-based and non-web-based affiliates; and
 - (c) otherwise denies the paragraph.
- 138 Entain refers to and repeats paragraph 136(c) of this Defence, and otherwise admits paragraph 138.
- 139 In response to paragraph 139, Entain:
 - (a) admits subparagraph (a);

- (b) in relation to subparagraph (b), admits the paragraph to the extent set out in paragraph 11(g) of this Defence; and
 - (c) otherwise denies the paragraph.
- 140 In response to paragraph 140, Entain:
- (a) refers to and repeats paragraphs 136(c) and 171 of this Defence;
 - (b) admits that during the Relevant Period until 20 December 2022, Entain provided item 13, table 3, s 6 designated services to customers through Exclusive Affiliates (being Contractor BDMS);
 - (c) says that, in practice, Contractor BDMS did not accept cash from BDM Customers for credit into a betting account through the Cash-in Terminal (Channel); and
 - (d) otherwise denies the paragraph.
- 141 In response to paragraph 141, Entain:
- (a) in relation to subparagraph (a), admits that there was an inherent ML/TF Risk that payment by Entain of a commission to Exclusive Affiliates could incentivise Exclusive Affiliates to encourage Affiliate Customers to transact on their betting account;
 - (b) admits subparagraph (b) for the period from 16 December 2018 until December 2022; and
 - (c) otherwise denies the paragraph.
- 142 In response to paragraph 142, Entain:
- (a) refers to and repeats paragraph 139 to 141 of this Defence;
 - (b) in relation to subparagraph (a), admits that Exclusive Affiliates were involved in ongoing customer due diligence with respect to the customers that were assigned to them, including:
 - (i) some communications between Entain and the customer;
 - (ii) identifying and reporting AML red flags and suspicious matters to the AML Team; and
 - (iii) aiding the collection of information on an assigned customer's occupation, SOW/SOF and nature and purpose of their relationship with Entain and providing this information to Entain's AML Team;
 - (iv) from 2021 until October 2024, Exclusive Affiliates assisted with educating customers about, and prompting customers to complete, the SOW/SOF questionnaires;
 - (c) admits subparagraph (b) from the start of the Relevant Period to October 2024 and says further that, during the Relevant Period, Entain had procedures, systems, and controls to mitigate and manage this risk, as set out in paragraph 144 of this Defence;
 - (d) in relation to subparagraph (c), Entain:
 - (i) refers to and repeats subparagraphs (b) and (c), above;

- (ii) admits that there was a potential conflict of interest which created an inherent risk that the systems and controls in Entain's 'Part A Program' would not be applied appropriately or impartially to Exclusive Affiliates; and
 - (iii) says that such risks were identified in Entain's risk registers from October 2020 (in the Categorical Risks Tab, entry 'Referral from Employee' which referred to increasing 'yield from ML/TF activities');
 - (iv) says that Entain's systems and controls mitigated and managed the risk in subparagraph (d)(ii) from occurring, as set out in paragraph 144 of this Defence; and
 - (e) otherwise denies the paragraph.
- 143 In response to paragraph 143, Entain:
- (a) refers to and repeats paragraphs 52 to 55 of this Defence;
 - (b) says further that:
 - (i) from the start of the Relevant Period until 19 August 2024, Entain's AML/CTF Risk Register identified the risk of non-compliant actions by Entain staff and affiliates and specific risks around deposits involving 'Contractor BDMs';
 - (ii) from 1 October 2020 until 19 August 2024, Entain's AML/CTF Risk Register considered the risk associated with BDMs as a separate line item, including 'contractor BDMs', which was reviewed at least annually; and
 - (iii) from 20 August 2024, Entain's 'ML/TF Risk Assessment' Report considered the ML/TF Risk associated with its employees and contractors, which included 'Contractor BDMs'; and
 - (c) otherwise denies the paragraph.
- 144 In response to paragraph 144, Entain:
- (a) refers to and repeats paragraphs 141 and 142 of this Defence;
 - (b) admits that until March 2021, Entain's 'Part A Program' did not include appropriate-risk based systems or controls to identify, mitigate and manage the ML/TF Risks identified at paragraphs 141 and 142 of this Defence with respect to Affiliate Customers;
 - (c) says further that its 'Part A Program' included or was supported by the following risk-based systems or controls during the Relevant Period:
 - (i) Entain's AML/CTF Policy applied to Exclusive Affiliates;
 - (ii) Entain's 'Part A Program' provided that staff (including Exclusive Affiliates) received AML/CTF induction and refresher training, comprising:
 - (A) Entain's general, staff-wide AML/CTF risk awareness training, which provided an overview of how to identify and report AML/CTF red flags to the AML Team;

- (B) additional, targeted training, which focused on tipping off prohibitions, SOW/SOF checks, specific AML/CTF risks faced by Entain's business and red flag behaviour for customers and typologies;
- (iii) Entain's AML/CTF Deposits and Withdrawals Procedure, which:
 - (A) provided that Exclusive Affiliate could only accept deposits if they had approval to do so; and
 - (B) required the AML/CTF Compliance Officer to be notified of all sight unseen deposits, along with the customer's username, amount deposited, payment method, and staff member facilitating the sight unseen deposit;
- (iv) Entain's Sight Unseen Procedure, which was referred to within the AML/CTF Deposits and Withdrawals Procedure, set down specific controls on deposits through the Sight Unseen Channel, including the following requirements for Exclusive Affiliates:
 - (A) from April 2020 to July 2020, to email the Agent Assist Team the details of cash received;
 - (B) from April 2020, to observe the single and daily transaction limits that applied to deposits via the Sight Unseen Channel as referred to at paragraphs 60(g) and 62(e) of the Defence; and
 - (C) from 27 July 2020, to take a photograph of the cash received (clearly showing the quantity of cash), and email that photograph to the Agent Assist Team (copying the AML Team), confirming that they had received the funds and requesting that they be applied to the customer's account;
- (v) there were processes and procedures for conducting ECDD or SOW/SOF inquiries that did not rely solely on the provision of information by Exclusive Affiliates;
- (vi) Entain reviewed the Sight Unseen Deposits report from October 2020 for potentially suspicious transactions;
- (vii) Exclusive Affiliates were required by Entain's 'Part A Program' to report suspicions about a transaction or matter / unusual activity as described at paragraph 393, below; and
- (viii) due diligence was performed over Exclusive Affiliates, as outlined in the Affiliate Due Diligence Procedure;
- (d) says further Affiliate Customers were subject to the same deposit limits, as referred to at paragraphs 60 and 62 of this Defence, and the same TMP reporting as described in paragraph 252 of this Defence;
- (e) says further that Exclusive Affiliates were required to comply with the terms of the Affiliate Agreement, including agreeing to:
 - (i) comply with Entain's policies and procedures, including the Sight Unseen Procedure and SMR Procedure;

- (ii) not do any acts, or fail to do any acts, that put or likely will put Entain in breach of its bookmaking licence;
 - (iii) not cause Entain to be in breach of any of its responsible gambling or AML policies or procedures; and
 - (iv) comply with all relevant laws and regulations in relation to the services provided, including the AML/CTF Act;
- (f) says further that there were controls to monitor Exclusive Affiliates, including:
- (i) Exclusive Affiliates used Ladbrokes or Neds email addresses, which were recorded in Entain's systems;
 - (ii) from October 2020, Exclusive Affiliates were required to use recorded telephone lines;
 - (iii) Exclusive Affiliates were managed by the Director of Client Services / Head of Client Accounts, who received and monitored weekly reports on Exclusive Affiliates' metrics; and
 - (iv) from time to time, Entain's internal audit team undertook targeted monitoring of Exclusive Affiliate behaviour;
- (g) says further that Entain only identified a small number of instances where deposits exceeded the daily transaction limit applied to the Sight Unseen Channel, which were escalated to the Client Services Director for approval in accordance with the Sight Unseen Procedure; and
- (h) otherwise denies the paragraph.

145 In response to paragraph 145, Entain:

- (a) refers to and repeats paragraphs 136 to 144 of this Defence;
- (b) admits the paragraph for the period between the start of the Relevant Period to March 2021; and
- (c) otherwise denies the paragraph

146 In response to paragraph 146, Entain:

- (a) refers to and repeats paragraphs 32 and 145 of this Defence;
- (b) admits that, by reason of the matters admitted at paragraph 145 of this Defence, for the period between the start of the Relevant Period to March 2021, Entain's 'Part A Program' did not comply with rr 8.1.3, 8.1.4 and/or 8.1.7 of the Rules and s 84(2)(c) of the Act ; and
- (c) otherwise denies the paragraph.

Punt Club Affiliates

147 Entain admits paragraph 147.

148 In response to paragraph 148, Entain:

- (a) refers to and repeats paragraph 24, above; and
- (b) otherwise admits the paragraph.

149 Entain admits paragraph 149.

- 150 Entain admits paragraph 150.
- 151 Entain admits paragraph 151.
- Deposits to a Member Club betting account opened through Punt Club Pty Ltd***
- 152 Entain admits paragraph 152.
- Deposits to a Member Club betting account opened through The Great Tip Off***
- 153 Entain admits paragraph 153.
- Withdrawals from a Member Club betting account opened with Punt Club Pty Ltd***
- 154 Entain admits paragraph 154.
- Withdrawals from a Member Club betting account opened with The Great Tip Off***
- 155 Entain admits paragraph 155.
- The Club Kitty Account***
- 156 Entain admits paragraph 156.
- 157 Entain admits paragraph 157 but says that prior to 2021, Entain maintained a Club Kitty Account for each Member Club.
- The contractual arrangements with Punt Club Pty Ltd and The Great Tip Off and Member Club Betting Accounts***
- 158 Entain admits paragraph 158 but says that prior to 2021, Entain maintained a Club Kitty Account for each Member Club.
- 159 Entain admits paragraph 159.
- 160 Entain admits paragraph 160.
- 161 Entain admits paragraph 161.
- 162 Entain admits paragraph 162.
- 163 Entain admits paragraph 163.
- 164 Entain admits paragraph 164.
- Deficiencies in risk assessments and risk-based systems and controls***
- 165 Entain admits paragraph 165, but says that the ML/TF Risk identified at subparagraph (b) was set out in Entain's Risk Register from 1 October 2020.
- 166 In response to paragraph 166, Entain:
- (a) denies subparagraph (a), and says that Entain's Punt Club Product Risk Assessment concluded that the inherent risk relating to the product or the gaming and wagering product risk was 'medium';
 - (b) denies subparagraph (b), and says that the Punt Club Product Risk Assessment concluded that 'Overall Control Effectiveness' was deficient, which comprised 'Transaction Monitoring & Scenario Management' and 'Customer Due Diligence', which were assessed as 'deficient', and 'needs improvement', respectively;
 - (c) admits subparagraph (c);

- (d) denies subparagraph (d), refers to and repeats paragraph 72 of this Defence, and says that punt clubs used Entain's public-facing website with a different login mechanism, such that customers betting on a Punt Club Pty Ltd Member Club betting account were subject to the same IP address filtering as customers transacting on an individual account; and
- (e) admits subparagraph (e) and (f), but says that these were matters were drawn from information in the Appendix to Entain's Punt Club Product Risk Assessment, rather than conclusions reached in Entain's Punt Club Product Risk Assessment.

167 In response to paragraph 167, Entain:

- (a) refers to and repeats paragraphs 24 and 52(b)(i) and 52(c) of this Defence;
- (b) admits that it did not carry out an appropriate assessment of the ML/TF risk reasonably faced by Entain with respect to the provision of designated services facilitated through Punt Club Pty Limited and The Great Tip Off during the start of the Relevant Period until 1 October 2020;
- (c) says that the following factors mitigated ML/TF Risks reasonably faced by Entain with respect to the provision of designated services facilitated through Punt Club Pty Ltd and The Great Tip Off:
 - (i) there was very low activity on The Great Tip Off member betting accounts during the Relevant Period;
 - (ii) from November 2019, customers' individual betting accounts were linked to their Member Club betting accounts on Cerberus;
 - (iii) Entain performed ECDD on the individual customer's betting accounts;
 - (iv) customers were required to open an individual Ladbrokes account prior to becoming a member of a Member Club, and thus were subjected to the Restricted Jurisdictions List;
 - (v) Customers who were members of a Member Club and Club Captains were subject to ongoing customer due diligence and verification;
 - (vi) Member Club members' individual betting accounts were subject to Entain's TMP; and
 - (vii) funds were required to be turned over in the Member Club betting account before they could be withdrawn.
- (d) says further that Entain identified and recorded ML/TF Risks reasonably faced by Entain with respect to the provision of designated services facilitated through Punt Club Pty Ltd and The Great Tip Off in:
 - (i) the AML/CTF Risk Register from at least the start of the Relevant Period; and
 - (ii) the 'Punt Club Product Risk Assessment' dated 1 December 2023; and
 - (iii) the 'Money Laundering and Terrorism Financing Risk Assessment' dated 31 July 2024; and
- (e) otherwise denies the paragraph.

168 In response to paragraph 168, Entain:

- (a) in relation to subparagraph (a), Entain admits that prior to October 2021, there were inadequate systems and controls to ensure the verification of the name, date of birth and/or residential address of each person who was a member of a Member Club with Punt Club Pty Ltd was consistently applied.
- (b) admits subparagraph (b) but says that records of the name of each person who was a member of a Member Club with Punt Club Pty Ltd or The Great Tip Off were held by, and accessible via, the Punt Club Pty Ltd or The Great Tip Off;
- (c) in relation to subparagraph (c), Entain
 - (i) refers to and repeats paragraph 61(a), and (f) and 65 of this Defence;
 - (ii) says that deposits into Member Club betting accounts open with Punt Club Pty Ltd and The Great Tip Off were subject to the same transaction, daily and weekly limits as individual betting accounts; and
 - (iii) otherwise denies the subparagraph.
- (d) admits subparagraph (d), but says that:
 - (i) Entain only identified one instance where a withdrawal was made from a Punt Club Pty Ltd Member Club prior to the funds being turned over and after Entain identified this withdrawal, Entain raised this with the Punt Club Pty Ltd, leading to the Punt Club Pty Ltd applying a technical code change in around September 2022 that ensured the calculation of members' withdrawal entitlements was limited to turned over funds; and
- (e) admits subparagraph (e), but says:
 - (i) individual customer betting accounts that were linked to a Member Club betting account were monitored by Entain's transaction monitoring program; and
 - (ii) an individual customer's betting account activity, including transfers to Member Club Betting Accounts, could be reviewed by Entain's AML Analysts when conducting an investigation or ECDD in respect of the customer;
- (f) in relation to subparagraph (f), says that Entain:
 - (i) identified and recorded risks in its AML/TF Risk Register in relation to Punt Club Affiliates, including risks relevant to the conduct of the Punt Club Affiliates, throughout the Relevant Period;
 - (ii) conducted the following due diligence on Punt Club Pty Ltd:
 - (A) ASIC Company searches on 5 March 2018 and 10 May 2022;
 - (B) KYC checks performed for directors Jason Neave, Adam Libbis Peter Staunton and Nicholas Menere on 6 March 2018; and

- (C) PEPs and Sanctions checks for directors Jason Neave, Adam Libbis Peter Staunton and Nicholas Menere on 6 March 2018 and 11 May 2022;
 - (iii) conducted the following due diligence on The Great Tip Off:
 - (A) ASIC Company searches on 16 March 2017 and 10 May 2022;
 - (B) KYC checks performed for directors Damian Deguara and Sebastian Powell on 15 December 2017; and
 - (C) PEPs and Sanctions checks for directors Damian Deguara and Sebastian Powell on 6 December 2017 and 11 May 2022;
 - (iv) Entain conducted ECDD on individual Club Captains to the extent that their activity in respect of their betting account (which was subject to Entain's standard transaction monitoring) triggered an alert under Entain's transaction monitoring reports;
 - (g) in relation to subparagraph (g), Entain:
 - (i) admits that due to the matters admitted in subparagraph (e) above, Entain was unable to consistently identify and report to the AUSTRAC CEO matters that might be suspicious in accordance with the requirements of s 41(1), (2) and (3) of the Act;
 - (ii) say further that, it was not necessary or appropriate for Entain's 'Part A Program' and/or The Punt Club Pty Ltd and The Great Tip Off contracts to include risk-based systems and controls to ensure that matters pleaded at subparagraph (g) were consistently reported to Entain because:
 - (A) Punt Club Pty Ltd and The Great Tip Off were themselves reporting entities within the meaning of s 5 of the Act, and therefore, had an obligation to report suspicious matters to the AUSTRAC CEO; and
 - (B) by reason of (A), Punt Club Pty Ltd and The Great Tip Off were subject to the tipping off prohibitions contained in s 123 of the Act; and
 - (h) otherwise denies the paragraph.
- 169 In response to paragraph 169, Entain:
- (a) refers to and repeats paragraph 147 to 168 of this Defence; and
 - (b) otherwise admits the paragraph.
- 170 In response to paragraph 170, Entain:
- (a) refers to and repeats paragraphs 32 and 169 of this Defence;
 - (b) admits that, by reason of the matters admitted at paragraph 169 of this Defence, during the Relevant Period, Entain's 'Part A Program' did not comply with rr 8.1.3, 8.1.4 and/or 8.1.7 of the Rules and s 84(2)(c) of the Act; and
 - (c) otherwise denies the paragraph.

I. APPLICATION OF ENTAIN'S 'PART A PROGRAM' TO BUSINESS DEVELOPMENT MANAGERS AND VIP MANAGERS

171 In response to paragraph 171, Entain:

- (a) admits that during the Relevant Period until 20 December 2022, Entain provided item 13, table 3, s 6 designated services to customers through BDMs; and
- (b) otherwise denies the paragraph.

172 Entain admits paragraph 172, but says:

- (a) in relation to subparagraph (a), the majority of BDMs were employed by Entain;
- (b) in relation to subparagraph (b), BDMs:
 - (i) had functions in relation to customer safety (for the customers they managed) such as identifying and reporting potential AML red-flag behaviour to the AML Team, reporting any potentially concerning comments from customers, notifying customers about Entain's Safer Gambling processes, promoting account management tools where appropriate, including deposit limits and ensuring BDM Customers took appropriate breaks from Entain's platforms;
 - (ii) assisted with collecting SOW/SOF information; and
 - (iii) from 2021 until October 2024, assisted in educating customers about, and prompting customers to complete, the SOW/SOF questionnaires;
- (c) in relation to subparagraph (e), from December 2022, no BDMs have been approved under the Sight Unseen Procedure to accept cash deposits through the Cash-in Terminal (BDM) Channel and Sight Unseen Channel;
- (d) in relation to subparagraph (f):
 - (i) only the Club Captain had the ability to transact on the account (including placing bets and withdrawing funds); and
 - (ii) while BDMs did not mechanically themselves open BDM Punt Club betting accounts, BDMs would approve the request and the account would be set up by Entain's Agent Assist Team; and
- (e) in relation to subparagraph (g), says that BDMs only received remuneration in relation to accounts where the Entain Customer completed verification and used the Betting Account.

173 Entain admits paragraph 173.

174 Entain admits paragraph 174 and says further that VIP Managers:

- (a) had functions in relation to customer safety (for the customers they managed) such as identifying and reporting potential AML red-flag behaviour to the AML Team, reporting any potentially concerning comments from customers, notifying customers about Entain's Safer Gambling processes, promoting account management tools where appropriate, including deposit limits and ensuring VIP Customers took appropriate breaks from Entain's platforms;

- (b) assisted with collecting SOW/SOF information; and
- (c) from 2021 until October 2024, assisted in educating customers about, and prompting customers to complete, the SOW/SOF questionnaires.

175 In response to paragraph 175, Entain says:

- (a) in relation to subparagraph (a), admits that there was an inherent ML/TF risk that payment by Entain to BDMs and VIP Managers could incentivise BDMs and VIP Managers to encourage BDM Customers and VIP Customers to transact on their betting accounts;
- (b) in relation to subparagraph (b):
 - (i) admits the subparagraph for the period from 16 December 2018 until December 2022; and
 - (ii) says that, in practice, only BDM employees accepted cash from BDM Customers for credit into a betting account through the Cash-in Terminal (BDM) Channel;
- (c) in relation to subparagraphs (c) and (d), admits the subparagraphs but says that transactions materially above the total average deposits and withdrawals for Entain's customers during the Relevant Period (by reference to Schedule A and Schedule B) are not of themselves indicative of medium or high ML/TF risk;
- (d) in relation to subparagraph (d), says further that VIP Customers were some of Entain's most valuable customers;
- (e) admits subparagraph (e);
- (f) in relation to subparagraph (f), Entain says:
 - (i) a BDM would receive a request from a BDM Customer, and if approved, the BDM would direct Entain's Agent Assist team to set up a BDM Punt Club betting account;
 - (ii) the Agent Assist Team or the Director of Client Services were aware of and could object to the request; and
 - (iii) in May 2022, Entain directed BDMs not to open any new BDM Punt Club Accounts; and
- (g) otherwise denies the paragraph.

176 In response to paragraph 176, Entain:

- (a) refers to and repeats paragraph 172(a), 174 and 175 above;
- (b) in relation to subparagraph (a), Entain admits that BDMs and VIP Managers were involved in ongoing customer due diligence in respect to the customers that were assigned to them, including:
 - (i) some communications between Entain and the customer;
 - (ii) identifying and reporting AML red flags and suspicious matters to the AML Team;

- (iii) aiding the collection of information on an assigned customer's occupation, SOW/SOF and nature and purpose of their relationship with Entain and providing this information to the AML Team; and
 - (iv) from 2021 until October 2024, assisted in educating customers about, and prompting customers to complete, the SOW/SOF questionnaires, which were sent to BDM Customers and VIP Customers by the AML Team;
- (c) admits subparagraph (b) until October 2024 and says further that, during the Relevant Period, Entain had procedures, systems, and controls to mitigate and manage this risk, as set out in paragraph 179 of this Defence;
- (d) admits subparagraph (c);
- (e) in relation to subparagraph (d), Entain:
 - (i) refers to and repeats subparagraphs (b) and (c) above;
 - (ii) admits that the potential conflict of interest created an inherent risk that the systems and controls in Entain's 'Part A Program' would not be applied appropriately or impartially to BDM Customers and VIP Customers; and
 - (iii) says further that such risks were identified in Entain's Risk Registers from October 2020 (in the 'Categorical Risks' tab, entry 'Referral from Employee' which referred to increasing 'yield from ML/TF activities');
 - (iv) says further that Entain's systems and controls mitigated and managed this from occurring, as set out in paragraph 179 of the Defence; and
- (f) otherwise denies the paragraph.

177 In response to paragraph 177, Entain:

- (a) refers to and repeats paragraphs 64, 302(g), 304(g), 306(e), 310(d), 312(d) and 314(d) of this Defence;
- (b) in relation to subparagraph (a), admits that with approval, BDM Customers and/or VIP Customers were permitted to use a third party joint card or business card, third party PayPal accounts, PayID (via Zepto) in the name of a third party, and a third party POLi account;
- (c) admits subparagraph (b), but says that a BDM Customer may still have been identified on Entain's Credit Card Mismatches Report if the name of the credit or debit card did not match the BDM Customer's betting account name;
- (d) admits subparagraph (c), but says that pre-existing BDM Customers may have been required instead to verify new credit or debit cards through pre-authorisation or manual verification checks prior to making a withdrawal;
- (e) admits subparagraph (d);
- (f) in relation to subparagraph (e):
 - (i) admits that Entain could not prevent BDMs from accepting cash from customers over the applicable deposit limits referred to at paragraphs 60(g) and 62(d) and (e) of the Defence;

- (ii) admits that, from the start of the Relevant Period to October 2020, Entain did not have appropriate controls over its Sight Unseen Channel to monitor to cash deposits that were outside the limits referred to at paragraphs 60(g) and 62(e) of the Defence; and
- (iii) otherwise refers to and repeats paragraphs 64 and 179 of this Defence as to the controls applied to the Cash-in Terminal (BDM) Channel and Sight Unseen Channel;
- (g) admits subparagraph (f), but says further that:
 - (i) in relation to subparagraph (i), the number of open BDM Punt Clubs accounts reduced over the Relevant Period, with no BDM Punt Clubs operating from December 2024;
 - (ii) in relation to subparagraph (iii):
 - (A) admits the subparagraph insofar it relates to potential direct EFT and BPAY deposits into the BDM Punt Club betting accounts; and
 - (B) says that from March 2020, deposits and withdrawals involving third party accounts were permitted on the condition that those third parties were first identified and verified; and

Particulars

Paragraph 9 of Entain's Deposits and Withdrawals Procedure versions 3 to 6.

- (h) otherwise denies the paragraph.
- 178 In response to paragraph 178, Entain:
- (a) refers to and repeats paragraphs 52 to 55 of this Defence;
 - (b) admits the paragraph insofar as it relates to VIP Customers until 19 August 2024, but says that the risks Entain reasonably faced with respect to the provision of designated services to VIP Customers were assessed in the course of Entain's assessment of BDM Customers;
 - (c) says that:
 - (i) from the start of the Relevant Period to 19 August 2024, Entain's AML/CTF Risk Register identified the risk of non-compliant actions by Entain staff and affiliates and specific risks around deposits involving BDMS;
 - (ii) from 1 October 2020 until 19 August 2024, Entain's AML/CTF Risk Register also considered:
 - (A) the risk associated with BDMS as a separate line item, including BDMS who were employees and Contractor BDMS, which was reviewed at least annually; and
 - (B) the risks associated with BDM Punt Clubs which was reviewed at least annually;

- (iii) Entain's direction to BDMs in May 2022 not to open any new BDM Punt Club Accounts was made by the Compliance Manager (AML/Responsible Gambling) following a review and assessment of the AML/CTF risks presented by these accounts; and
- (iv) from 20 August 2024, Entain's 'ML/TF Risk Assessment' Report considered the ML/TF Risk associated with its employees and contractors, which included VIP Managers and BDMs; and
- (d) otherwise denies the paragraph.

179 In response to paragraph 179, Entain:

- (a) admits that between the start of the Relevant Period to March 2021, Entain's 'Part A Program' did not include appropriate-risk based systems or controls to identify, mitigate and manage the ML/TF Risks with respect to the provision of designated services to BDM Customers and VIP Customers by reason of the matters admitted at paragraphs 171 to 178 of the Defence;
- (b) says further that its 'Part A Program' included or was supported by the following risk-based systems or controls during the Relevant Period:
 - (i) Entain's AML/CTF Policy applied to BDMs and VIP Managers;
 - (ii) Entain's 'Part A Program' provided that staff (including employees, Contractor BDMs, and VIP Managers) received AML/CTF induction and refresher training, comprising:
 - (A) general, staff-wide AML/CTF risk awareness training, which provided an overview of how to identify and report AML/CTF red flags to the AML Team;
 - (B) targeted training, which focused on tipping of prohibitions, SOW/SOF checks, specific AML/CTF risks faced by Entain's business and red flag behaviour for customers and typologies;
 - (iii) Entain's AML/CTF Deposits and Withdrawals Procedure:
 - (A) provided that BDMs could only accept deposits if they had approval to do so; and
 - (B) until October 2024, required the AML/CTF Compliance Officer to be notified of all sight unseen deposits, along with the customer's username, amount deposited, payment method, staff member facilitating the sight unseen deposit;
 - (iv) Entain's Sight Unseen Procedure, which was referred to within the AML/CTF Deposits and Withdrawals Procedure, set down specific controls on deposits through the Sight Unseen Channel including requirements for BDMs:
 - (A) with respect to the Sight Unseen Channel:
 - (1) from April 2020, to email the Agent Assist team for approval, and with details of the cash received;
 - (2) from April 2020, to observe the single and daily transaction limits that applied to deposits via the Sight

- Unseen Channel as referred to at paragraphs 60(g) and 62(e) of the Defence; and
- (3) from 27 July 2020, to take a photograph of the cash received (clearly showing the quantity of cash), and email that photograph to the Agent Assist team (copying the AML Team), confirming that they had received the funds and requesting that they be applied to the customer's account;
- (B) with respect to the Cash-in Terminal (BDM) Channel:
- (1) from April 2020 to November 2022, to bank aggregate payments of \$10,000 by the next business day or otherwise by the following Wednesday;
 - (2) from November to December 2022, to bank aggregate payments of \$2,000 by the next business day or otherwise by the following Wednesday;
 - (3) from April 2020, to observe the daily transactional limits that applied to deposits via the Cash-in Terminal (BDM) Channel referred to at paragraphs 60(f) and 62(d) of the Defence;
 - (4) from 27 July 2020, to take a photograph of the cash received (clearly showing the quantity of cash), and email that photograph to the AML Team, confirming that they had credited the funds to the customer's account using the Cash-in Terminal (noting the customer account and amount);
- (v) BDM Customers and VIP Customers were subject to the same deposit limits, as referred to at paragraphs 60 and 62 of this Defence, and the same TMP reporting as described in paragraph 256 of this Defence;
 - (vi) Entain reviewed the TMP reports (as described in paragraphs 256 of this Defence) for potentially suspicious transactions, including transactions involving BDM and VIP customers;
 - (vii) BDMs and VIP Managers were required by Entain's 'Part A Program' to report suspicions about a transaction or matter / unusual activity as described at paragraph 393 of this Defence;
 - (viii) there were processes and procedures for conducting ECDD or SOW/SOF inquiries that did not rely solely on the provision of information by BDMs and VIP Managers; and
 - (ix) due diligence was performed over employee BDMs and Contractor BDMs, as outlined in the Employee Due Diligence & Recruitment Policy and the Affiliate Due Diligence Procedure, respectively;
- (c) says further that Employee BDMs and VIP Managers were required under their employment contract to comply with Entain's policies and procedures, including the Sight Unseen Procedure and SMR Procedure;

- (d) says further that Contractor BDMs were required to comply with the terms of the Affiliate Agreement, as outlined in paragraph 144(e) of this Defence;
- (e) says further that there were controls to monitor BDMs and VIP Managers, including:
 - (i) BDMs and VIP Managers used Ladbrokes or Neds email addresses, which were recorded in Entain's systems;
 - (ii) from October 2020, BDMs and VIP Managers were required to use recorded telephone lines;
 - (iii) BDMs and VIP Managers were managed by the Director of Client Services / Head of Client Accounts, who received and monitored weekly reports on Exclusive Affiliates' metrics; and
 - (iv) from time to time, Entain's internal audit team undertook targeted monitoring of Exclusive Affiliate behaviour;
- (f) says further that Entain only identified a small number of instances where deposits exceeded the daily transaction limit applied to the Sight Unseen Channel, which were escalated to the Client Services Director for approval in accordance with the Sight Unseen Procedure;
- (g) says further that Entain is not aware of any instances where a customer exceeded the daily transaction limit applied to the Cash-in (BDM) Channel; and
- (h) otherwise denies the paragraph.

180 In response to paragraph 180, Entain:

- (a) refers to and repeats paragraph 171 to 179 of this Defence; and
- (b) admits the paragraph from the start of the Relevant Period to March 2021; and
- (c) otherwise denies the paragraph.

181 In response to paragraph 181, Entain:

- (a) refers to and repeats paragraphs 32 and 180 of this Defence;
- (b) admits that, by reason of the matters admitted at paragraph 180 of this Defence, that for the period between the start of the Relevant Period to March 2021, Entain's 'Part A Program' did not comply with rr 8.1.3 and 8.1.4 of the Rules and s 84(2)(c) of the Act; and
- (c) otherwise denies the paragraph.

J. THE PROVISION OF DESIGNATED SERVICES TO CUSTOMERS IN PSEUDONYMS

182 In response to paragraph 182, Entain:

- (a) refers to and repeats paragraph 7(b) of this Defence;
- (b) admits subparagraph (c), but says that:
 - (i) Entain also kept records of the customer's true name in its Pseudonym Register itself;

- (ii) during the Relevant Period until 20 January 2023, a note was recorded against each pseudonym betting account on Entain's information management systems to identify that the customer was listed on the Pseudonym Register, so that the AML Analysts could identify the true name of the customer by reviewing the customer's details on the Pseudonym Register; and
- (iii) in or around February 2023, the true names and details of all customers who previously transacted under a pseudonym were recorded in Cerberus;
- (c) admits subparagraph (d), but says that, as a result of the matter pleaded at subparagraph (b), above, Entain had visibility as to the customer's true name;
- (d) admits subparagraph (e) but says that, as a result of the matter pleaded at subparagraph (b), above, Entain had visibility as to the customer's true name; and
- (e) otherwise admits the paragraph.

183 In response to paragraph 183, Entain:

- (a) in relation to subparagraph (a):
 - (i) refers to and repeats paragraph 192 of this Defence;
 - (ii) says pseudonym customers could have been flagged 'medium ML/TF Risk' or 'high ML/TF Risk' if they met the criteria described in paragraphs 195 and 196 of this Defence;
 - (iii) says further that customers with an existing pseudonym account prior to 11 March 2021 had a customer risk rating changed to at least 'Medium' in December 2021, and then 'High' between November to December 2022; and
- (b) in relation to subparagraph (c), admits the subparagraph but refers to subparagraph 182(b) of this Defence;
- (c) refers to paragraphs 423P to 423U below and says that:
 - (i) in its September 2022 report prepared for the purpose of the 2022 MWC Review, MWC recommended Entain review the Pseudonym Register to ensure customers contained on it were appropriately risk rated;
 - (ii) in September 2022, Entain responded to that recommendation by:
 - (A) stating it agreed all clients on the Pseudonym Register should be rated as high-risk customers;
 - (B) engaging in a process of reviewing and minimising entries to the Pseudonym Register, including through closing dormant accounts;
 - (C) from November to December 2022, rating all customers with an existing pseudonym account as 'High' as alleged in subparagraph (a)(iii) above;

- (D) ceased using the Pseudonym Register on 20 January 2023; and
- (d) otherwise admits the paragraph.
- 184 In response to paragraph 184, Entain:
 - (a) admits subparagraph (a);
 - (b) in relation to subparagraph (b):
 - (i) admits that there was at least one instance where a SMR was filed in the customer's pseudonym name instead of the customer's true name;
 - (ii) admits that due to (i), this involved the creation of false and/or misleading records by Entain relating to: (i) the names of betting accounts; and (ii) the persons conducting transactions on betting accounts; and
 - (iii) otherwise denies the subparagraph;
 - (c) in relation to subparagraph (c), admits the paragraph insofar it relates to the matters Entain admits in subparagraph (b) above;
 - (d) in relation to subparagraph (d):
 - (i) refers to and repeats paragraphs 183 and 184(c) of this Defence; and
 - (ii) otherwise admits the paragraph;
 - (e) denies subparagraph (e).
- 185 In response to paragraph 185, Entain:
 - (a) refers to and repeats paragraph 184 of this Defence; and
 - (b) otherwise admits paragraph 185.
- 186 In response to paragraph 186, Entain:
 - (a) refers to and repeats paragraphs 32, 182 to 185 of this Defence;
 - (b) admits that from 16 December 2018 until 20 January 2023, Entain's 'Part A Program' did not include appropriate risk-based systems and controls due to the matters described in subparagraphs (a) and (b) of the SOC; and
 - (c) otherwise denies paragraph 186.
- 187 In response to paragraph 187, Entain:
 - (a) refers to and repeats paragraph 32 and 186 of this Defence;
 - (b) admits that, by reason of the matters admitted at paragraph 186 of this Defence for the period between the start of the Relevant Period to 20 January 2023, Entain's 'Part A Program' did not comply with rr 8.1.3 and 8.1.4 of the Rules and s 84(2)(c) of the Act; and
 - (c) otherwise denies the paragraph.
- K. ONGOING CUSTOMER DUE DILIGENCE – ENTAIN'S 'PART A PROGRAM'**
- 188 In response to paragraph 188, Entain:
 - (a) refers to and repeats paragraph 32, above; and

- (b) otherwise admits the paragraph.

K.1 Customer risk and risk ratings

189 Entain admits paragraph 189.

190 Entain admits paragraph 190.

191 In response to paragraph 191, Entain:

- (a) admits that prior to 27 August 2024, Entain did not give consideration to reviewing a Customer's Risk Rating for the purpose of its 'Part A Program' unless the customer was escalated for ECDD in accordance with Entain's ECDD Program;
- (b) says that from the beginning of the Relevant Period until 12 February 2019, Entain would assign:
 - (i) a medium Customer Risk Rating to new customers who were identified through Entain's screening processes as a possible domestic PEP, possible foreign PEP, or possible international PEP; and
 - (ii) a high Customer Risk Rating to new customers who were identified through Entain's screening processes as a confirmed foreign PEP or possible person on a Sanctions list;
- (c) says that from 11 March 2021, Entain would assign a customer risk rating to new customers if:
 - (i) until 6 September 2021, the customer was a former employee, former affiliate or affiliate, in which case Entain would assign a high Customer Risk Rating;
 - (ii) until 6 September 2021, the customer resided outside of Australia or New Zealand, in which case Entain would assign a medium Customer Risk Rating;
 - (iii) the customer requested to be on the Pseudonym Register or, from late 2022, had been on the Pseudonym Register at any time (even if they were no longer on the Pseudonym Register), in which case Entain assigned a high risk rating; or
 - (iv) the customer was confirmed through Entain's screening processes as a foreign PEP, in which case Entain assigned a high risk rating; and
- (d) otherwise denies the paragraph.

192 Entain admits paragraph 192, but says that:

- (a) until September or October 2020, customers with a 'not risk rated' rating were treated as 'low' risk for the purposes of Entain's Customer Risk Rating; and
- (b) from around September or October 2020, Entain updated its customers with a risk rating of "not rated" to 'low' risk as part of a remediation process.

193 Entain denies paragraphs 193 and says that:

- (a) Entain's 'Part A Program' provided that, where customers' betting accounts did not meet the criteria for medium or high ML/TF Risk in accordance with the

"ECDD Procedure", the betting account would be rated immediately upon sign up as "Low" ML/TF Risk; and

- (b) Entain's 'ECDD Procedure' separately stated that betting accounts would be rated as Low ML/TF Risk when the criteria set out in section 8.1 of the 'ECDD Procedure' was identified.

Customer Risk Rating criteria prior to October 2023

194 Entain admits paragraph 194.

195 Entain admits paragraph 195.

196 In response to paragraph 196, Entain:

- (a) admits subparagraph (a), but says further that this criterion applied until an updated version of the ECDD Procedure was introduced on 6 September 2021, which reflected Entain's decision that, from May 2021 onwards, customers from outside of Australia and New Zealand were no longer permitted to open new accounts;
- (b) in relation to subparagraph (b), says that;
 - (i) the requirement that a customer's deposits or gambling losses (as set out in the subparagraph) be 'identified through an AML report' was introduced on 11 March 2021; and
 - (ii) says that the requirement in subparagraph (b)(iii), that there be 'a suspicion that the customer's funds were the proceeds of crime', was removed on 1 February 2023;
- (c) in relation to subparagraph (d), says that the Cash-in Facility:
 - (i) did not refer to and include deposits made by way of a Prepaid Card; and
 - (ii) included deposits at participating outlets using a Neds MasterCard with a cash top-up feature between May 2019 and February 2022;
- (d) in relation to subparagraph (f), says that the criterion at subparagraph (f)(ii) applied between 9 March 2020 to 10 March 2021;
- (e) in relation to subparagraph (g), says that the definition of AML Red Flags was revised on 6 September 2021, 12 April 2022 and 1 February 2023; and
- (f) otherwise admits the paragraph.

197 Entain admits paragraph 197, and says further that:

- (a) in relation to subparagraph (d), from 12 April 2022, the reference to deposits through the Cash-in Facility was replaced with transactions using 'potential cash based deposit methods';
- (b) in relation to subparagraph (e):
 - (i) in relation to subparagraphs (e)(i) and (ii), from 6 September 2021, an exception to the high ML/TF risk rating was introduced for ex-employees or affiliates, where ECDD had been conducted over the customer and it had been determined that the customer's activity did not suggest any increase to risk of ML/TF, or their knowledge of the

business was no longer determined to be relevant, or was not substantial enough to pose an increase to ML/TF Risk;

- (ii) in relation to subparagraph (e)(iii), the requirement was not removed but rather amended on 1 February 2023 to clarify that all customers that had historically been or had requested to be listed under a pseudonym would receive a high ML/TF Risk rating regardless of the outcome of that request; and
- (iii) the criteria identified in subparagraph (e)(iii) of this Defence were introduced in response to recommendations made by MWC in its 2020 MWC Review (as referred to in paragraph 423J(b)(ii) below).

Customer Risk Rating criteria between October 2023 and 26 August 2024

198 Entain denies paragraph 198 and says further that:

- (a) the criteria for Customer Risk Ratings of 'low', 'medium' and 'high' ML/TF Risk were retained in the 'ECDD Standard'; and
- (b) from October 2023, Entain's 'ECDD Program' was set out across Entain's ECDD Standard and ECDD Procedure.

199 Entain admits paragraph 199, but says further that additional high ML/TF Risk criteria were contained in Appendix 3 of the AML TMP Guide.

200 Entain admits paragraph 200, and says further that the AML TMP Guide also stated that any change to a customer's risk rating required ECDD be completed in accordance with the ECDD Procedure.

201 In response to paragraph 201, Entain:

- (a) admits that, from 9 January 2024, Entain's AML TMP Guide did not include any reference to criteria for Customer Risk Ratings of 'low'; and
- (b) otherwise denies the paragraph.

202 Entain denies paragraph 202 and refers to and repeats subparagraph 31(f) and 198 of this Defence.

203 In response to paragraph 203, Entain:

- (a) refers to and repeats paragraph 202 of this Defence; and
- (b) otherwise denies the paragraph.

Customer Risk Rating criteria from 27 August 2024

204 Entain admits paragraph 204.

205 Entain denies paragraph 205, and says that Entain's 'Part A Program' provided that where a customer did not meet the criteria for 'medium' or 'high' ML/TF Risk they would automatically receive a Customer Risk Rating of 'low' ML/TF Risk.

206 Entain admits paragraph 206.

207 Entain admits paragraph 207.

The deficiencies in customer risk ratings and the assessment customer ML/TF Risk

The Customer Risk Rating criteria in Entain's 'Part A Program'

208 In response to paragraph 208, Entain:

- (a) refers to and repeats paragraphs 32, 75, 77, 256 and 281 of this Defence;
- (b) in relation to subparagraph (a), admits that prior to September 2021, Entain could not consistently detect customers located outside Australia who opened betting accounts;
- (c) in relation to subparagraph (b), admits that there were inadequate processes to consistently detect and escalate customers whose weekly deposits or gambling losses were at the levels pleaded at paragraph 196(b) above across each of Entain's Inward Payment Channels;
- (d) in relation to subparagraph (c), admits that prior to August 2021, there were inadequate processes to consistently detect and escalate a customer with respect to their risk rating where their deposits through Entain's Cash-in Facility were \$5,000 or more per day or \$10,000 or more per week;
- (e) in relation to subparagraph (d), admits that from August 2021, there were processes to detect and escalate a customer with respect to their risk rating where their deposits through Entain's Cash-in Facility were \$5,000 or more per day or \$10,000 or more per week, but these processes could not consistently detect such customers;
- (f) in relation to subparagraph (e), says that:
 - (i) Entain's Adverse Media Matrix, which was cross-referred to in the ECDD Procedure from 31 October 2023, provided guidance on what a relevant criminal record was, by recording the types of offences that should be subject to greater scrutiny (for example, bribery and corruption, drug importation or trafficking, major financial crime); and
 - (ii) from 31 October 2023, Entain's ECDD Procedure provided AML Analysts with guidance on what searches to run in order to detect customers and, by reference to the Adverse Media Matrix, how to assess and escalate a Customer Risk Rating; and
- (g) otherwise denies the paragraph.

209 In response to paragraph 209, Entain:

- (a) refers to and repeats paragraphs 32, 256 and 281 of this Defence;
- (b) in relation to subparagraph (a), admits that there were inadequate processes to consistently detect and escalate customers whose deposits or gambling losses from a betting account were \$50,000 or more in a week across each of Entain's Inward Payment Channels;
- (c) in relation to subparagraph (b), admits that prior to August 2021, there were inadequate processes to consistently detect and escalate a customer with respect to their risk rating where their deposits through Entain's Cash-in Facility were \$10,000 or more per day or \$20,000 or more per week;
- (d) in relation to subparagraph (c), admits that from August 2021, there were processes to detect and escalate a customer with respect to their risk rating where their deposits through Entain's Cash-in Facility were \$10,000 or more

per day or \$20,000 or more per week, but these processes could not consistently detect such customers;

- (e) in relation to subparagraph (d), Entain:
 - (i) refers to and repeats paragraph 225 of this Defence; and
 - (ii) admits for the period from 16 December 2018 until August 2024 that there were inadequate processes to consistently detect and escalate customers, or beneficial owners of customers who were foreign PEPs;
- (f) in relation to subparagraph (e), Entain:
 - (i) admits from March 2021 (when the relevant customer risk indicia was included in the ECDD Procedure), there were no written procedures to:
 - (A) detect new customers who were former affiliates until 9 January 2024;
 - (B) detect current affiliates and customers related to former affiliates; and
 - (C) escalate customers related to former affiliates; and
 - (ii) says that while there were no written procedures, current and former Entain staff were identified on its information systems and marked as high ML/TF risk, which would have been visible to AML Analysts from February 2021;
- (g) in relation to subparagraph (f), says that the AML TMP Guide contained the following processes with respect to high-risk overseas jurisdictions:
 - (i) processes to detect, review and escalate customers using an international card from a high-risk jurisdiction; and
 - (ii) processes to detect, review and escalate customers making international transfers;
- (h) in relation to subparagraph (g), refers to and repeats paragraph 208(f) of this Defence; and
- (i) otherwise denies the paragraph.

Identification and escalation of customers who should have been rated above low ML/TF Risk

210 In response to paragraph 210, Entain:

- (a) refers to and repeats paragraphs 32, 52 to 55, 71, 77, 191, 195, 196 to 198, 202, 203, 225, 253 to 353 and 359 of this Defence;
- (b) admits subparagraph (a), by reason and to the extent of the matters admitted in paragraphs 52 to 55 of this Defence, until 19 August 2024;
- (c) admits subparagraph (c);
- (d) admits subparagraph (d), and says that transactions materially above the total average deposits and withdrawals for Entain's customers during the Relevant Period (by reference to Schedule A) are not of themselves indicative of medium or high ML/TF Risk;

- (e) admits subparagraph (e), but says that the transaction thresholds for medium and high ML/TF Risk ratings were sufficient on their own to trigger ECDD and, if ECDD identified that the customer met certain risk criteria, would result in a medium or high ML/TF risk rating;
- (f) admits subparagraph (f), but says further that:
 - (i) where threshold deposit or loss limits were met, a customer suspected of being linked to criminal activity or suspected of using the proceeds of crime was required to be rated medium or high ML/TF risk; and
 - (ii) in practice, from at least February 2019 customers the subject of law enforcement information which Entain considered raised a suspicion were generally rated medium or high ML/TF risk irrespective of whether or not they met deposit and loss limits;
- (g) in relation to subparagraph (h), admits that from 27 August 2024, the criteria for risk rating customers in Entain's 'Part A Program' did not include any quantitative transaction thresholds as an indicator of a risk rating above low, but says that such a risk-based system and control was not necessary to be included in Entain's 'Part A Program', in light of the other risk-based systems and controls included in Entain's 'Part A Program' from that time which were directed to identifying, and escalating customers who indicated higher ML/TF Risk including:
 - (i) Entain's ECDD Program required ECDD to be undertaken for accounts that:
 - (A) involved transactions via Entain's Cash In Facility, other cash-based payment methods, or Prepaid cards exceeding \$5,000 or more per day or \$10,000 or more per week; and
 - (B) appeared on the High Value Transaction Report and ECDD had not been performed in the previous 6 months;
 - (ii) AML Analysts reviewed TMP reports having regard to written procedures including the SMR Procedure and ECDD Procedure. Review of the TMP reports may have otherwise led to customers being escalated for ECDD in accordance with those procedures;
- (h) in relation to subparagraph (j), Entain admits that from the start of the Relevant Period until March 2020, there were inadequate systems and controls to screen customers for adverse media;
- (i) in relation to subparagraph (k), Entain:
 - (i) refers to and repeats paragraph 225 of this Defence; and
 - (ii) admits that for the period from 16 December 2018 until August 2024 there were inadequate processes to consistently detect and escalate customers, or beneficial owners of customers who were PEPs;
- (j) in relation to subparagraph (l):
 - (i) admits subparagraph (l)(i), but says that customers outside Australia (and New Zealand) could still be rated medium or high ML/TF Risk if the customer met any other medium or high ML/TF Risk criteria;

- (ii) in relation to subparagraph (l)(iv), Entain:
 - (A) admits that from the start of the Relevant Period until 11 March 2021, there was no guidance as to how the risk of betting accounts opened from different jurisdictions should be assessed;
 - (B) says that from 11 March 2021 to 5 September 2021, the criteria contained in the ECDD Procedure provided that all new betting accounts for customers residing outside Australia and New Zealand were to be rated medium ML/TF Risk;
- (iii) in relation to subparagraph (l)(v), Entain:
 - (A) refers to and repeats paragraph 77 of this Defence;
 - (B) admits the subparagraph until April 2023; and
 - (C) otherwise denies the subparagraph;
- (k) in relation to subparagraph (m), Entain:
 - (i) refers to and repeats paragraphs 253 to 353 of this Defence; and
 - (ii) otherwise admits the paragraph;
- (l) in relation to subparagraph (n), admits that prior to 27 August 2024, Entain's 'ECDD Program' required a betting account, not a customer, to be assigned a risk rating, but says that:
 - (i) from at least 2019, it was general practice for AML staff undertaking ECDD to consider activity across all customer accounts;
 - (ii) from at least July 2022, Entain's AML Training Manual required personnel conducting ECDD to search Cerberus for other accounts held by the customer; and
 - (iii) from 31 October 2023, this process was contained in Entain's ECDD Procedure;
- (m) admits subparagraph (o) but says that;
 - (i) a member of a Punt Club was required to hold an individual betting account with Entain; and
 - (ii) any incoming funds received from a customer, or outgoing funds provided to a customer externally, could only be transacted on an individual customer's account and not a Punt Club and would be captured as part of the transaction monitoring processes in place under Entain's TMP and result in a customer being escalated to a medium or high ML/TF Customer Risk Rating;
- (n) in relation to subparagraph (p), admits that, prior to 1 February 2023, the 'Part A Program' did not include any written procedures or guidance as to whom a customer should be escalated in order to be risk-rated and says further that:
 - (i) prior to 1 February 2023, Entain had an informal practice of escalating a decision regarding a customer becoming or ceasing to be rated high risk to the AML/CTF Compliance Officer, Deputy or Manager;

- (ii) from 31 March 2021, Entain's ECDD Procedure noted that senior management approval for the continuation of an account or processing of transactions may be required, depending on the situation;
- (iii) from 1 February 2023, the ECDD Procedure and, from 17 October 2023, the ECDD Standard, contained an additional requirement to escalate customers where there was uncertainty as to the appropriate risk rating to the AML/CTF Team Manager;
- (iv) on 31 October 2023, additional grounds upon which to escalate to senior management a decision to maintain a business relationship following ECDD were introduced into the ECDD Procedure; and
- (v) from 27 August 2024, Entain's 'Part A Program' provided that:
 - (A) assessments of potential high ML/TF Risk customers where there is uncertainty as to whether the criteria are met are to be escalated to the AML/CTF Compliance Officer and a determination made; and
 - (B) where a customer is determined to be high risk, senior management (defined as the Standing attendees of the AML Steering Committee) approval needed to be sought to continue the business relationship or continue providing designated services to the customer; and
- (o) otherwise denies the paragraph.

211 In response to paragraph 211, Entain:

- (a) refers to and repeats paragraphs 208 to 210 of this Defence; and
- (b) otherwise admits the paragraph for the period between the start of the Relevant Period to 26 August 2024.

212 In response to paragraph 212, Entain:

- (a) refers to and repeats paragraphs 32, 208 to 211 of this Defence; and
- (b) otherwise admits the paragraph for the period between the start of the Relevant Period to 26 August 2024.

213 In response to paragraph 213, Entain:

- (a) refers to and repeats paragraph 32 and 212 of this Defence; and
- (b) admits that, by reason of the matters admitted at paragraph 212 of this Defence, for the period between the start of the Relevant Period to 26 August 2024 Entain's 'Part A Program' did not comply with rr 8.1.3, 8.1.4, 8.1.5(3) and 8.1.5(4) of the Rules and therefore did not comply with s 84(2)(c) of the Act; and
- (c) otherwise denies the paragraph.

Politically Exposed Persons (PEP) screening

214 In response to paragraph 214, Entain:

- (a) refers to and repeats paragraph 32 of this Defence; and
- (b) otherwise admits the paragraph.

- 215 Entain admits paragraph 215.
- 216 Entain admits paragraph 216.
- 217 Entain admits paragraph 217.
- 218 Entain admits paragraph 218, but says that, in relation to subparagraph (a), from 21 September 2023, the PEP Procedure clarified that AML Analysts had an obligation to undertake screening within 3 business days.
- 219 In response to paragraph 219, Entain:
- (a) says that from the beginning of the Relevant Period to 11 February 2019, Entain conducted daily PEP screening using external providers for all new customers at the point of customer onboarding;
 - (b) says further that between 12 February 2019 and 11 March 2021, PEP screening was not undertaken as part of the customer onboarding process but rather only when ECDD was triggered and may have involved external providers;
 - (c) says further that from March 2021, in response to a recommendation made by MWC in its 5 October 2020 report referred to in paragraph 423J of this Defence Entain:
 - (i) implemented PEP screening using external providers for all new customers on or about the day they opened a betting account; and
 - (ii) required an annual wash of betting accounts opened in the last 12 months to be undertaken; and
 - (d) otherwise denies the paragraph.
- 220 In response to paragraph 220, Entain:
- (a) says that from 11 March 2021 to September 2023, Entain had:
 - (i) a documented practice of conducting an annual wash of all customers who had opened a betting account as against PEP lists maintained by an external provider;
- Particulars**
- PEP and Sanctions Procedure, versions 6 to 9.5, section 4.1.
- (ii) a separate, and undocumented, practice of conducting an annual wash of all customers who had opened a betting account in the last 12 months as against PEP lists maintained by an external provider; and
 - (b) otherwise admits the paragraph.
- 221 Entain admits paragraph 221, but says that from 12 February 2019 to 11 March 2021, Entain customers were PEP screened if ECDD was triggered.
- 222 Entain admits paragraph 222, and says further that the delay in Entain's annual wash in 2023 was due to Entain's uplift of its PEP screening and washing processes.
- 223 In response to paragraph 223, Entain:
- (a) refers to and repeats paragraph 218 of this Defence; and
 - (b) otherwise admits the paragraph.

224 In response to paragraph 224, Entain:

- (a) in relation to subparagraph (b), says that customers who had opened betting accounts between 12 February 2019 and March 2021 were not subject to the 2023 annual wash, but were nevertheless screened as part of Entain's one-off PEP wash of over its entire customer base described in paragraph 224(c) of the SOC;
- (b) in relation to subparagraph (d), says that the PEP wash was completed in January 2025; and
- (c) otherwise admits the paragraph.

225 In response to paragraph 225, Entain:

- (a) refers to and repeats paragraphs 214 to 224 of this Defence;
- (b) admits subparagraph (a);
- (c) in response to subparagraph (b), admits that Entain did not PEP screen beneficial owners until October 2023, from which date all directors or authorised persons listed against non-individual accounts were screened;
- (d) admits subparagraph (c);
- (e) in response to subparagraph (d), Entain refers to and repeats paragraph 221 of this Defence;
- (f) in response to subparagraph (f), Entain admits that Entain's 'Part A Program' did not include processes to reliably and consistently carry out PEP screening of customers until August 2024;
- (g) admits subparagraph (g);
- (h) admits that by reason of the matters identified in subparagraphs (b) to (g) of this Defence, Entain did not include appropriate risk-based systems, controls or Procedures in its 'Part A Program' to identify customers or beneficial owners of customers who were PEPs between 16 December 2018 until August 2024; and
- (i) denies subparagraph (e) and (h); and
- (j) otherwise denies the paragraph.

K.2 Source of wealth and source of funds

226 Entain admits paragraph 226.

227 In response to paragraph 227, Entain:

- (a) admits subparagraphs (a) and (b);
- (b) says that for the purpose of its 'ECDD Program', in cases where one or more of the circumstances in r 15.9 of the Rules arises, Entain was required to undertake measures appropriate to those circumstances, including a range of measures set out in rr 15.10(1) to (7) of the Rules; and
- (c) otherwise denies the paragraph.

228 Entain admits paragraph 228.

229 Entain admits paragraph 229.

16 December 2018 to 10 March 2021

230 In response to paragraph 230, Entain:

- (a) denies subparagraph (d), and says that Entain's 'ECDD Procedure' made provision for when ECDD should be conducted and how 'ECDD information' should be collected;
- (b) admits subparagraph (f), but says that the reference to 'Exclusive Affiliate' in (iv) should be to 'BDM, VIP Manager or Affiliate';
- (c) admits subparagraph (g) but says:
 - (i) that subparagraph (g)(iii) provides examples of where information about the expected business activity of a customer with Entain may be collected, but is not exhaustive of the circumstances in which such information may have been collected;
 - (ii) says that information that may have been collected from or about a customer during the ECDD process also included:
 - (A) reverification of the customer's identification;
 - (B) the customer's PEP status; and
 - (C) from 16 July 2019, adverse media or publicised information about the customer; and
- (d) otherwise admits the paragraph.

11 March 2021 to 5 September 2021

231 Entain admits paragraph 231.

232 Entain admits paragraph 232.

233 Entain admits paragraph 233.

234 Entain admits paragraph 234, but says that the forms were online forms that were accessible by Entain, and therefore did not need to be returned to Entain.

235 Entain admits paragraph 235.

236 In response to paragraph 236, Entain:

- (a) in relation to subparagraph (b),
 - (i) refers to and repeats paragraph 280, below;
 - (ii) says that the 'High Value Transaction Report' was referred to as the 'Legal High Value Transaction Report' in version 6 of Entain's ECDD Procedure; and
 - (iii) admits that the Stage 1 process was triggered in the circumstances pleaded at subparagraph (b), subject to Entain not having been able to either obtain or verify information regarding the customer's SOW/SOF;
- (b) admits that the Stage 1 process was triggered in the circumstances pleaded at subparagraph (c), subject to Entain not having been able to either obtain or verify information regarding the customer's SOW/SOF;
- (c) refers to and repeats paragraphs 261, 263, 265 and 267 of this Defence; and

- (d) otherwise admits the paragraph.
- 237 In response to paragraph 237, Entain:
- (a) says that on 31 March 2021, the March 2021 procedure was amended so that it provided that the requirement to send a Stage 1 SOF Form to a customer was triggered if:
 - (i) the criterion in paragraph 236(a) was met; or
 - (ii) Entain had not been able to either obtain or verify information regarding the customers' SOW/SOF and one of the criteria in paragraphs 236(b)-(g) was met;
 - (b) refers to and repeats subparagraphs 236(a)-(b) of this Defence; and
 - (c) otherwise denies the paragraph.
- 238 Entain admits paragraph 238.
- 239 Entain admits paragraph 239 and further says that it was mandatory for customers to complete the Stage 2 SOF Form.
- 240 In response to paragraph 240, Entain:
- (a) in relation to subparagraph (b)(i):
 - (i) says that the 'High Value Transaction Report' was referred to as the 'Legal High Value Transaction Report' in version 6 of Entain's ECDD Procedure; and
 - (ii) admits that the Stage 2 process was triggered in the circumstances pleaded at subparagraph (b), subject to Entain not having been able to either obtain or verify information regarding the customer's SOW/SOF; and
 - (b) otherwise admits the paragraph.
- 241 In response to paragraph 241, Entain:
- (a) says that on 31 March 2021, the March 2021 procedure was amended such that it provided that the requirement to send a Stage 2 SOF Form to a customer was triggered if:
 - (i) the criterion in paragraphs 240(a) or (d) was met; or
 - (ii) Entain had not been able to either obtain or verify information regarding the customers' source of wealth/funds and one of the criteria in paragraphs 240(b) was met;
 - (b) refers to and repeats paragraph 240(a) of this Defence; and
 - (c) otherwise denies the paragraph.
- 242 In response to paragraph 242, Entain:
- (a) says that the March 2021 procedure provided that if the requested information had not been provided by the customer within 28 days from the date that the Stage 2 SOF Form was sent to the customer, the customer's betting account was suspended, unless and until:
 - (i) the Stage 2 SOF Form was completed by the customer; or

- (ii) the customer's SOW/SOF was otherwise verified or determined (through the customer or otherwise) and deemed to be acceptable by the AML/CTF Compliance Officer, Compliance Manager or AML Team Manager; and
 - (b) otherwise denies the paragraph.
- 243 In response to paragraph 243, Entain:
- (a) says that by April 2021, the March 2021 procedure had been amended such that, if the requested information was not returned by the customer within 28 days or was insufficient to substantiate the customer's spend and/or source of wealth/source of funds, the customer's account was escalated to the AML/CTF Compliance Officer, Compliance Manager and/or members of Entain's Executive Committee for review to determine whether the account should be suspended from further betting; and
 - (b) says that on 6 September 2021, the March 2021 procedure was amended such that if the requested information had not been provided by the customer within 28 days or was insufficient to substantiate the customer's spend and/or SOW/SOF, the betting account/customer would be referred to the AML/CTF Compliance Officer, Compliance Manager, or AML Team Manager for review to determine whether the account should be suspended from further betting or what other appropriate action needed to be taken; and
 - (c) otherwise denies the paragraph.
- 244 In response to paragraph 244, Entain admits the paragraph but says that the AML Team Leader did not form part of management for the purposes of this paragraph.
- From 6 September 2021***
- 245 In response to paragraph 245, Entain:
- (a) says that the process to collect source of wealth/source of funds information contained in Entain's 'ECDD Procedure' was amended on 6 September 2021, and further amended on 1 February 2023;
 - (b) says that a further amendment to the process to collect source of wealth/source of funds information contained in Entain's 'ECDD Procedure' was made on 13 March 2024; and
 - (c) otherwise denies the paragraph.
- 246 In response to paragraph 246, Entain:
- (a) repeats paragraph 245 of this Defence;
 - (b) in relation to subparagraph (b):
 - (i) admits the subparagraph for the period up to 1 February 2023;
 - (ii) says that on and from 1 February 2023 to 13 March 2024, the ECDD Procedure provided that the SOW/SOF process was to be primarily carried out through the use of template emails and online forms sent to the customer providing 14 days to respond (with a reminder at 7 days), with supporting documents to be uploaded or sent via email, but could

- be collected via other means (including phone calls) where it was appropriate for that customer;
- (iii) says that from 13 March 2024, the ECDD Procedure provided for the carrying out of the SOW/SOF process through the use of templated emails and online forms and reverification of customer information, and the notification KYC requests, through phone calls;
- (c) in relation to subparagraph (c), says that Entain's ECDD Procedure required SOW/SOF information to be collected to substantiate a customer's 'spend' if:
- (i) from 6 September 2021 to 31 January 2023:
 - (A) Entain had not been able to either obtain or substantiate information regarding the customer's SOW/SOF relating to the spend on their betting account(s) and one or more of the following were satisfied:
 - (1) the customer was a 'high risk' customer; and
 - (2) the customer had made \$100,00 or more deposits in the last 6 months, or appeared 3 times or more in the last 6 months on any AML Transaction Monitoring Report and met the criteria of that report for review; or
 - (B) the AML/CTF Compliance Officer, Compliance Manager; or
 - (C) AML Team Leader otherwise considered it to be appropriate;
 - (ii) from 1 February 2023 to 12 March 2024:
 - (A) Entain had not been able to either obtain or substantiate information regarding the customer's SOW/SOF relating to the spend on their betting account(s) and one or more of the following were satisfied:
 - (1) the customer was a 'high risk' customer; and
 - (2) the customer had made \$100,00 or more deposits in the last 6 months, or appeared 3 times or more in the last 6 months on any AML Transaction Monitoring Report and met the criteria of that report for review; or
 - (B) the AML/CTF Management Team otherwise considered it to be appropriate, including following referrals from other Entain teams;
 - (iii) from 13 March 2024:
 - (A) Entain had not been able to either obtain or substantiate information regarding the customer's SOW/SOF relating to the spend on their betting account(s); and one or more of the following were satisfied:
 - (1) the customer had made \$100,000 or more deposits in the last 6 months;

- (2) the customer appeared on an AML Transaction Monitoring Report 3 times or more in the last 6 months with concerns of a red flag;
 - (3) the customer was a confirmed PEP; or
 - (4) the customer had spent outside of their provided SOW/SOF documents; or
 - (B) the AML Team Lead or AML/CTF Compliance Officer or their delegate otherwise considers it to be appropriate;
- (d) in relation to subparagraph (d):
 - (i) admits the subparagraph for the period 6 September 2021 to 12 March 2024, but says that from 1 February 2023, the reference in (iv) to the 'AML Team' was to the 'AML Management Team';
 - (ii) says that from 13 March 2024, Entain's ECDD Procedure provided that when the customer had previously satisfied the SOW/SOF collection process, a subsequent SOW/SOF collection process could begin if:
 - (A) the customer met one of the requirements in paragraphs 246(c)(iii); and
 - (B) the customer had not satisfactorily completed an initiated SOW/SOF collection process within the last 12 months;
- (e) admits subparagraph (f) and says further that:
 - (i) the referral was for the purpose of determining what action needed to be taken, including whether the customer need to be referred to management for review; and
 - (ii) where there was a referral to management, the compliance team was required to provide a summary of the customer's relevant betting activity, ECDD information, the outcomes from the SOW/SOF procedure and a recommendation for management to consider;
- (f) in relation to subparagraph (g):
 - (i) says that from February 2023, Entain's ECDD Procedure provided that if, at 14 days from the date the process was initiated:
 - (A) the customer did not provide the requested information, the account would be suspended; or
 - (B) the information was insufficient to substantiate the customer's spend, the customer was to be referred to the AML/CTF Compliance Officer (or the AML/CTF Senior Manager in their absence) to determine what action needed to be taken, including suspension of the account pending further information from the customer, or whether the account should be referred to management for review;
 - (ii) says that from February 2023, where there was a referral to management under the ECDD Procedure, the AML Team was required to provide a summary of the customer's relevant betting activity, ECDD

- information, the outcomes from the SOW/SOF procedure and a recommendation for management to consider; and
- (iii) says further that from 17 October 2023, the ECDD Procedure provided that:
 - (A) on receipt of a completed questionnaire, Entain's AML Analysts would review the questionnaire and determine if a request for additional information or a statutory declaration (to be completed by the customer's financial service advisor, financial representative, or accountant) should be made; and
 - (B) if the customer failed to respond after 7 business days of such a request, the customer's account would be suspended;
 - (iv) otherwise denies the subparagraph;
 - (g) in relation to subparagraph (h), Entain:
 - (i) says that from 6 September 2021:
 - (A) where a customer was presented to management for review in accordance with subparagraphs (e) and (f), above, Entain's ECDD Procedure provided that management would review and assess the risk' and make a decision in respect of the matters pleaded at subparagraph (h)(i)-(iii); and
 - (B) where management decided to continue the relationship with the customer, the AML Team would apply a risk rating to the customer, according to Entain's AML Program and Procedures (and, from 12 April 2022, this would take into account any comments from management); and
 - (C) SMRs would continue to be lodged in relation to the customer where appropriate in accordance with the AML Program and Procedures, regardless of any decisions made by management; and
 - (h) admits subparagraph (j)(ii) but says that this process applied in respect of both managed and non-managed betting accounts, and otherwise denies the subparagraph;
 - (i) admits subparagraph (n) but says that the requirements as pleaded in this subparagraph applied if the customer or each beneficial owner of the customer was positively identified as a foreign PEP; and
 - (j) otherwise admits the paragraph.

The deficiencies in Entain's source of wealth/source of funds procedures

- 247 In response to paragraph 247, Entain admits that prior to 11 March 2021 Entain's 'Part A Program' did not have appropriate risk-based systems, controls and procedures to collect, review, update, clarify or analysis source of wealth/source of funds information with respect to a customer for the reasons set out at subparagraphs (g), (h), (k) and (m) of this Defence;

- (a) denies subparagraph (a) and says that prior to 11 March 2021, Entain's ECDD Procedure provided that when conducting ECDD, Entain would attempt to obtain (among other types of information) SOW/SOF information;
- (b) denies subparagraph (b);
- (c) denies subparagraph (c);
- (d) in relation to subparagraph (d):
 - (i) admits that it did not identify the Entain officer responsible for the collection of a customer's source of wealth/source of funds information;
 - (ii) but says that in practice Entain's AML Team was responsible for the collection of a customer's source of wealth/source of funds information;
- (e) admits subparagraph (e);
- (f) admits subparagraph (f) but says that in practice, during the Relevant Period, Entain's AML Team received training (such as the introduction and annual refresher AML/CTF general awareness trainings) on and were capable of identifying higher ML/TF Risks related to a customer's claimed or known SOW/SOF;

Particulars

ENT.0001.0007.0005 at .0008-.0010.

ENT.0001.0004.0386 at .0399-.0402.

ENT.0001.0004.0502 at .0513.

- (g) admits subparagraph (g);
- (h) admits subparagraph (h) but says that Entain's ECDD Procedure provided guidance on the measures that could be undertaken to identify SOW/SOF information, including:
 - (i) directly seeking it from the customer, including when the customer contacts Entain, or during a RG or ECDD call; and
 - (ii) from internet, company or property searches, including searching online (e.g., on Seek) to estimate the customer's income.

Particulars

ECDD Procedure version 2, ENT.0001.0001.2418 at .2419.

- (i) denies subparagraph (i) and says that Entain's ECDD Procedure provided that ECDD information could be collected by a range of methods including estimated income (per annum) ascertained by searching internet-based resources for similar occupations or estimating income based on knowledge of the occupation and/or employer, company searches and property searches;
- (j) admits subparagraph (j);
- (k) admits subparagraph (k) but says that, in practice, Entain reviewed and updated customers' SOW/SOF information ECDD was required to be repeated;

Particulars

Entain's ECDD Procedure version 2 (2018) ENT.0001.0001.2418.

Entain's ECDD Procedure version 3 (2019) ENT.0001.0001.2421.

Entain's ECDD Procedure version 4 (2020) ENT.0001.0001.2455.

Entain's ECDD Procedure version 5 (2020) ENT.0001.0001.2460.

Entain's ECDD Procedure version 6 (2021) ENT.0001.0001.2446.

Entain's ECDD Procedure version 7 (2021) ENT.0001.0001.2437.

Clause 4 of the ECDD Procedure required Entain would perform ECDD on a repeated basis in the circumstances as set out in that clause.

ECDD included consideration of whether a customer's betting and transaction history matched their SOW/SOF.

- (l) denies subparagraph (l);
- (m) admits subparagraph (m);
- (n) denies paragraph (n); and
- (o) otherwise denies the paragraph.

248 In response to paragraph 248, Entain admits that from 11 March 2021 to 12 March 2024, Entain's 'Part A Program' did not have appropriate risk-based systems, controls and procedures to collect, review, update, clarify or analyse source of wealth/source of funds information with respect to a customer for reasons set out at subparagraphs (c), (d), (k)(ii and vi) and (m)(i) below:

- (a) in relation to subparagraph (a):
 - (i) says that the triggers for sending the SOF Form (Stage 1 and 2 SOF Forms) (between 11 March 2021 and 5 September 2021) to customers were based on analysis of Entain's higher risk customers and were subject to ongoing review for their appropriateness by reference to the ML/TF risks that Entain faced;
 - (ii) says that the triggers for sending the SOF Online Form (templated email or online form) (from 6 September 2021) to customers were set by reference to Entain's ML/TF Change Risk Assessment which was completed on October 2021; and
 - (iii) otherwise denies the subparagraph.
- (b) in relation to subparagraph (b):
 - (i) as to subparagraph (i):
 - (A) says that the transaction-based triggers for sending the SOF Form at paragraphs 236(b)-(f) and 240(b) and (c) of this Defence (between 11 March 2021 and 5 September 2021) and the SOF Online Form to customers at paragraph 246(c)(iii) of this Defence (from 6 September 2021) were above the values set out in Schedules A and B of the SOC; and
 - (B) otherwise denies the subparagraph;
 - (ii) as to subparagraph (ii):

- (A) admits the subparagraph to the extent of the admissions made in paragraphs 352 of this Defence; and
 - (B) otherwise denies the subparagraph;
- (iii) as to subparagraph (iii):
 - (A) admits the paragraph to the extent of the admissions made in paragraphs 326 and 327 below
 - (B) otherwise denies the subparagraph;
- (c) in relation to subparagraph (c):
 - (i) admits subparagraph (i);
 - (ii) admits subparagraph (ii), but says further that that SOW/SOF information for PEPs was part of Entain's broader ECDD Procedure;
 - (iii) admits subparagraph (iii), but says further that as part of its ECDD Procedure, Entain would attempt to collect source of wealth/source of funds information from a foreign PEP;
 - (iv) admits subparagraph (iv);
 - (v) admits subparagraph (v);
 - (vi) denies subparagraph (vi), and says that at all relevant times Entain's ECDD Procedure provided '[a]t 28 days from the date the Stage 2 form was sent out, if the requested information has not been provided the account is to be suspended, unless and until the form is completed and returned by the customer, or the Source of Wealth/Funds are otherwise verified or determined (through the customer or otherwise) and deemed to be acceptable by the AMCO, compliance Manager or AML team manager';
 - (vii) denies subparagraph (vii); and
 - (viii) admits subparagraph (viii);
- (d) admits subparagraphs (d);
- (e) denies subparagraph (e);
- (f) denies subparagraph (f);
- (g) in relation to subparagraph (g):
 - (i) admits that there was no requirement to verify SOW/SOF, or additional SOW/SOF information to be collected and verified including when the circumstances listed in subparagraph 248(g) (i)-(iv) of the SOC arose; and
 - (ii) says that Entain's ECDD Procedure provided that ECDD information could be collected by a range of methods including estimated income (per annum) ascertained by searching internet-based resources for similar occupations or estimating income based on knowledge of the occupation and/or employer, company searches, property searches and from April 2022 enquiries with the customer's financial institution;
- (h) denies subparagraph (h) and says that:

- (i) from 11 March 2021 to 30 March 2023, guidance on analysis of source of wealth/source of funds information was contained in Entain's AML Training Manual; and
 - (ii) from 31 March 2023, only the AML/CTF Compliance Officer, their delegate, and (from 13 March 2024) the FCR Team were authorised to review and analyse a customer's source of wealth/source of funds information and approve the information provided;
- (i) in relation to subparagraph (i):
 - (i) says that up to 13 March 2024, high risk customers were subject to a review by the AML Team on at least a sixth-monthly basis;
 - (ii) admits that otherwise up to 13 March 2024, there were no other procedures for periodic review and update of a customer's source of wealth/source of funds information; and
 - (iii) otherwise denies the subparagraph;
- (j) in relation to subparagraph (j):
 - (i) says that during the Relevant Period, the ECDD Procedure provided that that after ECDD was undertaken, details of ECDD information collected (including the source of wealth/source of funds information collected via the Stage 1 and Stage 2 SOF Forms) were to be recorded in the customer's due diligence records on Cerberus;
 - (ii) admits that the procedures referred to above was not reliably implemented by Entain; and
 - (iii) otherwise denies the subparagraph;
- (k) in relation to subparagraph (k):
 - (i) denies subparagraph (i) and says that versions 6 and 7 of the ECDD Procedure (dated 11 March and 21 March 2021) provided that after 28 days from the date the Stage 2 SOF Form was sent out, if the source of wealth/source of funds information had not been provided the account was to be suspended:
 - (ii) admits subparagraph (ii);
 - (iii) denies subparagraph (iii) and says that:
 - (A) for the period 11 March to 5 September 2021, versions 6 and 7 of the ECDD Procedure (dated 11 March and 31 March 2021, respectively) provided that the SOW/SOF information request forms be sent to the customer "in an attempt to collect and/or verify this information" and if that information was not provided the account would be suspended unless the SOW/SOF information was otherwise verified or determined and deemed to be acceptable by the AMLCO, Compliance Manager or AML Team Manager;
 - (B) for the period from 5 September 2021, the ECDD Procedure provided an escalation procedure for customers which Entain

had determined as having provided insufficient SOW/SOF information to substantiate the customer's spend;

- (iv) denies subparagraph (iv) and says that throughout the Relevant Period, the ECDD Procedure (and from 13 March 2024 the SOW/SOF Procedure) provided for escalation if the SOW/SOF information was insufficient to substantiate the customer's spend;
- (v) denies subparagraph (v);
- (vi) admits subparagraph (vi) and refers to and repeats paragraph 247(f) of this Defence; and
- (vii) admits subparagraph (vii);
- (l) in relation to subparagraph (l):
 - (i) admits that there was no procedure for determining whether particular transactions should have been processed in circumstances where there were concerns or suspicions as to the customer's source of wealth/source of funds; but
 - (ii) denies that such a procedure was a necessary or appropriate risk-based procedures to collect, verify, review, update, clarify or analysis SOW/SOF information with respect to a customer, having regard to the other aspects of the ECDD Procedure which were in place during the Relevant Period with respect to analysing source of wealth/source of funds information with respect to a customer;
- (m) denies subparagraph (m) insofar as it is alleged that 'at no time' did Entain's ECDD Procedure or PEP procedure include appropriate procedures to collect and verify source of wealth/source of funds information where the customer or the customer's beneficial owner was a foreign PEP, high ML/TF Risk domestic PEP or international organisation PEP but:
 - (i) in relation to subparagraph (i):
 - (A) admits the subparagraph in relation to high ML/TF Risk domestic PEPs; and
 - (B) denies the subparagraph in relation to foreign PEPs and international organisation PEPs;
 - (ii) admits subparagraph (ii);
 - (iii) denies subparagraph (iii);
 - (iv) in relation to subparagraph (iv), admits that there was no express requirement in the PEP Procedure for the collection and verification of source of wealth/source of funds information for customers or beneficial owners who were foreign PEPs, but says that the PEP Procedure provided for consideration of a foreign PEP's source of income; and
 - (v) in relation to subparagraph (v):
 - (A) refers to and repeats paragraph 225 of this Defence; and
 - (B) otherwise denies the subparagraph;

- (n) in relation to subparagraph (n):
 - (i) admits that from 6 September 2021 to February 2023:
 - (A) the ECDD Procedure did not require a customer's betting account to be suspended if the customer failed or refused to provide the requested information;
 - (B) that the AML Team and/or management had discretion as to the action to be taken if information was not provided; and
 - (C) that management could decide to continue the customer relationship with further monitoring, but if the customer's behaviour continued to be of concern for 3 consecutive months, the account would be returned to management for review; and
 - (ii) otherwise denies the subparagraph;
- (o) denies the paragraph insofar as it concerns Entain's 'Part A Program' in place on and from 13 March 2024; and
- (p) otherwise denies the paragraph.

249 In response to paragraph 249, Entain:

- (a) admits the paragraph by reference to the admitted conduct in paragraphs 247 to 248 of this Defence; and
- (b) otherwise denies the paragraph.

250 In response to paragraph 250, Entain:

- (a) refers to and repeats paragraphs 32 and 249 of this Defence; and
- (b) admits that, by reason of the matters admitted at paragraph 249 of this Defence, from the start of the Relevant Period to 13 March 2024 Entain's 'Part A Program' did not comply with s84(2)(c) of the Act;
- (c) otherwise denies the paragraph.

K.3 Transaction monitoring

251 Entain admits paragraph 251.

252 Entain admits paragraph 252, but says that:

- (a) the reports were automatically generated transaction monitoring reports, rather than exceptions-based reports;
- (b) some reports were circulated as real-time alerts when the parameters of the report were triggered; and
- (c) Entain's TMP comprised further automatically generated transaction monitoring reports, being:
 - (i) Duplicate Accounts Reports;
 - (ii) Duplicate Accounts Reports (Withdrawals);
 - (iii) Fingerprint Reports;
 - (iv) First Deposits Reports;
 - (v) New Deposits Reports;

- (vi) Confirmed and Potential PEPs;
- (vii) High Risk Clients in Multiple Long Pots Reports;
- (viii) Long Pot Cash Out and Payouts Reports;
- (ix) Long Pot Cashout Prior to Event Start Reports;
- (x) Long Pot Clients with Short Odds Reports;
- (xi) Long Pot High Value Transactions Reports; and
- (xii) Long Pots with High Risk Clients Reports.

No ML/TF Risk assessment

253 In response to paragraph 253, Entain:

- (a) repeats paragraphs 52 to 55 of this Defence; and
- (b) otherwise admits the paragraph for the start of the Relevant Period until 19 August 2024 to the extent of the admissions made in in paragraphs 52 to 55 of this Defence.

254 In response to paragraph 254, Entain:

- (a) repeats paragraphs 24, 25, 32 and 253 of this Defence; and
- (b) otherwise admits the paragraph.

Cash deposits

255 In response to paragraph 255, Entain:

- (a) repeats paragraph 24 of this Defence; and
- (b) otherwise admits the paragraph.

256 In response to paragraph 256, Entain says:

- (a) the reports during the Relevant Period referred to in paragraph 256 of the SOC were automatically generated transaction monitoring reports that related to cash transactions on betting accounts, rather than exceptions-based reports;
- (b) in relation to subparagraph (a) says that:
 - (i) the Cash In Suspicious Report was also referred to as the Blueshyft Cashin Suspicious Activity Report; and
 - (ii) the Cash In Suspicious Report was archived in February 2022 after the introduction of the Potential Cash Based Activity Report;
- (c) in relation to subparagraph (b) says that
 - (i) the Flexepin and Cashin Use Report was renamed the Blueshyft Cashin Top Deposits Report in March 2023 as Flexepin was discontinued as a payment channel; and
 - (ii) the Blueshyft Cashin Top Deposits Report was discontinued in October 2024 as Blueshyft was discontinued as a payment channel;
- (d) in relation to subparagraph (c), says that the Flexepin Report was also referred to as the Flexepin Usage Report, or the Flexepin Voucher Suspicious Activity Report;

- (e) in relation to subparagraph (d), says that the Sight Unseen Deposits Report was decommissioned in October 2024 because by that time, the Sight Unseen Channel had been discontinued as a payment channel;
- (f) in relation to subparagraph (e), says that the Cash In ATM Activity Report was also referred to as the Blueshyft Cashin Activity Report;
- (g) in relation to subparagraph (f), says that the Cash In Location Report was decommissioned in October 2024 because the relevant channels (being, Cash-in Terminal (retail venue) Channel, Cash-in Terminal (BDM) Channel, Banktech ATM Channel, and by way of Prepaid Card) were discontinued by that time;
- (h) in relation to subparagraph (g), says that the Potential Cash Based Activity Report is now referred to as the Daily & Weekly Deposits Report; and
- (i) in relation to subparagraph (h) says that the Deposits with GTE 10K from Sight Unseen or Blueshyft Cashin or Blueshyft Prepaid Card Report was decommissioned in October 2024 because by that time, Entain no longer offered Sight Unseen or Blueshyft deposits; and
- (j) otherwise admits the paragraph.

257 In response to paragraph 257, Entain:

- (a) refers to and repeats paragraphs 60(c) and 62(b) of this Defence;
- (b) says that:
 - (i) from about October 2020, the Sight Unseen Deposits Report was used to monitor EFT sight unseen deposits through the CBA ATM Channel;
 - (ii) from August 2021 to January 2022, over-the-counter ('OTC') deposits through the CBA ATM Channel were monitored by the Cheque and International Deposits Report (also called the International and OTC Deposits Report); and
 - (iii) from January 2022, OTC deposits through the CBA ATM Channel were monitored by the Potential Cash Based Activity Report;
- (c) says that in addition to the above monitoring each cash deposit made through the CBA ATM Channel was manually processed by Entain's Payments Team (and prior to about July 2021, the Finance team); and
- (d) says further that:
 - (i) CBA had implemented CBA ATM Channel limits, as described in paragraphs 60(c) and 62(b) of this Defence;
 - (ii) CBA was itself a reporting entity under within the meaning of s 5 of the Act and, therefore, had an obligation to report suspicious matters to the AUSTRAC CEO; and
- (e) otherwise denies the paragraph.

258 In response to paragraph 258, Entain says that:

- (a) at all times during the Relevant Period, AML Analysts were able to review underlying transactions on a customer's betting account including deposits identified as being made via Flexepin Vouchers;
- (b) in 2019, the total volume of deposits through Flexepin was \$3.65 million;
- (c) for the period between the start of the Relevant Period to 1 January 2023, Flexepin Vouchers were purchased through third party contractors rather than through Entain;
- (d) for the period between the start of the Relevant Period to 1 January 2023, each single transaction using Flexepin Vouchers was limited to \$500;
- (e) from March 2020 to February 2022, Entain monitored its customers' use of Flexepin Vouchers through the Flexepin Report which identified customers who used Flexepin Vouchers two times per day or three times per week;
- (f) from April 2020 to March 2023, Entain monitored its customers' use of Flexepin Vouchers through the Flexepin and Cash in Use Report which identified the top 10 users of cash deposits using Blueshyft and Flexepin;
- (g) while Entain's TMP did not distinguish between 'cash deposits' made through Flexepin Vouchers and Flexepin Vouchers bought with electronic funds, Entain's practice was to treat all Flexepin Voucher transactions as 'potentially cash based';

Particulars

Flexepin was included in the 'Potential Cash Based Activity Report' from August 2021;

- (h) Flexepin was discontinued as a payment channel in January 2023; and
- (i) otherwise admits the paragraph.

259 In response to paragraph 259, Entain:

- (a) admits that, prior to May 2021, Entain's TMP did not include any processes to monitor the locations of deposits made through a Cash-in Terminal, Banktech ATM or a Prepaid Card;
- (b) says that from April 2020:
 - (i) Cashin-in Terminals were monitored by the Flexepin and Cashin Use Report; and
 - (ii) if suspicious transactions were identified on the Flexepin and Cashin Use Report, AML Analysts were able to review the underlying transactions (including the location where, or terminal through which, the deposits were made);
- (c) says further that on Entain's information systems, an external reference number would be assigned to each transaction on the Entain customer's profile. Entain operators could use the external reference number to identify the Blueshyft deposit location for each Banktech ATM and Cash-in Terminal deposit to ascertain the location of the ATM and store, respectively;
- (d) says further that from around November 2019, Entain's AML and Fraud Teams could search Entain's information systems, Cerberus, by reference to

the Prepaid card identification number, and locate the Prepaid Card's purchase location; and

- (e) says further that in 2020, the volume of deposits through the BankTech ATM Channel was \$7,270.

260 In response to paragraph 260, Entain:

- (a) says that deposits via the Sight Unseen Channel were not accepted by Entain after December 2022 and were officially discontinued in July 2024;
- (b) says that in 2020, the volume of deposits through the Sight Unseen channel was \$557,163;
- (c) says further that outside its TMP, Entain had in place certain risk-based systems, controls or procedures designed to, *inter alia*, detect, mitigate and manage unusual or suspicious transactions via the Sight Unseen Channel including:
 - (i) that deposits via the Sight Unseen Channel were manually processed by Entain's Agent Assist Team, and that team was required to:
 - (A) provide details of the deposit to the Finance Team, AML Team and the Customer Services Director; and
 - (B) confirm that the BDM was authorised to accept deposits via this channel; and
 - (ii) that daily limits were imposed on the Sight Unseen Channel from April 2020; and
 - (iii) the other controls described at paragraph 179 of this Defence.
- (d) otherwise admits the paragraph.

261 Entain admits paragraph 261, but says:

- (a) that the Cash In Suspicious Report was designed to, rather than purported to, identify the deposits that met the criteria pleaded in paragraph 261 of the SOC; and
- (b) that the Cash In Suspicious Report was also referred to as the 'Blueshyft Cashin Suspicious Activity – All Brands' Report.

262 In response to paragraph 262, Entain:

- (a) in relation to subparagraph (a):
 - (i) says that, in practice, Entain treated all payments using a Cash-in Terminal at a retail venue as cash payments, for the purpose of considering any ML/TF Risks associated with those payments;
 - (ii) (ii) says further that:
 - (A) Blueshyft facilitated funds to be credited to a betting account and that the collected deposits from Blueshyft were remitted to Entain twice a week to Entain's bank account; and
 - (B) Blueshyft was itself a reporting entity within the meaning of s 5 of the Act and, therefore, had an obligation to report suspicious matters to the AUSTRAC CEO;

- (b) in relation to subparagraph (b);
 - (i) says that deposits of cash made directly to an Exclusive Affiliate or BDM through the Sight Unseen Channel were monitored via the Sight Unseen Deposits Report from October 2020; and
 - (ii) says further that the total deposits made via the Sight Unseen Channel for each calendar year from 2019 until December 2022 (when the Sight Unseen Channel ceased being used) were as follows:
 - (A) \$1,410,550 in 2019;
 - (B) \$557,163 in 2020;
 - (C) \$2,372,394.92 in 2021; and
 - (D) \$778,520 in 2022;
- (c) in relation to subparagraph (d), says that from 22 January 2021, the AML Training Manual provided guidance on reviewing the Cash In Suspicious Report, including in respect of: accessing the report on Entain's systems, outlining the customer transaction thresholds requiring further review by the AML Analyst, further action the AML Analyst was required to undertake if certain thresholds were identified (which included, where relevant, completing ECDD, filing a SMR, or filing a TTR), reviewing underlying transactions, and updating the customer accounts notes on Entain's information systems;
- (d) admits subparagraph (e), but says that throughout the Relevant Period:
 - (i) AML analysts reviewed TMP reports having regard to written procedures including the SMR Procedure and the ECDD Procedure; and
 - (ii) the review of TMP reports led to customers being escalated for ECDD in accordance with those procedures; and
- (e) otherwise admits the paragraph.

263 In response to paragraph 263, Entain:

- (a) says that, from August 2021, the Potential Cash Based Activity Report was designed to identify the potential cash-based deposits into betting accounts of:
 - (i) \$5,000 or more for the previous day;
 - (ii) \$10,000 or more for the previous 7 days; or
 - (iii) 20 or more deposits made over the previous 7 days;
- (b) through the Cash-in Terminal (retail venue) Channel, Cash-in Terminal (BDM) Channel, Banktech ATM Channel, Bank Branch Channel and CBA ATM Channel, by way of Prepaid Card or by way of Flexepin Voucher; and
- (c) otherwise denies the paragraph.

264 In response to paragraph 264, Entain:

- (a) says that the Potential Cash Based Activity Report was produced from August 2021;
- (b) in relation to subparagraph (a), says that:

- (i) for the Bank Branch Channel and the CBA ATM Channel, cash-based transactions were identified as OTC (during parts of the Relevant Period) and non-cash-based transactions were identified as EFT; and
 - (ii) in practice, Entain treated all payments using the channels the subject of the Potential Cash Based Activity Report as cash payments, for the purpose of considering any ML/TF risks associated with those payments; and
 - (iii) otherwise admits the subparagraph;
- (c) in relation to subparagraph (b):
 - (i) says that AML Analysts were able to review underlying disaggregated transactions information as required, and from July 2022 the AML Training Manual required AML Analysts to review the underlying transactions on the customer's account, after which the AML Analysts were required to include a concluding note of their findings of their review on the customer's profile on Entain's information systems, under the AML notes tab; and
 - (ii) says further that the aggregation of the total value and number of deposits against each betting account across one day and one week was practically necessary (and therefore appropriate) due the number of transactions processed through it;
- (d) denies subparagraph (c);
- (e) admits subparagraph (e), but says that throughout the Relevant Period:
 - (i) AML analysts reviewed TMP reports having regard to written procedures including the SMR Procedure and the ECDD Procedure; and
 - (ii) review of TMP reports led to customers being escalated for ECDD in accordance with those procedures;
- (f) in response to subparagraph (f), refers to and repeats its response to subparagraph (e), and otherwise admits the subparagraph; and
- (g) otherwise admits the paragraph

265 In response to paragraph 265, Entain:

- (a) says that from April 2020 to February 2023, the Flexepin and Cashin Use Report was designed to identify the top 10 betting accounts that deposited money across one week (until February 2021) or across one month (from February 2021) through:
 - (i) the Cash-in-Terminal (retail venue) Channel, Cash-in Terminal (BDM) Channel, Banktech ATM Channel and by way of Prepaid Card; and
 - (ii) Flexepin Voucher;
- (b) says further that in March 2023, Flexepin was discontinued as a payment channel;
- (c) from March 2023, the Flexepin and Cashin Use Report was renamed the Blueshyft Cashin Top Deposits Report, and was designed to identify any

customer who deposited \$4,999.00 or more using the Cash-in-Terminal (retail venue) Channel, the Cash-in Terminal (BDM) Channel, (until September 2023) the Banktech ATM Channel and by way of Prepaid Card; and

(d) otherwise denies the paragraph.

266 In response to paragraph 266, Entain:

- (a) says that the Flexepin and Cashin Use Report was produced from April 2020 and was decommissioned on 2 October 2024 as the channels referred to in paragraph 265(a) of this Defence had been discontinued;
- (b) in relation to subparagraph (a), says that Entain's practice was to treat all such transactions as 'potentially cash based', for the purpose of considering any ML/TF risks associated with those payments;
- (c) admits subparagraph (b) in relation to Flexepin Vouchers and Prepaid Cards, but says further that:
 - (i) for Prepaid Cards, Entain received the purchase date and time (amongst other information) via the Blueshyft API when the card was purchased and AML analysts were able to retrieve this information within Cerberus by searching the card identification number; and
 - (ii) for Flexepin Vouchers, information on when the Flexepin Voucher was purchased was information only known by the retailer from which the customer purchased a Flexepin Voucher and was not practically available to Entain.
- (d) in relation to subparagraph (c), says that from 22 January 2021, the AML Training Manual provided guidance on reviewing the Flexepin and Cashin Use Report;
- (e) admits subparagraph (d), but says that throughout the Relevant Period:
 - (i) AML Analysts reviewed TMP reports having regard to written procedures including the SMR Procedure and the ECDD Procedure; and
 - (ii) review of TMP reports led to customers being escalated for ECDD in accordance with those procedures; and
- (f) otherwise admits the paragraph.

267 Entain admits paragraph 267, but says that the Flexepin Report was designed to, rather than purported to, identify the betting accounts that met the criteria pleaded in paragraph 267 of the SOC.

268 In response to paragraph 268, Entain:

- (a) says that the Flexepin Report was produced from March 2020 until February 2022;
- (b) in relation to subparagraph (a), says that the Flexepin Report relied on data inputs that were not capable of distinguishing between the use of cash or electronic deposit to purchase the Flexepin Voucher, but says that Entain's practice was to treat all such transactions as 'potentially cash based', for the purpose of considering any ML/TF risks associated with those payments;

- (c) admits subparagraph (b), but says that information on when the Flexepin Voucher was purchased was information only known by the retailer from which the customer purchased a Flexepin Voucher and was not practically available to Entain;
- (d) in relation to subparagraph (c), says that from 22 January 2021, the training manual for AML Team members included guidance on reviewing the Flexepin Report;
- (e) admits subparagraph (d), but says that throughout the Relevant Period:
 - (i) AML analysts reviewed TMP reports having regard to written procedures including the SMR Procedure and the ECDD Procedure; and
 - (ii) review of TMP reports led to customers being escalated for ECDD in accordance with those procedures; and
- (f) otherwise denies the paragraph.

269 In response to paragraph 269, Entain:

- (a) says that from October 2020 to October 2024, the Sight Unseen Deposits Report was designed to identify:
 - (i) cash deposits made directly to an Exclusive Affiliate or BDM through the Sight Unseen Channel;
 - (ii) EFT, BPAY or bank branch deposits processed via an Exclusive Affiliate or BDM; and
 - (iii) deposits made through EFT, ATM or Bank Branch channels; and
- (b) otherwise denies the paragraph.

270 In response to paragraph 270, Entain:

- (a) says that the Sight Unseen Deposits Report was decommissioned in October 2024;
- (b) admits subparagraph (a), but says that from April 2020, the Sight Unseen Procedure provided guidance to employees who processed sight unseen transactions regarding monitoring and approvals;
- (c) admits subparagraph (b), but says that throughout the Relevant Period:
 - (i) AML analysts reviewed TMP reports having regard to written procedures including the SMR Procedure and the ECDD Procedure; and
 - (ii) review of TMP reports led to customers being escalated for ECDD in accordance with those procedures; and
- (d) in response to subparagraph (c), refers to and repeats its response to subparagraph (b), and otherwise admits the subparagraph.

271 Entain admits paragraph 271, but says that the Cash In ATM Activity Report was designed to, rather than purported to, identify deposits into betting accounts that met the criteria pleaded in paragraph 271 of the SOC.

272 In response to paragraph 272, Entain:

- (a) says that from September 2023, the Cash In ATM Activity Report was not monitored as the Banktech ATM Channel (which was the payment channel monitored by this report) was discontinued in September 2023;
 - (b) admits subparagraph (a) and says that the Cash In ATM Activity Report aggregated the total number of deposits against each betting account across one week and further that the report showed the number of different ATMs a customer used across one week;
 - (c) admits subparagraph (b);
 - (d) admits subparagraph (c), but says that throughout the Relevant Period:
 - (i) AML analysts reviewed TMP reports having regard to written procedures including the SMR Procedure and the ECDD Procedure; and
 - (ii) review of TMP reports led to customers being escalated for ECDD in accordance with those procedures; and
 - (e) denies subparagraph (d), refers to and repeats its response to subparagraph (c) above, and says that from July 2022 Entain's AML Training Manual provided for the escalation for ECDD of customers on the Cash In ATM Activity Report if the customer was new or had not had ECDD performed in the last 6 months and deposited:
 - (i) \$5,000 or more cash in a day;
 - (ii) \$10,000 or more cash in a week; or
 - (iii) 20 or more individual cash deposits in a week.
- 273 Entain admits paragraph 273, but says that the Cash In Location Report was designed to, rather than purported to, identify the betting accounts and information pleaded in paragraph 273 of the SOC.
- 274 In response to paragraph 274, Entain:
- (a) says that the Cash In Location Report was produced from May 2021 to October 2024;
 - (b) in relation to subparagraph (a), says that while Entain's TMP did not distinguish between 'cash deposits' and electronic fund deposits made through the Cash-in Terminal (retail venue) Channel, Entain's practice was to treat all such transactions as 'potentially cash based', for the purpose of considering any ML/TF Risks associated with those payments;
 - (c) in relation to subparagraph (b), says:
 - (i) that the Cash In Location Report aggregated the total value and number of deposits against each betting account for each Cash In Location across one month; and
 - (ii) that the aggregation of the total value and number of deposits against each betting account across one month in the Cash in Location Report was practically necessary (and therefore appropriate) due to the number of transactions processed through it;
 - (d) admits subparagraph (e), but says that throughout the Relevant Period:

- (i) AML Analysts reviewed TMP reports having regard to written procedures including the SMR Procedure and the ECDD Procedure; and
 - (ii) review of TMP reports led to customers being escalated for ECDD in accordance with those procedures; and
 - (e) in response to subparagraph (f), repeats and refers to its response to subparagraph (e) and otherwise admits the subparagraph; and
 - (f) otherwise admits the paragraph.
- 275 Entain admits paragraph 275, but says that the 'Deposits with GTE 10K from Sight Unseen or Blueshyft Cashin or Blueshyft Prepaid Card' Report was designed to, rather than purported to, identify the betting accounts that met the criteria pleaded in paragraph 275 of the SOC.
- 276 Entain admits paragraph 276, but says that the 'Deposits with GTE 10K from Sight Unseen or Blueshyft Cashin or Blueshyft Prepaid Card' Report was only produced from September 2023 to October 2024.
- 277 In response to paragraph 277, Entain:
- (a) refers to and repeats paragraphs 32, 116 to 135, and 255 to 276 of this Defence;
 - (b) admits, by reason of the admissions made in paragraphs 255 to 276 of this Defence, that its TMP did not include appropriate risk-based systems and controls to detect unusual or suspicious cash deposits to betting accounts;
 - (c) refers to and repeats paragraphs 280 and 281 of this Defence, and says further that high volume customers (including those who used potentially cash-based channels) were monitored via the High Value Transaction Report regardless of the channel they used to deposit money;
 - (d) says further that outside its TMP, Entain had in place certain risk-based systems, controls or procedures designed to, *inter alia*, detect, mitigate or manage suspicious or unusual activity via the channels referred to in paragraphs 257 to 276 of this Defence, including:
 - (i) the daily and single transaction limits referred to above at paragraphs 60 to 62 of this Defence;
 - (ii) for the Sight Unseen Channel and the Cash-in Terminal (BDM) Channel, Entain refers to the controls described in paragraph 179 of this Defence;
 - (iii) for Flexepin, Entain implemented the controls described in paragraph 133(e) of this Defence;
 - (iv) for Cash-in Terminal (retail venue), Entain refers to the controls described in paragraph 124(e) of this Defence;
 - (e) for Flexepin Voucher, the Banktech ATM Channel, the Cash-in Terminal (BDM) Channel, the Prepaid Card Channel and the Cash-in Terminal (retail venue) Channel, Entain refers to and repeats paragraphs 133(c) and 124(e),

of this Defence, in respect to Flexewallet and Blueshyft's reporting obligations;
and

(f) otherwise denies the paragraph.

Unusually large deposits and withdrawals

278 In response to paragraph 278, Entain refers to and repeats paragraphs 24 and 25 of this Defence, and otherwise admits the paragraph.

279 In response to paragraph 279, Entain:

(a) says that during the Relevant Period, Entain's TMP included the following automatically generated transaction monitoring reports which were designed to identify large deposits into and withdrawals from betting accounts;

(i) the High Value Transaction Report, which was also called the Legal High Value Report;

(ii) from March 2021 to September 2021, the AML High Deposits Clients Report; and

(iii) from March 2023, the Deposit Method Limit Report;

(b) says further that during the Relevant Period, Entain's TMP included the following automatically generated transaction monitoring reports which identified large deposits into betting accounts:

(i) the New Deposits Report;

(ii) the First Deposits Report; and

(c) otherwise denies the paragraph.

280 In response to paragraph 280, Entain:

(a) says that during the Relevant Period, the High Value Transaction Report in Entain's TMP was designed to identify:

(i) (prior to January 2021) the top 30 or (from January 2021) the top 45 ranked betting accounts by value of aggregated weekly deposits;

(ii) (prior to January 2021) the top 30 or (from January 2021) the top 45 ranked betting accounts by value of aggregated weekly losses (Net Gross Revenue or 'NGR');

(iii) the top 30 ranked betting accounts by value of aggregated weekly withdrawals; and

(iv) (prior to January 2021) the top 30 ranked betting accounts by value of aggregated weekly turnover; and

(b) was subject to a requirement in Entain's 'Part A Program' to complete ECDD for betting accounts that appeared in the report only in the circumstances pleaded at subparagraph (e)(i)-(iv); and

(c) otherwise denies the paragraph.

281 In response to paragraph 281, Entain:

- (a) in response to subparagraph (a), admits that the High Value Transaction Report was limited to the top 30 or 45 ranked betting accounts, rather than by reference to criteria inherent to the value of transactions on betting accounts;
 - (b) in response to subparagraph (b), admits that the High Value Transaction Report:
 - (i) was not capable of consistently detecting deposits that were \$50,000 or more in a week, or \$25,000 or \$30,000 or more in a week, or between \$30,000 and \$49,999 in a week, for the purpose of risk rating a customer medium or high ML/TF Risk in accordance with Entain's ECDD Procedure as amended from time to time; and
 - (ii) aggregated deposits, account by account, on a weekly basis and did not consistently detect single high value deposits or large deposits across more than one betting account held by a customer; and
 - (c) in response to subparagraph (c), admits the High Value Transaction Report aggregated withdrawals, account by account, on a weekly basis and did not consistently detect single high withdrawals or large withdrawals across more than one betting account held by a customer; and
 - (d) admits that by reason of the matters identified in subparagraphs (a) to (c) above the High Value Transaction Report did not adequately identify unusually large deposits into or withdrawals from betting accounts; and
 - (e) otherwise denies the paragraph.
- 282 Entain admits paragraph 282, but says that the AML High Deposits Clients Report was designed to, rather than purported to, identify the betting accounts that met the criteria pleaded in paragraph 282 of the SOC.
- 283 In response to paragraph 283, Entain:
- (a) admits subparagraph (a), but says that from March 2023, the Deposit Method Limit Report was designed to, rather than purported to, identify the betting accounts that met the criteria pleaded in subparagraph 283(a) of the SOC;
 - (b) in response to subparagraph (b):
 - (i) admits that the Deposit Method Report was designed to detect betting accounts depositing just below maximum deposit thresholds;
 - (ii) denies that accordingly the Deposit Method Report was not an appropriate quantitative threshold for AML/CTF purposes;
 - (c) admits subparagraph (c);
 - (d) admits subparagraph (d), but says that throughout the Relevant Period:
 - (i) AML analysts reviewed TMP reports having regard to written procedures including the SMR Procedure and the ECDD Procedure; and
 - (ii) review of TMP reports led to customers being escalated for ECDD in accordance with those procedures;
 - (e) in response to subparagraph (e), refers to and repeats its response to subparagraph (d), and otherwise admits the subparagraph; and

- (f) says further that high risk customers by volume were monitored regularly via the High Value Transaction Report such that it was highly likely ECDD would have been performed in the circumstances set out at paragraphs 236 and 280(b) above.

284 In response to paragraph 284, Entain:

- (a) repeats paragraphs 55 to 68, and 278 to 283 of this Defence;
- (b) admits that, by reason of the admissions made in paragraphs 278 to 283 of this Defence, its "TMP" did not include appropriate risk-based systems and controls to detect unusually large deposits into and withdrawals from betting accounts;
- (c) says further that outside its TMP, Entain had in place certain risk-based systems, controls or procedures designed to, *inter alia*, detect and/or limit unusually large deposits and withdrawals from betting accounts, including that:
 - (i) deposits and withdrawals were subject to the transaction limits referred to at paragraphs 60 and 62 of this Defence;
 - (ii) deposits were required to be turned over before the funds could be withdrawn; and
 - (iii) withdrawals were only processed for a customer who had been verified; and
- (d) otherwise denies the paragraph.

Patterns of unusual deposits, bets and withdrawals

285 In response to paragraph 285, Entain:

- (a) admits that transactions on betting accounts that involved the matters pleaded at (a) and (e) had indicia of higher ML/TF Risk;
- (b) says that the matters pleaded at (b), (c), (d), and (f) are not of themselves indicative of higher ML/TF Risk; and
- (c) otherwise denies the paragraph.

286 In response to paragraph 286, Entain:

- (a) refers to and repeats paragraph 285 above;
- (b) admits that its TMP did not include appropriate risk-based systems and controls to detect transactions on betting accounts that had the indicia described at paragraph 285(a) of the ASOC; and
- (c) says that its TMP was not designed to identify the indicia described at paragraphs 285(b) and (c) of the SOC, and did not identify these indicia in all instances;
- (d) otherwise denies the paragraph.

287 In response to paragraph 287, Entain:

- (a) says that during the Relevant Period, Entain's TMP included the following automatically generated transaction monitoring reports that were designed to identify potential activity or transactions that had the indicia described in subparagraphs 285(d) to (f) of the SOC:

- (i) the Declined Deposits Report, also referred to as the Failed Deposits Report;
 - (ii) the Short Priced Favourites Report, also referred to as the Legal AML on Clients with Short Odds Report;
 - (iii) from April 2020, the Cashout and Withdrawal Report, also called the 'Cashout and Withdrawal over X same period' report; and
 - (iv) from October 2020, the Cashout Prior to Event Start Report;
 - (b) says further that during the Relevant Period, Entain's TMP included the following automatically generated transaction monitoring reports which identified large deposits into betting accounts:
 - (i) the New Deposits Report; and
 - (ii) the First Deposits Report; and
 - (c) says that during the Relevant Period, the reports pleaded above at subparagraph (a) and (b) of this Defence detected or related to potential activity or transactions that had one or more of the following indicia:
 - (i) deposits that regularly failed or were declined;
 - (ii) bets with short odds; and
 - (iii) a large number of bets between a short period of time; and
 - (d) otherwise denies the paragraph.
- 288 Entain admits paragraph 288, but says that the Declined Deposits Report was designed to, rather than purported to, identify deposits that met the criteria pleaded in paragraph 288 of the SOC.
- 289 Entain admits paragraph 289, save for sub-paragraph (a), in respect of which Entain says that during the Relevant Period, the Declined Deposits Report was run at least daily as a matter of course.
- 290 In response to paragraph 290, Entain says that during the Relevant Period:
- (a) until November 2021, the Short Priced Favourites Report in Entain's TMP was designed to identify betting accounts that had placed bets on overage odds of \$1.30 or less with a minimum turnover of \$10,000 in the last week;
 - (b) from November 2021, the Short Priced Favourites Report in Entain's TMP was designed to identify betting accounts in the last week that had:
 - (i) placed bets on average odds of \$1.30;
 - (ii) withdrawn at least \$1000;
 - (iii) deposited at least \$950; and
 - (iv) turned over less than double their deposits; and
 - (c) otherwise denies the paragraph.
- 291 In response to paragraph 291, Entain:
- (a) admits subparagraph (a);
 - (b) admits subparagraph (b), but says that throughout the Relevant Period:

- (i) AML Analysts reviewed TMP reports having regard to written procedures including the SMR Procedure and the ECDD Procedure; and
 - (ii) review of TMP reports led to customers being escalated for ECDD in accordance with those procedures;
 - (c) in response to subparagraph (c), refers to and repeats its response to subparagraph (b), and otherwise admits the subparagraph.
- 292 Entain admits paragraph 292, but says that the Cashout and Withdrawal Report was designed to, rather than purported to, identify the betting accounts that met the criteria pleaded in paragraph 292 of the SOC.
- 293 In response to paragraph 293, Entain:
- (a) says that the Cashout and Withdrawal Report was produced during the Relevant Period, from April 2020;
 - (b) admits subparagraph (a);
 - (c) admits subparagraph (b), but says that throughout the Relevant Period:
 - (i) AML Analysts reviewed TMP reports having regard to written procedures including the SMR Procedure and the ECDD Procedure; and
 - (ii) review of TMP reports led to customers being escalated for ECDD in accordance with those procedures;
 - (d) in response to subparagraph (c), refers to and repeats its response to subparagraph (b), and otherwise admits the subparagraph.
- 294 In response to paragraph 294, Entain:
- (a) says that from October 2020, the Cashout Prior to Event Start Report in Entain's TMP was designed to:
 - (i) identify betting accounts where (prior to December 2020) any bet or (from December 2020) a bet with a minimum stake of \$500 was cashed out prior to an event starting, and the customer withdrew over \$500 in the previous day; and
 - (ii) show the following:
 - (A) the number of times a betting account had used the cashout feature;
 - (B) the time between placing the bet and cashing out;
 - (C) aggregate of deposits made in the 24 hours prior to the cashout; and
 - (D) aggregate of the deposits made during the previous day; and
 - (E) aggregate of bets placed during the previous day; and
 - (b) otherwise denies the paragraph.
- 295 In response to paragraph 295, Entain:

- (a) says that the Cashout Prior to Event Start Report was produced during the Relevant Period, from October 2020;
- (b) admits subparagraph (a); and
- (c) admits subparagraph (b), but says that throughout the Relevant Period:
 - (i) AML analysts reviewed TMP reports having regard to written procedures including the SMR Procedure and the ECDD Procedure; and
 - (ii) review of TMP reports led to customers being escalated for ECDD in accordance with those procedures;
- (d) in response to subparagraph (c), refers to and repeats its response to subparagraph (b), and otherwise admits the subparagraph.

296 In response to paragraph 296, Entain:

- (a) refers to and repeats paragraphs, 252, and 285 to 295 of this Defence; and
- (b) admits that, by reason of the admissions made at paragraphs 285 to 295 of this Defence, its TMP did not include appropriate risk-based systems and controls to detect transactions on betting accounts that involved the matters alleged at subparagraph 285(a) of the SOC, but otherwise denies the paragraph.

Transactions by third parties

297 In response to paragraph 297, Entain:

- (a) refers to and repeats paragraph 24 of this Defence; and
- (b) otherwise admits the paragraph.

298 In response to paragraph 298, Entain:

- (a) says that during the Relevant Period, Entain's TMP included the following automatically generated transaction monitoring reports that were designed to detect or relate to potential activity or transactions by a third party:
 - (i) (from May 2019) the Bank Account Mismatch Report, also referred to as the Account Mismatch Report or Account Name Mismatch Report;
 - (ii) (from December 2018) the Credit Card Mismatches Report, also referred to as the Account Mismatch Report or Account Name Mismatch Report;
 - (iii) (from May 2020) the Credit Cards Readded Report;
 - (iv) (from May 2019) the Duplicate Card Report;
 - (v) (from May 2019) the PayPal Account Added Report;
 - (vi) (from April 2021) the PayID Mismatch Report;
 - (vii) (until September 2023) the POLi Report noting that the payment channel was discontinued in September 2023; and
 - (viii) the Multiple Card Report;

- (b) says further that during the Relevant Period, Entain's TMP included the following automated transaction monitoring reports that were designed to detect or relate to potential activity or transactions by a third party:
 - (i) the Duplicate Accounts Report; and
 - (ii) the Duplicate Accounts Report (Withdrawals); and
- (c) otherwise denies the paragraph.

299 In response to paragraph 299, Entain:

- (a) says that during the Relevant Period, the Duplicate Account Report (Withdrawals), which was also referred to as the Duplicate Bank Accounts Report, showed if a withdrawal bank account was added that had been previously used by a different account;
- (b) says that from May 2019, the Bank Account Mismatch Report showed if a withdrawal bank account was added with an account name that did not match the name associated with the betting account;
- (c) says that the addition of a withdrawal account previously used by a different account is an indicator of third party activity; and
- (d) otherwise denies the paragraph.

300 Entain admits paragraph 300, save to say that a customer could only have one PayPal account to their betting account at any one time which prevented a customer from linking multiple PayPal accounts to their betting account.

301 Entain admits paragraph 301, but says that the Bank Account Mismatch Report was designed to, rather than purported to, identify the betting accounts that met the criteria pleaded in paragraph 301 of the SOC.

302 In response to paragraph 302, Entain:

- (a) says that the Bank Account Mismatch Report was produced during the Relevant Period, from May 2019;
- (b) admits subparagraph (a), but says further that:
 - (i) the report compared the name of the customer recorded on the betting account to the name entered by the customer in the 'free text box';
 - (ii) Entain used the data collected in the 'free text box' for the purposes of its manual verification, where red flags were identified in respect of a customer; and
 - (iii) Entain relied on manual verification in circumstances where Payment Card Industry Data Security Standard (**PCI-DSS**) compliance prevented Entain from obtaining the account holder's name from the financial institution;
- (c) admits subparagraph (b), but says further that:
 - (i) until November 2022, the Fraud Team, Payments Team and AML Team were part of a single compliance team; and
 - (ii) in practice, from time to time, matters in the Bank Account Mismatch Report were referred from time to time to the AML Team;

- (d) in relation to subparagraph (c), Entain:
 - (i) says that clause 16 of Entain's 'Part A Program' specified that its TMP provided for ad-hoc referrals of customers and/or transactions from other teams to the AML Team; and
 - (ii) otherwise admits the subparagraph;
- (e) admits subparagraph (d);
- (f) denies subparagraph (e), and further says that from September 2019 to August 2023, the Third Party Card Procedure referred to and provided guidance for reviewing the Bank Account Mismatch Report; and

Particulars

Third Party Card Procedure, section 3 (ENT.0001.0035.0185 at .0185).

- (g) denies subparagraph (f).
- 303 Entain admits paragraph 303, but says that the Credit Card Mismatches Report was designed to, rather than purported to, identify the betting accounts that met the criteria pleaded in paragraph 303 of the SOC.
- 304 In response to paragraph 304, Entain:
- (a) admits subparagraph (a) but says further that:
 - (i) the report compared the name of the customer recorded on the betting account to the name entered by the customer in the 'free text box';
 - (ii) Entain used the data collected in the 'free text box' for the purposes of its manual verification, where red flags were identified in respect of a customer; and
 - (iii) Entain relied on manual verification, pre-authorisation and/or 3DS verification (from January 2023) in circumstances where the PCI-DSS prevented Entain from obtaining the accountholder's name from the financial institution;
 - (b) denies subparagraph (b);
 - (c) admits subparagraph (c), but says further that:
 - (i) until November 2022, the Fraud Team, Payments Team and AML Team were part of a single compliance team; and
 - (ii) in practice, from time to time, matters in the Credit Card Mismatch Report were referred to the AML Team;
 - (d) in response to subparagraph (d):
 - (i) says that clause 16 of Entain's 'Part A Program' specified that its TMP provided for ad-hoc referrals of customers and/or transactions from other teams to the AML team; and
 - (ii) otherwise admits the subparagraph;
 - (e) admits subparagraph (e);
 - (f) admits subparagraph (f); and
 - (g) denies subparagraph (g).

- 305 Entain admits paragraph 305, but says that the Credit Cards Readded Report was designed to, rather than purported to, identify the betting accounts that met the criteria pleaded in paragraph 305 of the SOC.
- 306 In response to paragraph 306, Entain:
- (a) says that the Credit Cards Readded Report was produced during the Relevant Period, from May 2020;
 - (b) denies subparagraph (a)
 - (c) in relation to subparagraph (b), says that:
 - (i) until November 2022, the Fraud Team, Payments Team and AML Team were part of a single compliance team;
 - (ii) in practice, from time to time, matters in the Credit Cards Readded Report were referred to the AML Team; and
 - (d) in relation to subparagraph (c):
 - (i) says that clause 16 of Entain's 'Part A Program' specified that its TMP provided for ad-hoc referrals of customers and/or transactions from other teams to the AML Team; and
 - (ii) otherwise admits the subparagraph;
 - (e) otherwise admits the paragraph.
- 307 Entain admits paragraph 307, but says that the Duplicate Card Report was designed to, rather than purported to, identify the betting accounts that met the criteria pleaded in paragraph 307 of the SOC.
- 308 In response to paragraph 308, Entain:
- (a) says that the Duplicate Card Report was produced during the Relevant Period, from May 2019
 - (b) denies subparagraph (a);
 - (c) admits subparagraph (b), but says further that:
 - (i) until November 2022, the Fraud Team, Payments Team and AML Team were part of a single compliance team; and
 - (ii) in practice, from time to time, matters in the Duplicate Card Report were referred to the AML Team; and
 - (d) in relation to subparagraph (c):
 - (i) says that cl. 16 of Entain's 'Part A Program' specified that its TMP provided for ad-hoc referrals of customers and/or transactions from other teams to the AML Team; and
 - (ii) otherwise admits the subparagraph;
 - (e) admits subparagraph (d).
- 309 Entain admits paragraph 309, but says that the PayPal Account Added Report was designed to, rather than purported to, identify the betting accounts that met the criteria pleaded in paragraph 309 of the SOC.
- 310 In response to paragraph 310:

- (a) says that the PayPal Account Added Report was produced during the Relevant Period, from May 2019;
 - (b) in relation to subparagraph (a), says that:
 - (i) until November 2022, the Fraud Team, Payments Team and AML Team were part of a single compliance team; and
 - (ii) in practice, from time to time matters in the PayPal Account Added Report were referred to the AML Team; and
 - (c) in relation to subparagraph (b):
 - (i) says that clause 16 of Entain's 'Part A Program' specified that its TMP provided for ad-hoc referrals of customers and/or transactions from other teams to the AML Team; and
 - (ii) otherwise admits the subparagraph;
 - (d) admits subparagraph (c); and
 - (e) admits subparagraph (d).
- 311 Entain admits paragraph 311, but says that the PayID Mismatch Report was designed to, rather than purported to, identify the betting accounts that met the criteria pleaded in paragraph 311 of the SOC.
- 312 In response to paragraph 312, Entain:
- (a) says that the PayID Mismatch Report was produced during the Relevant Period, from April 2021;
 - (b) in relation to subparagraph (a), says that:
 - (i) until November 2022, the Fraud Team, Payments Team and AML Team were part of a single compliance team; and
 - (ii) in practice, from time to time, matters in the PayID Mismatch Report were referred to the AML Team; and
 - (c) in relation to subparagraph (b):
 - (i) says that clause 16 of Entain's 'Part A Program' specified that its TMP provided for ad-hoc referrals of customers and/or transactions from other teams to the AML Team; and
 - (ii) otherwise admits the subparagraph; and
 - (d) otherwise admits the paragraph.
- 313 In response to paragraph 313, Entain:
- (a) admits paragraph 313, but says that the POLi Report was designed to, rather than purported to, identify the matters pleaded in paragraph 313 of the SOC; and
 - (b) says further that the POLi Report was produced during the Relevant Period until September 2023 as POLi was discontinued as a payment channel in September 2023.
- 314 In response to paragraph 314, Entain:

- (a) says that the POLi Report was produced during the Relevant Period until September 2023;
 - (b) in relation to subparagraph (a), says that:
 - (i) until November 2022, the Fraud Team, Payments Team and AML Team were part of a single compliance team; and
 - (ii) in practice, matters in the POLi Report were referred from time to time to the AML Team;
 - (c) in relation to subparagraph (c):
 - (i) says that clause 16 of Entain's 'Part A Program' specified that its TMP provided for ad-hoc referrals of customers and/or transactions from other teams to the AML Team; and
 - (ii) otherwise admits the subparagraph; and
 - (d) otherwise admits the paragraph.
- 315 Entain admits paragraph 315, but says that the Multiple Card Report was designed to, rather than purported to, identify the betting accounts that met the criteria pleaded in paragraph 315 of the SOC.
- 316 In response to paragraph 316, Entain:
- (a) denies subparagraph (a) and says that during the Relevant Period the Multiple Card Report was run daily as a matter of course;
 - (b) admits subparagraph (b), but further says that:
 - (i) until November 2022, the Fraud Team, Payments Team and AML Team were part of a single compliance team;
 - (ii) in practice, from time to time, matters in the Multiple Card Report were referred to the AML Team; and
 - (c) in response to subparagraph (c):
 - (i) says that clause 16 of Entain's 'Part A Program' specified that its TMP provided for ad-hoc referrals of customers and/or transactions from other teams to the AML Team; and
 - (ii) otherwise admits the subparagraph.
- 317 In response to paragraph 317, Entain:
- (a) admits that the reports at paragraphs 303 to 308 and 315 of this Defence did not identify debit or credit cards used on betting accounts facilitated through [REDACTED] and [REDACTED];
 - (b) in relation to subparagraph (b), admits that over the Relevant Period, [REDACTED] were among Entain's fastest growing payment channels for deposits into betting accounts, but says that these payment channels were significantly smaller than traditional credit/debit card deposit channels; and
 - (c) says that [REDACTED] was only available as a payment channel from March 2023; and

- (d) says further that it was not practical or reasonable for Entain to identify the source account for deposits through [REDACTED] because only certain limited data was provided to vendors such as Entain, namely the scheme of the card used (e.g. Visa or Mastercard) and the last four digits of the card used; and
 - (e) otherwise admits the paragraph.
- 318 Entain admits paragraph 318, but says each EFT and BPAY deposit appearing in Entain's bank accounts was manually reviewed by Entain's Finance Team (or, since July 2021, Entain's Payments team).
- 319 In response to paragraph 319, Entain:
- (a) says that it was practically difficult for Entain to reliably detect EFT and BPAY deposits made by a person who was not the betting account holder because Entain did not receive details from the banks (e.g. the depositor's name) to enable Entain to reasonably detect such matters; and
 - (b) otherwise admits the paragraph.
- 320 In response to paragraph 320, Entain:
- (a) admits subparagraph (a), but says that:
 - (i) this information was not able to be collected by Entain;
 - (ii) Blueshyft was itself a reporting entity within the meaning of s 5 of the Act, and therefore, had an obligation to report suspicious matters to the AUSTRAC; and
 - (iii) customers were only able to deposit through this channel by the process described in paragraph 124(e)(i), including generating a QR code that was uniquely referable to their Entain betting account;
 - (b) admits subparagraphs (b), but says that during the Relevant Period, Entain's Sight Unseen Procedure provided that BDMs were only permitted to accept Cash-In Terminal deposits from customers they managed or in respect of customers hosted at particular events as authorised by Entain;
 - (c) admits subparagraphs (c), but says that during the Relevant Period, Entain's Sight Unseen Procedure provided that BDMs were only permitted to accept Sight Unseen deposits from customers they managed or in respect of customers hosted at particular events as authorised by Entain;
 - (d) admits subparagraph (d), but says that:
 - (i) the name of the person depositing money via the Banktech ATM Channel was not able to be collected by Entain; and
 - (ii) deposits via the Banktech ATM could only be made by an existing Entain customer by logging into their Ladbrokes or Neds App to confirm the deposit, as described in paragraph 111(c)(iii) of this Defence. This QR Code needed to be scanned by the Banktech ATM before the money could be deposited into the Banktech ATM.
 - (e) admits subparagraph (e), but says that:
 - (i) this information was not able to be collected by Entain;

- (ii) Entain could only have received that information from CBA; and
 - (iii) CBA was itself a reporting entity within the meaning of s 5 of the Act, and therefore, had an obligation to report suspicious matters to the AUSTRAC CEO; and
 - (f) otherwise admits the paragraph.
- 321 In response to paragraph 321, Entain:
- (a) says that during the Relevant Period, Flexepin Vouchers and Prepaid Cards were not products sold by Entain;
 - (b) says that Flexepin Vouchers and Prepaid Cards were not issued in the name of a person, and the purchaser's name was not recorded against the product; and
 - (c) otherwise admits the paragraph.
- 322 In response to paragraph 322, Entain:
- (a) refers to and repeats paragraph 297 to 317 of this Defence;
 - (b) says further that outside its TMP, Entain had in place certain risk-based systems, controls or procedures designed to, *inter alia*, detect and/or limit detect multiple persons transacting on the same betting account, including:
 - (i) device matching tools to detect when a customer attempted to create an account with a device associated with an existing or previous account. Device matching tools were also used as part of investigations into activity on an account; and
 - (ii) IP matching to detect activity indicative of access by a third party where suspicions arose about an account; and
 - (c) otherwise denies the paragraph.
- 323 In response to paragraph 323, Entain:
- (a) refers to and repeats paragraphs 32, 97 to 111, and 297 to 322 of this Defence; and
 - (b) otherwise denies the paragraph.
- Transactions by a customer across multiple betting accounts – inter and intra brand***
- 324 Entain admits paragraph 324.
- 325 Entain admits paragraph 325.
- 326 Entain admits paragraph 326.
- 327 In response to paragraph 327, Entain:
- (a) refers to and repeats paragraphs 32, 277, 284, 296, 323 and 326 of this Defence;
 - (b) says further that from at least 2019, it was the practice of AML staff to consider activity across all betting accounts held by a customer as part of ECDD;

- (c) admits that, by reason of the admissions made in paragraphs 277, 284, 296, 323 and 326 of this Defence, its TMP could not consistently detect:
 - (i) unusual cash deposits by a customer across multiple betting accounts in their name;
 - (ii) unusually large deposits and withdrawals by a customer across multiple betting accounts in their name;
 - (iii) unusual patterns in transactions by a customer across multiple betting accounts in their name; and
 - (iv) the risk of transactions across multiple betting accounts in a customer's name by or for the benefit of possible third parties; and
- (d) otherwise denies the paragraph.

Deposits into betting accounts from a foreign jurisdiction or from a country on the Restricted Jurisdictions List

328 In response to paragraph 328, Entain:

- (a) refers to and repeats paragraph 24(i) of this Defence; and
- (b) otherwise admits the paragraph.

329 In response to paragraph 329, Entain:

- (a) says that during the Relevant Period, Entain's TMP included the following automatically generated transaction monitoring reports that were designed to detect potential deposits from foreign jurisdictions:
 - (i) (from April 2023) the Non-AU Credit Cards Linked to Clients Report; and
 - (ii) (from August 2021) the Cheque and International Deposits Report; and
- (b) otherwise denies the paragraph.

330 In response to paragraph 330, Entain:

- (a) refers to and repeats paragraphs 74, 75 and 77 of this Defence;
- (b) admits that prior to August 2021 its 'TMP' did not include any systems, controls or procedures to detect non-Australian or New Zealand debit cards added to a betting account;
- (c) says that throughout the Relevant Period outside its TMP, Entain had in place certain risk-based systems and controls designed to, *inter alia*, mitigate and manage non-Australian or New Zealand debit cards being added to a betting account, including:
 - (i) before a customer could withdraw using a linked credit card or debit card, the card needed to be verified, which may have included manually sighting a photo of the card;
 - (ii) from January 2023, 3DS verification was also required for deposits using debit/credit cards where certain risk-based criteria were met; and
 - (iii) Entain had controls to limit a customer's access to the platform if they were located outside Australia, as described in paragraphs 73, 74, 75

and 84 of this Defence, and therefore reduced the possibility of non-Australian or New-Zealand debit cards being used on a customer's betting account; and

(d) otherwise denies the paragraph.

331 Entain admits paragraph 331, but says further that outside its TMP, Entain had in place certain risk-based systems and controls designed to, *inter alia*, identify customers who had added a non-Australian or new Zealand credit card to their betting account, including the matters referred to in paragraph 330 of this Defence.

332 Entain admits paragraph 332, but says that the Non-AU Credit Cards Linked to Clients Report was designed to, rather than purported to, identify betting accounts that met the criteria pleaded in paragraph 332 of the SOC.

333 In response to paragraph 333, Entain:

(a) says that the Non-AU Credit Cards Linked to Clients Report:

- (i) was produced during the Relevant Period from April 2023;
- (ii) was generated weekly;
- (iii) was produced after the Bookmaker and Betstar brands were closed, and therefore did not include data inputs from Bookmaker and Betstar branded betting accounts;
- (iv) prior to 9 January 2024, did not include and was not accompanied by any criteria or guidance for reviewing the report once it was generated;

(b) admits subparagraph (g), but says that throughout the Relevant Period:

- (i) AML Analysts reviewed TMP reports having regard to written procedures including the SMR Procedure and the ECDD Procedure; and
- (ii) review of TMP reports led to customers being escalated for ECDD in accordance with those procedures; and

(c) otherwise denies the paragraph.

334 Entain admits paragraph 334, but says that EFT deposits were manually processed by Entain.

335 Entain admits paragraph 335, but says that the Cheque and International Deposits Report was designed to, rather than purported to, identify the betting accounts that met the criteria pleaded in paragraph 335 of the SOC.

336 In response to paragraph 336, Entain:

(a) says that the Cheque and International Deposits Report was produced during the Relevant Period, from August 2021;

(b) admits subparagraphs (a) and (b), but says that if a customer was flagged on the report, AML analysts could review individual transactions and, from July 2022, were required to review individual transactions by the AML Training Manual and were provided with guidance on what to consider when reviewing these transactions;

- (c) in relation to subparagraph (d), admits the subparagraph but says that Entain had no control over the information provided in transaction statements from its banks;
- (d) admits subparagraph (e), but says that throughout the Relevant Period:
 - (i) AML analysts reviewed TMP reports having regard to written procedures including the SMR Procedure and the ECDD Procedure; and
 - (ii) review of TMP reports led to customers being escalated for ECDD in accordance with those procedures;
- (e) in response to subparagraph (f), refers to and repeats its response to subparagraph (e), and otherwise admits the subparagraph; and
- (f) otherwise admits the paragraph.

337 In response to paragraph 337, Entain:

- (a) refers to and repeats paragraph 317(d) of this Defence; and
- (b) otherwise admits paragraph 337.

338 Entain admits paragraph 338.

339 In response to paragraph 339, Entain:

- (a) refers to and repeats paragraph 32, 74, 75, 77, and 328 to 338 of this Defence;
- (b) admits that, by reason of the matters admitted in paragraphs 328 to 338 of this Defence, its TMP did not include appropriate risk-based systems and controls to detect deposits into betting accounts from a jurisdiction outside Australia; and
- (c) says further that outside its TMP, throughout the Relevant Period Entain had in place certain risk-based systems and controls designed to detect, mitigate, and manage deposits into betting account from a jurisdiction outside Australia occurring, including the controls listed in paragraphs 72 to 74, and 84 of this Defence; and
- (d) otherwise denies the paragraph.

The "TMP" applied to pseudonyms

340 Entain admits paragraph 340 for the period between 16 December 2018 until 20 January 2023 and otherwise denies the paragraph.

341 In response to paragraph 341, Entain:

- (a) refers to and repeats paragraph 24 of this Defence;
- (b) assumes that the reference to paragraph 24(f) in the SOC was intended to be a reference to paragraph 24(g); and
- (c) otherwise admits the paragraph.

342 In response to paragraph 342, Entain:

- (a) admits subparagraph (a) and but says that:

- (i) although activity on the Punt Club Member Accounts was not subject to Entain's TMP, any incoming funds received from a customer, or outgoing funds provided to a customer externally, could only be transacted on an individual customer's account and not a Punt Club and would be captured as part of the transaction monitoring processes in place under Entain's TMP;
 - (ii) says further that a member's activity, including transfers to Member Club Betting Accounts, could be reviewed by Entain's AML Analysts when conducting an investigation or ECDD in respect of the customer; and
 - (b) admits subparagraph (b) but says that a member could not withdraw directly from a Member Club account.
- 343 In response to paragraph 343, Entain:
- (a) refers to and repeats paragraph 32 of this Defence; and
 - (b) otherwise admits the paragraph.
- 344 In response to paragraph 344, Entain:
- (a) refers to and repeats paragraph 341 to 343 and 136 to 170 of this Defence; and
 - (b) otherwise admits that during the Relevant Period, Entain's TMP did not include appropriate risk-based systems and controls to monitor transactions on Member Club betting accounts for Affiliate Punt Clubs or BDM Punt Club betting accounts.

Transaction monitoring processes were not appropriate for a business the nature, size and complexity of Entain

- 345 In response to paragraph 345, Entain:
- (a) refers to and repeats paragraph 32, 253 to 344 of this Defence;
 - (b) admits subparagraphs (a);
 - (c) in relation to subparagraph (b), says that Entain should have had a broader suite of automatically-generated transaction monitoring reports based on carefully scoped analytics coverage;
 - (d) in relation to subparagraph (c), admits that Entain did not have an automated enterprise-wide end-to-end automated transaction monitoring program with monitoring rules that covered all transactions on betting accounts and customer risk profile;
 - (e) admits subparagraph (d), but says for certain TMP reports, single-sourced single-dimension queries is appropriate;
 - (f) admits that ad-hoc manual monitoring of single transactions on a betting account that relied upon the observations of Entain staff was not capable of consistently detecting patterns of unusual or suspicious transactions over time or across multiple accounts;
 - (g) admits subparagraph (f), but says that Entain had written procedures for quality assurance in relation to its TMP including:

- (i) On 8 August 2020 , Entain established the AML/CTF Reporting Review Procedure which provided a framework for reviewing TMP reports, including whether the reports were continuing to serve their objectives, and established the Transaction Monitoring Review Register. This register was updated between August 2020 to the end of the Relevant Period, and contained records of Entain's assessments of TMP reports;; and
- (ii) from 5 May 2021 until August 2023, Entain had a Quality Assurance Procedure; and
- (iii) from August 2023, had a Quality Assurance Framework that:
 - (A) was designed to ensure that Entain's AML-CTF program and processes were being complied with and are working effectively, and
 - (B) involved the review of AML reports on a sample basis; and
- (h) otherwise denies the paragraph.

The "TMP" did not include adequate written procedures and guidance for the review and escalation of unusual transactions

346 In response to paragraph 346, Entain:

- (a) says that from 9 January 2024, Entain's TMP Guide listed a number of 'AML Red Flags', as set out in subparagraphs 346(a) to (j) of the SOC, that assisted in 'alerts assessments'; and
- (b) otherwise denies the paragraph.

347 In response to paragraph 347:

- (a) in relation to subparagraph (a):
 - (i) admits there was no written guidance prior to January 2021 for the review of customers identified in Entain's automatically generated transaction monitoring reports; and
 - (ii) says that until November 2022, the AML Team, Frauds Team and Payment team were part of a single Compliance team;
- (b) admits subparagraph (b) to the extent of the admissions made in paragraph 350 below, until January 2024, when the AML Training Manual was replaced with the TMP Guide;
- (c) admits subparagraph (c) to the extent of the admissions made in paragraphs 52 to 55 of this Defence;
- (d) denies subparagraphs (d) and (e); and

Particulars

Suspicious Matter Reports Procedure (ENT.0001.0001.1651).

- (e) otherwise denies the paragraph.

Inadequate AML/CTF training

348 Entain admits paragraph 348.

349 In response to paragraph 349, Entain:

- (a) says that from 22 January 2021 until July 2022, Entain had a AML Training Manual which provided guidance in relation to procedures or processes in AML, including the review of some of the reports identified at paragraph 252(a) of the SOC; and
- (b) from July 2022 until January 2024, Entain had an updated AML Training Manual which provided guidance in relation to procedures or processes in AML, including the review of some of the automatically generated transaction monitoring reports identified at paragraph 252(a) of the SOC;
- (c) from January 2024, Entain has had a AML TMP Guide which provided guidance in relation to procedures or processes in AML, including the review most of the automatically generated transaction monitoring reports identified at paragraph 252(a) of the SOC; and
- (d) otherwise denies the paragraph.

350 In response to paragraph 350, Entain:

- (a) refers to and repeats paragraph 32, 52 to 55 of this Defence;
- (b) admits, by reason of the admissions made in paragraphs 52 to 55 of this Defence, that the AML/CTF risk awareness training for Entain employees on ML/TF Risks (including the AML Training Manual) was deficient; and
- (c) otherwise denies the paragraph.

351 In response to paragraph 351, Entain:

- (a) refers to and repeats paragraph 350; and
- (b) otherwise admits the paragraph.

The deficiencies in Entain's "TMP"

352 In response to paragraph 352 of the SOC, Entain:

- (a) refers to and repeats paragraphs 253 to 351 of this Defence; and
- (b) otherwise admits the paragraph.

353 In response to paragraph 353 of the SOC, Entain:

- (a) refers to and repeats paragraph 32 and 352 of this Defence;
- (b) admits that, by reason of the matters admitted at paragraph 352 of this Defence during the Relevant Period, Entain's 'Part A Program' did not comply with rr 8.1.3, 8.1.4, 8.1.5(1), 8.2, 15.4, 15.5, 15.6 and 15.7 of the Rules and therefore did not comply with s 84(2)(c) of the Act; and
- (c) otherwise denies the paragraph.

K.4 Enhanced customer due diligence

354 Entain admits paragraph 354.

355 Entain admits paragraph 355.

356 Entain admits paragraph 356.

357 Entain admits paragraph 357.

358 Entain admits paragraph 358.

When must ECDD be applied?

359 In response to paragraph 359, Entain:

- (a) admits subparagraph (b), but says that from 1 February 2023 until 30 October 2023 Entain's ECDD Procedure provided that ECDD should be applied to a customer when there was a possibility that the customer is no longer of low or medium ML/TF Risk;
- (b) in relation to subparagraph (e):
 - (i) says that from 16 December 2018 to 1 February 2023, Entain's ECDD Procedure provided that ECDD should be applied to a customer when the customer's account involved transactions via Entain's Cash-in facility, other cash-based payment methods or Prepaid Cards of \$5,000 or more per day or \$10,000 or more per week;
 - (ii) says that from 1 February 2023 to 30 October 2023, Entain's ECDD Procedure provided that ECDD should be applied to a customer when a customer's account involved transactions via Entain's Cash-in facility, other cash-based payment method and Prepaid Cards of \$5,000 or more per day or \$10,000 or more per week; and
 - (iii) otherwise denies the subparagraph;
- (c) in relation to subparagraph (g):
 - (i) says that from 16 December 2018 to 31 January 2023, Entain's ECDD Procedure provided that ECDD should be applied to a customer prior to lodgement of a SMR unless the account was to be closed or where an SMR was or had been lodged and the account was not to be closed;
 - (ii) says that from 1 February 2023, Entain's ECDD Procedure provided that ECDD should be applied to a customer prior to lodgement of a SMR; and
 - (iii) otherwise denies the subparagraph;
- (d) in relation to subparagraph (j), says that from 31 March 2021 to 5 September 2021, Entain's ECDD Procedure provided that ECDD should be applied to a customer when a customer met a trigger for a Stage 2 SOF Form and where ECDD had not yet been completed;
- (e) in relation to subparagraph (k), says that from 6 September 2021 to 30 October 2023, Entain's ECDD Procedure provided that ECDD should be applied to a customer when a customer met a trigger for a SOF collection form and where ECDD had not yet been completed, and otherwise denies the subparagraph; and
- (f) otherwise admits the paragraph.

360 In response to paragraph 360, Entain:

- (a) says that versions 2-5 of Entain's ECDD Procedure (which applied from 24 January 2018 until 9 August 2020) required a customer to be flagged high, medium or low ML/TF Risk if appropriate;
- (b) says that versions 6-9 of Entain's ECDD Procedure (which applied from 11 March 2021 until 11 April 2022) required a customer to be flagged as high, medium or low ML/TF risk after ECDD and monitored accordingly;
- (c) says that versions 10 and 12 of Entain's ECDD Procedure (which applied from 1 February 2023 until 30 October 2023) required a customer's risk rating to be reviewed in light of ECDD information, and:
 - (i) escalation to the AML/CTF Manager if a customer was not to become, or was to cease to be flagged as, a high ML/TF Risk; or
 - (ii) concerns escalated to the AML/CTF Team Manager for customers moving between or remaining at low and medium ML/TF Risk;
- (d) says that versions 7* to 8.1 of Entain's ECDD Procedure (which applied from 31 October 2023 until the end of the Relevant Period) required the summary of a customer's ECDD to provide a rationale for why a risk rating should be or had been amended; and
- (e) otherwise denies the paragraph.

361 In response to paragraph 361, Entain:

- (a) in relation to subparagraph (b), says that from 31 October 2023, Entain's ECDD Procedure stated that ECDD must also be applied where the customer was a potential or confirmed RCA match;
- (b) in relation to subparagraph (d), says that from 31 October 2023, Entain's ECDD Procedure stated that ECDD was required prior to drafting an Unusual Activity Report;
- (c) in relation to subparagraph (g)(ii), says that from 31 October 2023, Entain's ECDD Procedure stated that for requests relating to internal staff audits from a racing or sporting body, ECDD was only considered if unusual activity was identified, either through internal monitoring, or as part of the referral from the racing or sporting body;
- (d) says further that from 31 October 2023, Entain's ECDD Procedure stated that ECDD could be applied to a customer at any time an AML Analyst considered necessary; and
- (e) otherwise admits the paragraph.

362 Entain admits paragraph 362.

363 Entain admits paragraph 363.

364 Entain admits paragraph 364.

The failure to escalate customers for ECDD

365 In response to paragraph 365, Entain admits that up to and including 26 August 2024, Entain's 'Part A Program' did not include appropriate risk based systems and controls to identify, escalate and assess customers who were high ML/TF Risk for ECDD for

the reasons set out at subparagraphs (a), (c), (f), (i), and (j) below to the extent that those subparagraphs have been admitted:

- (a) in relation to subparagraph (a):
 - (i) refers to and repeats paragraphs 52 to 55 of this Defence;
 - (ii) admits the subparagraph for the period from 16 December 2018 until 30 December 2020; and
 - (iii) otherwise denies the subparagraph;
- (b) in relation to subparagraph (b):
 - (i) refers to and repeats paragraph 210 of this Defence; and
 - (ii) otherwise denies the subparagraph;
- (c) in relation to subparagraph (c):
 - (i) refers to and repeats paragraphs 359 and 361 of this Defence; and
 - (ii) otherwise admits the subparagraph;
- (d) denies subparagraph (d) and says further that Entain's 'Part A Program' provided for circumstances (including as pleaded at paragraphs 359 and 361 of this Defence) in which ECDD was required to be carried out in relation to a customer, even if one or more of subparagraphs (d)(i)-(iv) applied;
- (e) in relation to subparagraph (e):
 - (i) refers to and repeats paragraph 281 of this Defence; and
 - (ii) otherwise denies the subparagraph.
- (f) in relation to subparagraph (f):
 - (i) admits the subparagraph by reference to:
 - (A) subparagraph 359(c) and 361(b), for the reasons at paragraph 225 of this Defence;
 - (B) subparagraph 361(e) for the reasons at paragraph 336 of this Defence; and
 - (C) subparagraph 359(e) prior to August 2021; and
 - (ii) otherwise denies the subparagraph.
- (g) In relation to subparagraph (g):
 - (i) admits that Entain's TMP primarily identified and escalated activity with respect to accounts rather than customers;
 - (ii) says further that Entain's 'Part A Program' included criteria and escalation processes which related to customers; and
 - (iii) otherwise denies the subparagraph.
- (h) In relation to subparagraph (h):
 - (i) admits that Entain did not conduct adverse media screening across its entire customer cohort;

- (ii) says that from February 2019, Entain conducted adverse media checks as part of ECDD;
 - (iii) says that prior to February 2019, Entain conducted general internet searches on an ad hoc basis on customers escalated for ECDD; and
 - (iv) otherwise denies the subparagraph.
- (i) In relation to subparagraph (i):
 - (i) says that a member of an Affiliate Punt Club was required to hold an individual betting account with Entain;
 - (ii) admits that Entain's 'Part A Program' did not include appropriate risk-based systems, controls and procedures to identify and escalate members of Affiliate Punt Clubs in respect of activity undertaken as part of the Affiliate Punt Club; and
 - (iii) otherwise denies the allegation.
- (j) admits subparagraph (j);
- (k) denies subparagraph (k) and says further that Entain's 'Part A Program' provided appropriate risk-based systems, controls and procedures to escalate customers who were non-natural persons, or had a beneficial owner, including:
 - (i) from 25 January 2018 until 26 August 2024:
 - (A) that Entain did not permit beneficial owners (other than in the limited circumstances set out in D below);
 - (B) that Entain's AML/CTF Risk Assessment and AML/CTF Risk Register must be updated when there were changes in the nature of the business relationship, control structure or beneficial ownership of customers;
 - (C) that Entain only permitted individuals to open and operate betting accounts and provided that a domestic company or incorporated association would only be permitted to do so in limited circumstances where all directors or officers were identified and verified in the same way as individual customers;
 - (D) in the case of a company or association account, for verification of the company/association details to confirm it was a valid legal entity, as well as the identity of all directors or officers of the company/association as if they were individual customers as outlined in Entain's Customer Due Diligence (Know Your Customer) Procedure; and
 - (ii) from 27 August 2024:
 - (A) that all non-individual customers be rated as High ML/TF Risk;
 - (B) that all non-individual customers be licensed and regulated;
 - (C) performance of ASIC searches on non-individual customers;

(D) an annual review of non-individual customers and private domestic company customers for any changes, including changes in beneficial owners and, where a change has occurred, assessment of ML/TF risk of each non-individual customer and beneficial owner (with the highest ML/TF risk assessment applied); and

(I) otherwise denies the paragraph.

366 In response to paragraph 366, Entain refers to and repeats paragraph 225 of this Defence, and otherwise denies the paragraph.

ECDD reviews on an ongoing basis

367 Entain denies paragraph 367.

368 Entain admits paragraph 368.

369 In response to paragraph 369, Entain:

- (a) repeats paragraph 368 of this Defence;
- (b) admits that the practice was not always carried out every six months; and
- (c) otherwise denies the paragraph.

370 In response to paragraph 370, Entain:

- (a) refers to and repeats paragraph 367 of this Defence;
- (b) admits subparagraph (a);
- (c) denies subparagraph (b) and says that ECDD may not have been conducted if a customer appeared on one of Entain's AML Transaction Monitoring Reports and ECDD had been conducted in the 3 or 6 months prior; and
- (d) otherwise denies the paragraph.

371 In response to paragraph 371, Entain:

- (a) refers to and repeats paragraph 225 of this Defence; and
- (b) otherwise denies the allegation.

What ECDD measures must be applied

Procedures prior to 31 October 2023

372 Entain admits paragraph 372.

373 In response to paragraph 373, Entain:

- (a) says that from 9 March 2020 to 30 October 2023, Entain's ECDD Procedure listed a number of 'AML Red Flags' as amended from time to time that assisted in the review or analysis of the customer during ECDD, including those matters listed at subparagraphs (a)-(f);
- (b) in relation to subparagraph (f), says that Entain's ECDD Procedure which applied from 11 March until 30 October 2023 listed as an AML Red Flag 'public information about a customer that indicates they are involved in money laundering, terrorism, organized crime, or have previously committed a crime or been involved in an integrity investigation'; and

- (c) otherwise denies the paragraph.
- 374 In response to paragraph 374, Entain:
- (a) refers to and repeats paragraph 349 of this Defence; and
 - (b) otherwise admits the paragraph.
- 375 In response to paragraph 375, Entain:
- (a) in relation to subparagraph (e), says that from 6 September 2021 to 30 October 2021, Entain's ECDD Procedure provided that a review and, if necessary, the updating of the customer's PEP and Sanctions status, could be collected from or about a customer during the ECDD process;
 - (b) in relation to subparagraph (f), says that from 1 February 2023 to 16 October 2023, Entain's ECDD Procedure provided that expected business activity (for example, where the customer advises they intend to bet less or more in the future), could be collected from or about a customer during the ECDD process; and
 - (c) otherwise admits the paragraph.
- 376 Entain admits paragraph 376.
- Procedures from 31 October 2023*
- 377 Entain admits paragraph 377.
- 378 Entain admits paragraph 378.
- 379 Entain admits paragraph 379.
- 380 In response to paragraph 380, Entain:
- (a) refers to and repeats paragraph 373 of this Defence; and
 - (b) otherwise denies the paragraph.
- 381 Entain admits paragraph 381.
- 382 Entain admits paragraph 382.
- 383 In response to paragraph 383, Entain:
- (a) refers to and repeats paragraphs 198 to 203 of this Defence;
 - (b) says that from 31 October 2023 to 27 August 2024, Entain's AML/CTF Program did not contain criteria for low or medium ML/TF risk ratings;
 - (c) says that from 17 October 2023, criteria for low or medium ML/TF risk ratings was contained in the Enhanced Customer Due Diligence Standard; and
 - (d) otherwise denies the paragraph.
- 384 In response to paragraph 384, Entain:
- (a) admits subparagraph (b) but says that the measure was required to be carried out in respect of high ML/TF risk customers, PEPs, where a SMR has been submitted to AUSTRAC or where a person is in or incorporated in a Prescribed Foreign Country;

- (b) admits subparagraph (d) but says that the measure was required to be carried out in respect of high ML/TF risk customers, PEPs, or where a SMR has been submitted to AUSTRAC; and
 - (c) otherwise admits the paragraph.
- 385 In response to paragraph 385, Entain admits that Entain's 'Part A Program' did not include appropriate risk based systems and controls to apply measures appropriate to the circumstances of the customer for the reasons set out at subparagraphs (a), (c), (d), (g), (h), (i), (j), (l), (m) and (n) below:
- (a) in relation to subparagraph (a), Entain:
 - (i) refers to and repeats paragraphs 247 and 248 the Defence;
 - (ii) admits the allegation in the period prior to 13 March 2024; and
 - (iii) otherwise denies the subparagraph.
 - (b) denies subparagraph (b);

Particulars

Entain's ECDD Standard version 12 (2023) ENT.0001.0036.0043 at page .0043.
 Entain's ECDD Procedure version 7* (2023) ENT.0001.0037.0001 at page .0012.
 Entain's ECDD Procedure version 7.1 (2023) ENT.0001.0037.0017 at page .0028.
 Entain's ECDD Procedure version 7.2 (2023) ENT.0001.0035.0014 at pages .0024 and .0025.
 Entain's ECDD Procedure version 8 (2024) ENT.0001.0059.0029 at pages .0039 and .0040.
 Entain's ECDD Procedure version 8.1 (2024) ENT.0001.0059.0062 at pages .0072 and .0073.
 Entain's AML/CTF Deposits and Withdrawals Procedure version 2 (2018) ENT.0001.0004.0027 at pages .0027 and .0028.
 Entain's AML/CTF Deposits and Withdrawals Procedure version 3 (2020) ENT.0001.0004.0033 at pages .0033 to .0035.
 Entain's AML/CTF Deposits and Withdrawals Procedure version 4 (2021) ENT.0001.0004.0029 at pages .0030 and .0031.
 Entain's AML/CTF Deposits and Withdrawals Procedure version 5 (2022) ENT.0001.0001.1694 at pages .1695 and .1696.

- (c) admits subparagraph (c) for the period prior to July 2022 and otherwise denies;

Particulars

AML Training Manual (17 July 2022) ENT.0001.0001.2778.
 AML Training Manual (8 December 2022) ENT.0001.0004.0122.
 AML Training Manual (23 March 2023) ENT.0001.0004.0053.
 Entain's ECDD Standard version 12 (2023) ENT.0001.0036.0043.

Entain's ECDD Procedure version 7* (2023) ENT.0001.0037.0001 at page .0012.

Entain's ECDD Procedure version 7.1 (2023) ENT.0001.0037.0017 at page .0028.

Entain's ECDD Procedure version 7.2 (2023) ENT.0001.0035.0014 at pages .0024 and .0025.

Entain's ECDD Procedure version 8 (2024) ENT.0001.0059.0029 at pages .0039 and .0040.

Entain's ECDD Procedure version 8.1 (2024) ENT.0001.0059.0062 at pages .0072 and .0073.

- (d) admits subparagraph (d);
- (e) in relation to subparagraph (e), admits that from 31 October 2023, Entain's ECDD Procedure only required a detailed analysis of customer transactions for the 6 months prior to the date of ECDD, and otherwise denies the subparagraph;

Particulars

s 6 of versions 7* - 7.2 and s 7 of versions 8* - 8.1 of Entain's ECDD Procedure

Entain's ECDD Procedure version 7* (2023) ENT.0001.0037.0001

Entain's ECDD Procedure version 7.1 (2023) ENT.0001.0037.0017

Entain's ECDD Procedure version 7.2 (2023) ENT.0001.0035.0014

Entain's ECDD Procedure version 8 (2024) ENT.0001.0059.0029

Entain's ECDD Procedure version 8.1 (2024) ENT.0001.0059.0062

- (f) denies subparagraph (f);

Particulars

Entain's ECDD Procedure version 7 (2021) ENT.0001.0001.2437 at page .2439

Entain's ECDD Procedure version 8 (2021) ENT.0001.0001.2465 at page .2467

Entain's ECDD Procedure version 9 (2022) ENT.0001.0001.1669 at page .1671.

Entain's ECDD Procedure version 10 (2023) ENT.0103.0012.6613 at page .6615.

Entain's ECDD Standard version 12 (2023) ENT.0001.0036.0043 at page .0045.

Entain's ECDD Procedure version 7* (2023) ENT.0001.0037.0001 at page .0002.

Entain's ECDD Procedure version 7.1 (2023) ENT.0001.0037.0017 at page .0018.

Entain's ECDD Procedure version 7.2 (2023) ENT.0001.0035.0014 at page .0015.

Entain's ECDD Procedure version 8 (2024) ENT.0001.0059.0029 at page .0030.

Entain's ECDD Procedure version 8.1 (2024) ENT.0001.0059.0062 at page .0063.

- (g) admits subparagraph (g) for the period prior to October 2023 and otherwise denies.

Particulars

Entain's ECDD Standard version 12 (2023) ENT.0001.0036.0043

Entain's ECDD Procedure version 7* (2023) ENT.0001.0037.0001

Entain's ECDD Procedure version 7.1 (2023) ENT.0001.0037.0017

Entain's ECDD Procedure version 7.2 (2023) ENT.0001.0035.0014

Entain's ECDD Procedure version 8 (2024) ENT.0001.0059.0029

Entain's ECDD Procedure version 8.1 (2024) ENT.0001.0059.0062

- (h) admits subparagraph (h);
- (i) admits subparagraph (i);
- (j) admits subparagraph (j) but says that:
- (i) prior to 9 March 2020, Entain's ECDD Procedure required Entain to seek information from third party sources including from internet searches;
 - (ii) there is no requirement in rr 15.10(1) or (2) of the Rules that a reporting entity conduct adverse media searches in relation to a customer;
- (k) denies subparagraph (k) and says that from 9 March 2020 to 30 October 2023, Entain's ECDD Procedures:
- (i) defined an AML Red Flag as including but not limited to where there was 'public information about a customer that indicates they are involved in money laundering, terrorism, organized crime, or have previously committed a crime or. Been involved in an integrity investigation'; and
 - (ii) required accounts to be flagged as medium or high ML Risk including where the applicable deposit or gambling loss threshold under the ECDD Procedures had been reached and 'the customer is suspected of being linked to criminal activities or there is a suspicion that the customer's funds are the proceeds of crime'.

Particulars

Versions 4-12 of Entain's ECDD Procedures

Entain's ECDD Procedure version 4 (2020) ENT.0001.0001.2455 at pages .2455 and .2458.

Entain's ECDD Procedure version 5 (2020) ENT.0001.0001.2460 at pages .2460 and .2463.

Entain's ECDD Procedure version 6 (2021) ENT.0001.0001.2446 at pages .2446, .2450 and .2451.

Entain's ECDD Procedure version 7 (2021) ENT.0001.0001.2437 at pages .2437 and .2442

Entain's ECDD Procedure version 8 (2021) ENT.0001.0001.2465 at pages .2465, .2470 and .2471.

Entain's ECDD Procedure version 9 (2022) ENT.0001.0001.1669 at pages .1669 and .1675.

Entain's ECDD Procedure version 10 (2023) ENT.0103.0012.6613 at pages .6614, .6619 and .6620.

Entain's ECDD Standard version 12 (2023) ENT.0001.0036.0043 at pages .0044, .0050, .0051.

- (l) in relation to subparagraph (l):
 - (i) admits the subparagraph for the period up to July 2022;
 - (ii) says that from July 2022, Entain's AML Training Manual required staff to search Cerberus for all accounts held by the customer; and
 - (iii) otherwise denies the subparagraph.
- (m) admits subparagraph (m);
- (n) admits subparagraph (n);
- (o) denies the paragraph insofar as it concerns Entain's 'Part A Program' in place on and from 27 August 2024; and
- (p) otherwise denies the paragraph.

Foreign politically exposed persons

386 Entain admits paragraph 386.

387 Entain denies paragraph 387.

The deficiencies in Entain's 'ECDD Program'

388 In response to paragraph 388, Entain:

- (a) admits the paragraph by reference to the admitted conduct in paragraphs 359 to 387 of this Defence; and
- (b) otherwise denies the paragraph.

389 In response to paragraph 389, Entain:

- (a) refers to and repeats paragraph 32 and 388 of this Defence;
- (b) admits that from the start of the Relevant Period until 26 August 2024, Entain's 'Part A Program' did not comply with s84(2)(c) of the Act; and

(c) otherwise denies the paragraph.

L. SYSTEMS AND CONTROLS IN ENTAIN'S 'PART A PROGRAM' TO ENSURE COMPLIANCE WITH SUSPICIOUS MATTER REPORTING

390 Entain admits paragraph 390.

391 Entain admits paragraph 391.

392 Entain admits paragraph 392.

393 In response to paragraph 393, Entain says that:

- (a) during the Relevant Period until August 2023, Entain's 'Part A Program' included a Suspicious Matter Reports Procedure that applied to all employees and contractors of Entain;
- (b) during the Relevant Period from August 2023, Entain's 'Part A Program' included an uplifted SMR process that applied to all employees and contractors of Entain which was documented in:
 - (i) an Unusual Activity Report (**UAR**) Procedure;
 - (ii) a SMR Review and Submission Process document; and
 - (iii) from October 2023, a Grounds for Suspicion Guidance document;
- (c) says that during the Relevant Period from August 2024, Entain's 'Part A Program' was updated to include further suspicious matter and unusual matter reporting procedures, being:
 - (i) the uplifted AML/CTF Program (section 15);
 - (ii) the Unusual Activity Report (**UAR**) Procedure;
 - (iii) the Grounds for Suspicion Guidance document; and
 - (iv) the Suspicious Matter Report (**SMR**) Review and Submission document; and

Particulars

Entain's uplifted AML/CTF Program (ENT.0250.0002.0241)

Unusual Activity Report (UAR) Procedure (ENT.0001.0059.0093)

Grounds for Suspicion Guidance document (ENT.0251.0002.0190)

the Suspicious Matter Report (SMR) Review and Submission document (ENT.0001.0035.0033)

(d) otherwise denies the paragraph.

394 In response to paragraph 394, Entain:

- (a) refers to and repeats paragraphs 393 of this Defence;
- (b) says that the Suspicious Matter Reports Procedure applied until August 2023;
- (c) in relation to subparagraph (f), says that requests from a customer for winnings or account funds to be paid to a country other than the customer's country of residence were types of transactions or attempted transactions that were required to be reported to the AUSTRAC CEO;

- (d) in relation to subparagraph (l), says that transactions through the 'Cash-in Facility' or Prepaid Cards in excess of:
 - (i) \$5,000 per day, or \$10,000 per week (prior to 12 April 2022); and
 - (ii) \$10,000 per day or \$20,000 per week (from 12 April 2022),were types of transactions or attempted transactions that were required to be reported to the AUSTRAC CEO;
- (e) says that from October 2023, the Grounds for Suspicion Guidance provided templates for the following circumstances that are 'commonly seen within' Entain's business:
 - (i) law enforcement requests or requests for information;
 - (ii) adverse media;
 - (iii) betting on short odds;
 - (iv) unusual merchant card activity;
 - (v) unusual activity on the cash-in payment channel;
 - (vi) misuse of the betting cash-out function;
 - (vii) unusual activity relating to electronic payment channels;
 - (viii) activity inconsistent with customer profile, or unknown source of funds / source of wealth; and
 - (ix) a customer providing false or misleading information;
- (f) says further that from August 2024, Entain's AML/CTF Program provided a non-exhaustive list of 'Unusual Activity Indicators' that were required to be escalated to the AML Team for review for potential suspicious activity including where:
 - (i) a customer frequently changed ACIP information with no sound rationale i.e., changes of residential address, phone numbers, e-mail addresses etc.;
 - (ii) a customer changed ACIP information to details that are the same as other Entain customers;
 - (iii) a customer undertook activity or exhibited behaviour that gave Entain reasonable grounds to believe that the customer may be perpetrating some form of fraud;
 - (iv) a customer exhibited behaviour and/or otherwise gave indication that they may not be who they claim to be;
 - (v) a customer wagered on short-priced favourites only or multiple selections in the same race, potentially indicating an intention to obtain an almost guaranteed win;
 - (vi) customers who may be involved in the event place bets e.g., jockey, player, umpire, official; and

- (vii) a customer demonstrated a pattern of activity and/or behaviour that appeared outside the normal/expected nature and purpose of the business relationship; and
 - (g) otherwise admits the paragraph.
- 395 In response to paragraph 395, Entain:
- (a) refers to and repeats paragraphs 393 and 394 of this Defence;
 - (b) says that from 9 March 2020 until August 2023, the Suspicious Matter Reports Procedure provided that if a customer met the criteria for the reporting of a SMR and a SMR had been lodged in the last 30 days, a new SMR was not required to be lodged unless:
 - (i) the criteria for the SMR was different to the previously lodged SMR; or
 - (ii) the criteria for the SMR was the same, but the monetary value had increased by at least 10%;
 - (c) says further that from August 2023, the UAR Procedure provided that a UAR must be submitted every time unusual activity was identified even if a previous UAR had been submitted about the same customer; and
 - (d) otherwise denies the paragraph.
- 396 In response to paragraph 396, Entain:
- (a) refers to and repeats paragraphs 393 and 395 of this Defence;
 - (b) says that during the Relevant Period until August 2023, the SMR Procedure provided that where an Entain employee or contractor formed a suspicion about a transaction or matter, they were required to email or contact the AML/CTF Team as soon as possible with the account username, date of the suspicious matter and a brief summary of why they considered the transaction or matter to be suspicious;
 - (c) from October 2023, the Grounds for Suspicion Guidance recorded that Entain identified unusual activity in various ways including by manual referrals from internal business units;
 - (d) says that throughout the Relevant Period, Entain's AML/CTF Program imposed obligations on all employees to ensure Entain complied with its suspicious matter reporting obligations, specifically:
 - (i) until August 2024, Entain's AML/CTF Program applied to all employees and included clauses 15.3 and 15.4 which outlined Entain's SMR obligations; and
 - (ii) from August 2024, Entain's AML/CTF Program has specifically stated that all customer-facing and operational Entain employees are required to submit a UAR form if they identify one of the Unusual Activity Indicators; and
 - (e) otherwise denies the paragraph.
- 397 In response to paragraph 397, Entain refers to and repeats paragraphs 394 to 396 of this Defence, and;

- (a) in relation to subparagraph (a):
 - (i) admits the subparagraph to the extent of the admissions made in paragraphs 52 to 55 of this Defence; and
 - (ii) otherwise denies the subparagraph;
- (b) in relation to subparagraph (b):
 - (i) says that the criteria with respect to SMR reporting were based on an assessment of ML/TF Risks and were non-exhaustive; and
 - (ii) otherwise denies the subparagraph;
- (c) in relation to subparagraph (c):
 - (i) admits the subparagraph to the extent of the admissions made in paragraphs 209 to 211 of this Defence; and
 - (ii) otherwise denies the subparagraph;
- (d) in relation to subparagraph (d):
 - (i) admits the subparagraph to the extent of the admissions made in paragraphs 247 and 248 of this Defence; and
 - (ii) otherwise denies the subparagraph;
- (e) in relation to subparagraph (e):
 - (i) admits the subparagraph to the extent of the admissions made in paragraphs 253, 254, 277, 284, 296, 323, 339, 343 and 351 of this Defence; and
 - (ii) otherwise denies the subparagraph;
- (f) in relation to subparagraph (f):
 - (i) admits that the workflows for identifying suspicious matters involved a degree of discretionary judgement; and
 - (ii) otherwise denies the subparagraph;
- (g) in relation to subparagraph (g):
 - (i) admits the subparagraph to the extent of the admissions made in paragraphs 348 to 351 of this Defence; and
 - (ii) otherwise denies the subparagraph;
- (h) in relation to subparagraph (h):
 - (i) admits the subparagraph to the extent of the admissions made in paragraphs 175 to 177 of this Defence; and
 - (ii) otherwise denies the subparagraph;
- (i) In relation to subparagraph (i):
 - (i) admits the subparagraph to the extent of the admissions made in paragraphs 136 to 142 of this Defence; and
 - (ii) otherwise denies the subparagraph;
- (j) in relation to subparagraphs (j):

- (i) admits the paragraphs to the extent of the admissions made in paragraphs 124 and 277 of this Defence and subparagraphs (a) and (e) above; and
 - (ii) otherwise denies the subparagraph;
- (k) In relation to subparagraph (k):
 - (i) admits the paragraph to the extent of the admissions made in paragraphs 133 and 277 of this Defence and subparagraphs (a) and (e) above; and
 - (ii) otherwise denies the subparagraph.
- (l) in relation to subparagraph (l):
 - (i) repeats and refers to its responses to paragraphs 264(f)(ii), 272(d)(ii), 291(c)(ii) 365(d), 363 and 385(m) of this Defence; and
 - (ii) otherwise denies the allegation
- (m) in relation subparagraph (m):
 - (i) repeats and refers to subparagraphs 395(b) and (c) of this Defence; and
 - (ii) otherwise admits the subparagraph.
- (n) in relation to subparagraphs (n) and (o):
 - (i) admits the subparagraphs to the extent of the admissions made in paragraphs 168, 177 and 344 of this Defence; and
 - (ii) otherwise denies the subparagraph.
- (o) admits subparagraph (p), but says further that Entain is only aware of one instance in which an SMR was reported in the name of a pseudonym;

Particulars

SMR number 27751771 dated 25 September 2018
(ENT.0351.0001.0337)

- (p) in relation to subparagraph (q), admits that prior to May 2021, Entain's 'Part A Program' did not include procedures to carry out assurance on suspicious matter reporting, and otherwise denies the subparagraph; and

Particulars

Quality Assurance Procedure dated 5 May 2021
(ENT.0001.0001.1613)

- (q) otherwise denies the paragraph.

398 In response to paragraph 398, Entain:

- (a) refers to and repeats paragraph 397 of this Defence;
- (b) admits that from the start of the Relevant Period until 26 August 2024, Entain's 'Part A Program' did not comply with s84(2)(c) of the Act; and
- (c) otherwise denies the paragraph.

M. OVERSIGHT OF ENTAIN'S 'PART A PROGRAM'

399 Entain admits paragraph 399.

400 Entain admits paragraph 400 and says further that:

- (a) from October 2023, the AML/CTF Steering Committee;
 - (b) from June 2024, the Customer Risk Review Committee, and
 - (c) from June 2024, the Customer Risk Forum,
- also considered matters relating to Entain's 'Part A Program'.

401 In response to paragraph 401, Entain:

- (a) says that Entain's Compliance Committee comprised:
 - (i) Entain's directors;
 - (ii) Entain's Executive Committee and Entain's AML Compliance Officer (at the relevant times); and
 - (iii) representatives from Entain Plc including, from time to time, Entain's Group General Counsel, Entain's Global Head of Anti Financial Crime and Entain's Group Compliance Director;
- (b) says that the Risk Committee comprised Entain's directors, Entain's Executive Committee, Entain's AML Compliance Officer (at relevant times), the Head of Risk (at relevant times), and the General Manager of Strategy (between October 2022 to April 2023); and
- (c) otherwise admits the paragraph.

Particulars

Governance Framework [ENT.0001.0001.1644]

402 In response to paragraph 402, Entain:

- (a) refers to and repeats paragraphs 57, 68, 79, 92, 96, 113, 126, 135, 146, 170, 181, 187, 213, 250, 353, 389 and 398 of this Defence;
- (b) admits that due to matters described in the paragraphs referenced in (a) above, Entain's board and senior management could not and did not exercise adequate ongoing oversight of Entain's 'Part A Program' during the Relevant Period until 26 August 2024; and
- (c) otherwise denies the paragraph.

403 In response to paragraph 403, Entain:

- (a) refers to and repeats paragraph 402 of this Defence; and
- (b) otherwise admits the paragraph for the period between the start of the Relevant Period until 26 August 2024.

404 Entain denies paragraph 404.

N. ENTAIN'S 'PART B PROGRAM' – THE APPLICABLE CUSTOMER IDENTIFICATION PROCEDURE

405 In response to paragraph 405, Entain:

- (a) says that during the Relevant Period, Entain had in place the written documents referred to in subparagraphs (a)-(k) of the Statement of Claim;
 - (b) says that those documents comprised Part B of an AML/CTF Program (Entain's 'Part B Program'); and
 - (c) otherwise denies the paragraph.
- 406 Entain admits paragraph 406.
- Appropriate risk-based systems and controls*
- 407 Entain admits paragraph 407.
- 408 Entain admits paragraph 408.
- 409 Entain admits paragraph 409.
- 410 Entain admits paragraph 410.
- 411 Entain admits paragraph 411.
- 412 Entain admits paragraph 412.
- 413 In response to paragraph 413, Entain:
- (a) says that during the Relevant Period, Entain's 'Part B Program' provided for an applicable customer identification procedure that carried out the minimum KYC collection and the minimum KYC verification of customers at the point of onboarding;
 - (b) says that the procedure set out at subparagraph (a) above applied on the basis that Entain only accepted customers that were resident in Australia, and on the basis that the customer could not wager on their account until Applicable Customer Identification Procedures (**ACIP**) was completed; and
 - (c) otherwise denies the paragraph.
- 414 In relation to paragraph 414, Entain:
- (a) admits that during the Relevant Period up to 13 March 2024, Entain's Part B Program did not include appropriate risk-based controls for Entain to determine whether, in addition to the KYC information referred to in r 4.2.3 of the Rules, SOW/SOF information would be collected about a customer;
 - (b) says further that Entain collected additional KYC information, including:
 - (i) at the time a customer was signed-up to an account, Entain collected the customer's phone number and email address; and
 - (ii) in the course of ECDD pursuant to the applicable ECDD Procedure; and

Particulars

Entain's AML/CTF Program v2 (ENT.0001.0008.0450)
 Entain's AML/CTF Program v3 (ENT.0001.0008.0470)
 Entain's AML/CTF Program v4 (ENT.0001.0008.0459)
 Entain's AML/CTF Program v5 (ENT.0001.0008.0437)
 Entain's AML/CTF Program v6 (ENT.0001.0007.0052)

Entain's AML/CTF Program v7 (ENT.0001.0007.0020)

Entain's AML/CTF Program v8 (ENT.0001.0007.0036)

Entain's AML/CTF Program v9 (ENT.0001.0001.1557)

Entain's AML/CTF Program v10 (ENT.0103.0012.6586)

Entain's Part B Program August 2024 (ENT.0250.0002.0315)

(c) otherwise denies the paragraph.

415 In response to paragraph 415, Entain:

(a) refers to and repeats paragraph 414 of this Defence;

(b) admits that by reason only of the admission in paragraph 414(a) above, Entain's Part B Program did not comply with the requirements of rr 4.2.5 and 4.2.8 of the Rules during the Relevant Period up to 13 March 2024 and therefore did not comply with s 84(3)(b) of the Act; and

(c) otherwise denies the paragraph.

Reliable and independent electronic data from at least two separate data sources

416 Entain admits paragraph 416.

416A In relation to paragraph 416A, Entain:

(a) in relation to subparagraph (a), Entain says that the 'Part B Program' also applied to high ML/TF Risk customers and notes that Entain's KYC Procedure stated and continues to state that Entain customers identified as high risk were and are subject to additional due diligence under Entain's ECDD Procedure but otherwise admits the subparagraph;

(b) admits subparagraph (b); and

(c) denies subparagraph (c) and says that Entain's 'Part B Program' included a verification procedure for the purposes of rr 4.2.6, notwithstanding its admission above at subparagraph (b).

416B Entain admits paragraph 416B.

417 Entain admits paragraph 417.

418 Entain admits paragraph 418.

419 In response to paragraph 419, Entain:

(a) says that its 'Part B Program' included a verification procedure which applied in the event a customer failed the initial electronic based verification provided for in the Program, which process included the use of the Australian Government's 'Document Verification Service'; and

(b) otherwise denies the paragraph.

420 In response to paragraph 420, Entain:

(a) admits that prior to 5 May 2023, Entain's Customer Due Diligence (Know Your Customer) Procedure did not require Entain to verify the KYC information through the use of electronic data from at least two separate data sources;

- (b) says that Entain was not required by r 4.2.7 of the Rules (or otherwise) to verify the KYC Information prescribed by r 4.2.6 of the Rules through the use of reliable and independent electronic data from at least two separate data sources, only that KYC Information was required to be verified based on (1) reliable and independent documentation; (2) reliable and independent electronic data; or (3) a combination of (1) and (2); and

(c) otherwise admits the paragraph.

420A In response to paragraph 420A, Entain

- (a) refers to paragraph 420 of this Defence;
- (b) denies the allegation in the period from 5 May 2024; and
- (c) otherwise admits the paragraph.

420B In response to paragraph 420B, Entain:

- (a) refers to and repeats paragraph 420 of this Defence; and
- (b) otherwise denies the paragraph

421 In response to paragraph 421, Entain:

- (a) refers to and repeats its responses to paragraphs 416A, 416B, 420A and 420B above; and
- (b) otherwise denies the paragraph.

O. CONTRAVENTIONS OF SECTION 81 OF THE ACT

422 In response to paragraph 422, Entain:

- (a) admits that from the start of the Relevant Period until 26 August 2024:
 - (i) it did not adopt and maintain an AML/CTF program within the meaning of s 83(1)(a) and compliant with s 84(2)(c) of the Act; and
 - (ii) it commenced providing designated services to customers, as pleaded at paragraphs 23 of this Defence, where it had not adopted and maintained an AML/CTF program;by reason of and to the extent admitted at paragraphs 57, 68, 79, 92, 96, 113, 126 146, 170, 181, 187, 213, 250, 353, 389, 398, 403 and 404 of this Defence;
- (b) admits that, by reason of subparagraph (a) above, it contravened s 81(1) of the Act on each occasion that it commenced to provide a designated service to a customer from 16 December 2018 to 26 August 2024;
- (c) says that during the Relevant Period Part A of Entain's AML/CTF program had the primary purpose of identifying, mitigating and managing the ML/TF risks that Entain reasonably faced with respect to designated services for the purposes of s 84(2)(a) of the Act; and
- (d) otherwise denies the paragraph.

423 In response to paragraph 423, Entain:

- (a) refers to and repeats paragraphs 415 and 421 above;

- (b) says that during the Relevant Period the sole or primary purpose of Part B of Entain's AML/CTF program was to set out the applicable customer identification procedures for the purposes of the application of the Act to customers of Entain within the meaning of s 84(3)(a) of the Act; and
- (c) subject to subparagraph (b) above, admits the allegation at paragraph 423(c) of the SOC in respect of the conduct admitted at paragraph 415 above; and
- (d) otherwise denies the paragraph.

P. Defence under s 236 of the Act to the s 81 contraventions alleged by the Applicant

423A. In answer to AUSTRAC's allegations that Entain contravened s 81 of the Act, Entain makes the allegations set out in paragraphs 423B to 423U, below.

P.1 2018 independent review of Entain's 'Part A Program'

423B. In the Relevant Period, Entain's 'Part A Program' was required to comply with the requirements for a program specified in r 8.6.1 of the Rules which provided that its 'Part A Program' must be subject to regular independent review.

423C. In or around March 2018, Entain (then known as Ladbrokes Digital Australia Pty Ltd) engaged GRC Solutions Pty Ltd (**GRC Solutions**) to perform an independent review of Entain's 'Part A Program' which was in place at that time (being the version dated 25 January 2018) (**2018 GRC Solutions Review**).

423D. In accordance with r 8.6.5 of the Rules, the purpose of the 2018 GRC Solutions Review of Entain's 'Part A Program' was to assess:

- (a) the effectiveness of Entain's 'Part A Program', having regard to Entain's AML/CTF risk profile;
- (b) whether Entain's 'Part A Program' complied with the Rules; and
- (c) whether Entain's 'Part A Program' had been effectively implemented, and if Entain had complied with it.

423E. In its report dated 4 April 2018, GRC Solutions reported that:

- (a) Entain's 'Part A Program' was effective and reflected best practice programs observed by GRC Solutions;
- (b) Entain's 'Part A Program' had been effectively implemented and followed by Entain;
- (c) there was no evidence that the ML/TF risks that Entain faced at the time had changed materially, or the level of risk increased without detection;
- (d) shortcomings identified in a previous independent review of Entain's 'Part A Program' had been significantly improved;
- (e) Entain's 'Part A Program' was 'comprehensive and consistent with the characteristics of best practice programs';
- (f) there was sufficient evidence of adequate reporting made to AUSTRAC; and
- (g) any recommendations were made in the context of GRC Solutions' positive report findings.

P.2 2020 independent review of Entain's Part A Program

- 423F. In or around 22 July 2020, Entain (then known as GVC Australia Group) engaged MWC to perform an independent review of Entain's 'Part A Program' which was in place at that time (being the version dated 28 April 2020) **(2020 MWC Review)**.
- 423G. Among other things, MWC said they were AML/CTF specialists, with 'extensive experience in Regulatory Compliance, specialising in AML/CTF' based on their experience working as AML/CTF Compliance Officers in global reporting entities, and experience working in government agencies and professional advisory firms.
- 423H. The deliverables for the 2020 MWC Review were described as a written report identifying areas for improvement and/or recommendations required to ensure Entain complied with the requirements of the AML/CTF Act and Rules.
- 423I. In accordance with r 8.6.5 of the Rules, the purpose of the 2020 MWC Review was to:
- (a) identify, via a desktop review of Entain's 'Part A Program', whether it complied with the technical requirements outlined in the Act and the Rules;
 - (b) test, via online and site visit meetings, the effectiveness of Entain's 'Part A Program' and whether it had been implemented and complied with; and
 - (c) assess the culture of Entain by reviewing how AML/CTF risk management is demonstrated throughout the organisation.
- 423J. In its report dated 5 October 2020, MWC:
- (a) observed that Entain's 'Part A Program' had the following features, which were required under the Act and Rules:
 - (i) the identification of designated services;
 - (ii) risk identification and assessment;
 - (iii) the appointment of an AML/CTF Compliance Officer;
 - (iv) undertaking a regular independent review the Part A AML/CTF Program;
 - (v) an Employee Due Diligence Program;
 - (vi) AML/CTF risk awareness training; and
 - (vii) ongoing due diligence measures.
 - (b) made 41 recommendations, none of which were characterised as 'significant' (i.e., described by MWC as requiring immediate action) and seven of which were characterised by MWC as 'high rating' which were:
 - (i) to update the current AML/CTF Risk Register with additional tabs to specifically record the assessment of the fundamental categories of ML/TF risk (jurisdiction, channel, product, customer) and that Entain may consider utilising the restricted jurisdictions list MWC noted was already in place for the jurisdictional component of the AML/CTF Risk Register;
 - (ii) for Entain to consider and document customer types who would be higher risk and subject to ECDD from the outset, regardless of their transactional activity;

- (iii) for Entain to implement a formal and documented process for employees who are identified as PEPs consistent with the customer procedure, with this process to include approval by senior management to onboard the employees and periodical reviews as required (to be documented in a PEP register);
- (iv) for Entain to perform a quality assurance program on a sample basis for alerts (including those that did not result in a SMR) to ensure that processes were working effectively, as designed and that appropriate intelligence was being reported to AUSTRAC where required;
- (v) for Entain to treat its affiliates as high risk customers and subject to ongoing monitoring and oversight;
- (vi) for Entain to put in place tighter controls around cash-in processes performed by BDMs and affiliates to reduce the opportunity for collusion or inadvertently missing cash deposits for TTRs; and
- (vii) for Entain to uplift its onboarding of customer processes to screen for PEPs (and sanctions) to more contemporaneously identify customers who may post a higher risk to the business.

423K. By mid-2021, Entain had implemented all of the 'high rating' recommendations contained in MWC's 2020 report (to the extent necessary, noting that the recommendation at paragraph 423J(b)(iii) above had already been addressed by Entain's Recruitment Policy), including by:

- (a) updating the Risk Register in October 2020 to include a 'Categorical Risk' tab assessing jurisdictional, channel, product and customer risk;
- (b) updating its ECDD Procedure in March 2021 to identify:
 - (i) circumstances where customers would be rated medium and high risk and subject to ECDD, regardless of their transaction activity; and
 - (ii) that new accounts for customers who were current or former affiliates were automatically rated as high risk and subject to ongoing ECDD and additional oversight;
- (c) introducing a documented quality assurance process in May 2021 for undertaking a sample review process across certain AML reports including:
 - (i) High Value Transaction Report (reviewed weekly);
 - (ii) Blueshyft Cashin Suspicious Activity report (reviewed weekly);
 - (iii) Flexepin Voucher Suspicious Activity report (reviewed weekly);
 - (iv) Cashout and Withdrawal over X Same Period report (reviewed weekly);
 - (v) Cashout Prior To Event Start report (reviewed weekly);
 - (vi) AML Clients with Short Odds reports (reviewed weekly);
 - (vii) SMRs completed (reviewed monthly);
 - (viii) TTRs completed (reviewed monthly);
 - (ix) Monthly PEP report (reviewed monthly); and

- (x) Cash-in and Flexepin Top Users (reviewed monthly);
 - (d) from February 2021, generating a list of existing and historical affiliates which were subsequently marked as high ML/TF risk in Entain's information management systems;
 - (e) from April 2020, having in place its Sight Unseen Procedure (version 1) which outlined the process requiring BDMS to advise Agent Assist of any sight unseen transactions received and notifying Entain's Finance, AML and Customer Services Director of these transactions;
 - (f) updating Cerberus on 22 September 2020 to ensure Sight Unseen deposits were clearly identifiable in the transaction history as a sight unseen deposit (as opposed to an EFT);
 - (g) the introduction of the Sight Unseen Deposits report in October 2020; and
 - (h) from 11 March 2021, requiring that all new customers establishing a wagering account be screened against PEPs and sanctions lists, with all betting accounts opened within a 12 month period being re-screened annually.
- 423L. The remaining recommendations in MWC's 2020 report were characterised as being 'medium' priority or an 'improvement opportunity', the majority of which were actioned by Entain by the end of May 2021, by Entain taking the following steps:
- (a) updating the Risk Register in October 2020 to include additional generalised risks in the General Risks tab;
 - (b) introducing the Change Risk Assessment template in January 2021;
 - (c) updating the ECDD Procedure in March 2021 to:
 - (i) incorporate the ECDD template;
 - (ii) increase the period for ECDD refresh times from 3 months to 6 months;
 - (iii) include additional Know Your Customer requirements for high risk customers;
 - (iv) incorporate a process to address higher risk situations where SOW/SOF documentation had to be completed; and
 - (v) include a SMR threshold / process for collecting and/or verifying SOW/SOF information for high risk customers;
 - (d) redesigning the AML dashboard in November 2020 to show a summary of current and historic transaction monitoring data;
 - (e) creating an AML Training Manual for new starters and existing team members in January 2021 which included guidance on ECDD, AML reports, and how to use Detective Desk;
 - (f) the introduction of a documented quality assurance process in May 2021, which was designed to:
 - (i) ensure more robust first and second line oversight of assurance measures;
 - (ii) assess the effectiveness of Entain's AML/CTF Program;

- (iii) ensure complete and accurate record keeping procedures; and
- (iv) rolling out the Oracle training platform in January 2021 with a standardised AML/CTF training module and annual refresher modules to be completed by all staff.

P.3 2021 follow-up review of Entain's Part A Program

- 423M. In or around April 2021, Entain engaged MWC to undertake a follow up review to assess Entain's activities with respect to the recommendations contained in MWC's 2020 report (**2021 MWC Follow-up Review**).
- 423N. The deliverables for the review were described as a written summary identifying any further recommendations required to ensure compliance with the AML/CTF Act and Rules.
- 423O. On 6 June 2021, MWC provided Entain with a report of its findings outlining MWC's assessment of the progress made by Entain against the recommendations made by MWC in its 2020 report, concluding that:
- (a) 'overall significant progress had been made' since the 2020 MWC Review and associated report and the findings of its follow up review were 'relatively minor'; and
 - (b) Entain was at that time well-positioned to continue maturing its AML/CTF framework.

P.4 2022 independent review of Entain's Part A Program

- 423P. On or around 15 July 2022, Entain engaged MWC to perform an independent review of Entain's 'Part A Program' which was in place at that time (being the version dated 11 May 2022) (**2022 MWC Review**).
- 423Q. The deliverables for the review were described as a written report identifying areas for improvement and/or recommendations required to ensure compliance with the AML/CTF Act and Rules.
- 423R. In accordance with r 8.6.5 of the Rules, and section 11 of Entain's 'Part A Program', the purpose of the 2022 MWC Review was to:
- (c) review key documents and understand processes to ascertain whether and to what extent Entain's 'Part A Program' addressed the ML/TF risks relevant to the business and was compliant with the Rules;
 - (d) obtain evidence, conduct walkthroughs, and interview key personnel to test (on a sample basis) whether Entain's 'Part A Program' had been implemented effectively, and was being complied with by Entain; and
 - (e) interact with key stakeholders and observe Entain's AML/CTF environment throughout the course of the 2022 MWC Review to assess:
 - (i) the degree of engagement with Entain's 'Part A Program';
 - (ii) the frequency and structure of oversight and reporting across all levels of the organisation; and
 - (iii) general attitudes towards communication, consequence management and responses to audit findings.

423S. In its report dated September 2022, MWC:

- (f) concluded that the content of Entain's 'Part A Program' to be 'largely compliant' with the Act and the Rules in terms of its design effectiveness, and that while all the mandatory elements were present, additional clarity to align with what was required by the Act and the Rules could be achieved as identified in the 'Improvement Opportunities' in Table 2, Section 2 of the report;
- (g) stated that it observed that Entain generally applied its 'Part A Program' in practice; however, observed that in many instances the tools and techniques utilised to do so were manual in nature and that it was important for Entain to consider when and how it could progress to automating and systemising its controls and processes to improve the consistency and accuracy of its AML/CTF framework;
- (h) stated that since the 2020 MWC Review and the 2021 MWC Follow-up Review, the recommendations it had made had been addressed and it had observed significant growth in Entain's AML/CTF team as well as refinement in key processes and controls;
- (i) made a total of 12 recommendations, four of which were assessed as high priority, 8 of which were assessed as medium priority, and none were determined to be severe; and
- (j) identified 8 improvement opportunities for Entain to consider.

423T. The high priority recommendations which MWC made in its September 2022 report were for Entain to:

- (k) review the arrangements and circumstances for customers utilising Flexepin as an account funding channel;
- (l) review the arrangements and circumstances for the Punt Club product feature;
- (m) review the Moonee Valley Racing Club (**MVR**) account and consider submitting a SMR or exiting the customer based on the outcomes;
- (n) update Entain's 'Part A Program' to include a dedicated section addressing Entain's reporting obligations.

423U. Entain addressed the high priority recommendations made by MWC in its September 2022 report, including as part of its holistic rebuild and uplift of its AML/CTF program, as follows:

- (a) by 31 December 2022, Flexepin was removed as a deposit method;
- (b) the ML/TF risk associated with the Punt Club product feature was captured in the ML/TF Risk Assessment which was approved by the Entain Board on 27 August 2024;
- (c) effective from 17 March 2025, Entain terminated its relationship with Punt Club Pty Ltd and The Group Tip Off such that Punt Club accounts could no longer transact on Entain's platform;
- (d) the account 'MVR' was closed on 4 January 2023; and

- (e) Entain's 'Part A Program' was updated on 15 December 2022 to include a separate section outlining record keeping obligations (section 17).

P.5 Entain took reasonable precautions, and exercised due diligence, to avoid the contraventions of s 81 of the Act alleged in these proceedings

423V. These proceedings are proceedings under s 175 of the Act for contraventions of civil penalty provisions, including s 81 of the Act.

423W. By reason of the proceedings being s 175 proceedings for a contravention of civil penalty provisions as alleged in paragraph 423V of this Defence, under s 236(2) of the Act, it is a defence if Entain proves that it took reasonable precautions, and exercised due diligence, to avoid the contraventions in respect of which these proceedings have been instituted.

423X. By reason of Entain's:

- (f) engagement of GRC Solutions to conduct the 2018 GRC Solutions Review;
- (g) engagement of MWC to conduct the 2020 MWC Review, the 2021 MWC Follow-up Review and the 2022 MWC Review;
- (h) implementation of the recommendations made by MWC in the 2020 MWC Review as alleged in paragraphs 423K and 423L of this Defence;
- (i) engaging MWC to assess Entain's activities with respect to the recommendations made in the 2021 Follow-up Review, as alleged in paragraphs 423M and 423O of this Defence; and
- (j) implementation of the recommendations made by MWC in the 2022 MWC Review as alleged in paragraph 423U of this Defence,

Entain took reasonable precautions, and exercised due diligence, to avoid the contraventions of s 81 of the Act alleged by the applicant in these proceedings.

423Y. By reason of the matters alleged in paragraph 20 of this Defence, to the extent the contraventions of s 81 alleged by the applicant in these proceedings are established, Entain can avail itself of the defence to those contraventions in s 236 of the Act.

Q. ENTAIN CUSTOMERS

Q.1 Introduction to Scheduled Customers

424 Entain admits paragraph 424.

425 Not used.

426 Entain admits paragraph 426.

Q.2 Obligation to monitor each Scheduled Customer

427 Entain admits paragraph 427.

428 Entain admits paragraph 428.

429 Entain admits paragraph 429.

Matters indicative of high ML/TF Risk in relation to each Scheduled Customer

430 Entain admits paragraph 430.

431 In response to paragraph 431, Entain:

- (a) refers to its response at Row E of each schedule;
- (b) says that in its response Row E of each schedule, Entain has admitted certain facts alleged by the applicant were indicative of high ML/TF Risk in relation to the Scheduled Customers and the provision of designated services to the Scheduled Customers, in the sense that those facts constituted triggers for Entain to conduct further investigation into the Scheduled Customers to identify whether Entain faced high ML/TF Risk in relation to the Scheduled Customers and the provision of designated services to the Scheduled Customers; and
- (c) otherwise denies the paragraph.

432 In response to row 432, Entain:

- (a) refers to its response at Row E of each schedule;
- (b) says that, where in its response to Row E of each schedule it admits that a particular matter was indicative of high ML/TF risk in relation to a Scheduled Customer and the provision of designated services to that Scheduled Customer, Entain knew or ought to have known about that matter on the date identified in Row E, corresponding to each such matter; and
- (c) otherwise denies the paragraph.

Q.3 Failure to monitor each Scheduled Customer

Systemic failure

433 In response to paragraph 433, Entain:

- (a) admits that on and from the date identified in Row F1 of each schedule, Entain did not monitor the Scheduled Customer and the provision of designated services to the Scheduled Customer as required by s 36(1) of the Act (as pleaded in paragraphs 427 to 429 of this Defence);
- (b) as to the reasons alleged for that failure, refers to and repeats paragraphs 210, 247 to 249, 352(d) of this Defence and Row G of each schedule; and
- (c) otherwise denies the paragraph.

Ongoing customer due diligence failure

434 In response to paragraph 434, Entain:

- (a) admits that on and from the date identified in Row F2 of each schedule, Entain did not monitor the Scheduled Customer and the provision of designated services to the Scheduled Customer as required by s 36(1) of the Act (as pleaded in paragraph 427 of this Defence);
- (b) as to the reasons alleged for that failure, refers to its responses in Row G of each schedule; and
- (c) otherwise denies the paragraph.

Enhanced customer due diligence failure

435 In response to paragraph 435:

- (a) Entain admits that on and from the date identified in Row F3 of each schedule, Entain did not monitor the Scheduled Customer and the provision of

designated services to the Scheduled Customer as required by s 36(1) of the Act (as pleaded in paragraph 427 of this Defence), because it did not undertake measures appropriate to the circumstances when it was required to apply Entain's 'ECDD Program' (as pleaded in paragraph 428 and 429 of this Defence);

- (b) as to the reasons alleged for that failure, refers to its responses in Row G of each schedule; and
- (c) otherwise denies the paragraph.

Q.4 Contraventions of s 36 in relation to each Scheduled Customer

436 In response to paragraph 436, Entain admits that on and from the dates identified in Row F of each schedule, Entain:

- (a) admits that it did not monitor each Scheduled Customer in relation to the provision of designated services with a view to identifying and mitigating and managing the ML/TF Risk it reasonably faced, and did not do so in accordance with the Rules; and
- (b) as to the reasons alleged for that failure, refers to and repeats paragraphs the matters admitted in 424 and 426 to 435 of this Defence and its responses in Row G to each schedule; and
- (c) otherwise denies the paragraph.

437 In response to paragraph 437, Entain

- (a) refers to and repeats paragraph 436 of this Defence;
- (b) admits that it contravened s 36(1) of the Act, but says that Entain contravened s 36(1) of the Act once in respect of each Scheduled Customer; and
- (c) otherwise denies the paragraph.

437A In response to paragraph 437A, Entain

- (a) refers to and repeats paragraphs 436 of this Defence;
- (b) admits that it contravened s 36(1) of the Act, but says that Entain contravened s 36(1) of the Act once in respect of each Scheduled Customer; and
- (c) otherwise denies the paragraph.

437B In response to paragraph 437B, Entain

- (a) refers to and repeats paragraphs 436 of this Defence;
- (b) admits that it contravened s 36(1) of the Act, but says that Entain contravened s 36(1) of the Act once in respect of each Scheduled Customer; and
- (c) otherwise denies the paragraph.

438 In response to paragraph 438, Entain:

- (a) refers to and repeats paragraph 436 of this Defence; and
- (b) admits that it contravened s 36(1) of the Act, but says that Entain contravened s 36(1) of the Act once in respect of each Scheduled Customer; and
- (c) otherwise denies the paragraph.

439 In response to paragraph 439, Entain:

- (a) refers to and repeats paragraph 436 of this Defence;
- (b) admits that it contravened s 36(1) of the Act, but says that Entain contravened s 36(1) of the Act once in respect of each Scheduled Customer; and
- (c) otherwise denies the paragraph.

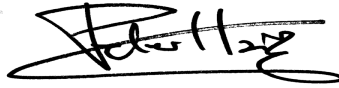
440 In response to paragraph 440, Entain:

- (a) refers to and repeats paragraph 436 of this Defence;
- (b) admits that it contravened s 36(1) of the Act, but says that Entain contravened s 36(1) of the Act once in respect of each Scheduled Customer; and
- (c) otherwise denies the paragraph.

Date: 16 October 2025



/



Signed by James Campbell / Peter Haig
Solicitors for the Respondent

This pleading was prepared by Dr Ruth Higgins SC, Emma Bathurst and Maria Mellos of counsel

Certificate of lawyer

We, James Campbell and Peter Haig, certify to the Court that, in relation to the defence filed on behalf of the Respondent, the factual and legal material available to us at present provides a proper basis for:

- (a) each allegation in the pleading; and
- (b) each denial in the pleading; and
- (c) each non admission in the pleading.

Date: 16 October 2025

The image shows two handwritten signatures in black ink. The signature on the left is 'James Campbell' and the signature on the right is 'Peter Haig'. There is a small vertical line between the two signatures.

Signed by James Campbell / Peter Haig
Solicitors for the Respondent

SCHEDULE 1: [REDACTED]

A: Customer	A	Entain admits row A.
B: Account(s)	B1	Entain admits row B1.
	B2	Entain admits row B2.
	B3	Entain admits row B3.
	B4	Entain admits row B4.
C: Summary of transactional activity by account	C1	Entain admits row C1.
	C2	Entain admits row C2.
	C3	Entain admits row C3.
	C4	Entain admits row C4.
D: Date in Relevant Period on and from which matters indicative of high ML/TF Risk existed	D	Entain admits row D.
E: List of matters indicative of high ML/TF Risk	E1	Entain admits row E1.
	E2	Entain admits row E2.
	E3	In response to row E3, Entain: (a) admits that at times in the period prior to the Relevant Period, [REDACTED] deposited unusually large amounts of money into the First Account (Ladbrokes); (b) admits that at all times in the period prior to the Relevant Period, [REDACTED] withdrew unusually large amounts of money from the First Account (Ladbrokes); (c) says that the fact that the amounts of money deposited and withdrawn by [REDACTED] were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A) is not of itself indicative of high ML/TF Risk, however, admits that for [REDACTED] this fact was indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E21 herein; and (d) otherwise denies the row. Particulars

		There were periods prior to the Relevant Period (for example, April to October 2016, or January to April 2017) where ██████ made minimal or no deposits into the First Account (Ladbrokes).
	E4	In response to row E4, Entain: (a) admits that in the period prior to the Relevant Period (specifically, from October or November 2018), there was a material change in ██████ depositing and withdrawing patterns – specifically, there was a significant increase/escalation in the amount of money that ██████ deposited into and withdrew from the First Account (Ladbrokes); (b) says that the following facts are not of themselves indicative of high ML/TF risk: (i) that the amounts of money deposited and withdrawn by ██████ were materially above average total annual deposits and withdrawals for Entain’s customers in the Relevant Period (by reference to Schedule A); (ii) that ██████ betting activity on his First Account (Ladbrokes) amounted to an increase on the monthly average for January to September 2018; and however, admits that for ██████ those facts were indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E21 herein; and (c) otherwise denies the row.
	E5	Entain admits row E5.
	E6	In response to row E6, Entain: (a) admits that at all times during the Relevant Period, ██████ deposited and withdrew unusually large amounts of money into and from the First Account (Ladbrokes); (b) denies that at all times during the Relevant Period, ██████ deposited and withdrew unusually large amounts of money into and from the Second Account (Neds), because the transactional activity was relative to the winnings on that account;

		(c) says that the following facts are not of themselves indicative of high ML/TF risk: (i) that the amounts of money deposited and withdrawn by █████ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); (ii) that large amounts of money were being moved into and out of his accounts on an ongoing basis, however, admits that for █████ those facts were indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E21 herein; and (d) otherwise admits the row.
	E7	In response to row E7, Entain: (a) says that during the Relevant Period, Entain ran the following searches in order to identify and verify █████ SOW/SOF: (i) Detective Desk (a third party provider of company and individual search databases) searches utilising █████ personal details and the address linked to █████ account, with the results indicating that the property at this address was owned under the name of '█████'; (ii) title searches of properties █████ stated he had owned and sold; (iii) ABN searches; and (iv) ASIC searches on █████; (b) says that during the Relevant Period, Entain obtained the following documentation from █████ in order to identify and verify █████ SOW/SOF: (i) responses to a formal SOW/SOF survey on 23 March 2021, in which █████ stated he was employed by █████; (ii) a payslip from █████ listing █████ annual salary; and (iii) screenshots of █████ other online bookmaker accounts evidencing recent

		withdrawals, which funds █████ claimed had been reinvested with Entain; and (c) admits that, despite sub-rows (a) to (b) above, Entain did not have sufficient information about █████ SOW/SOF as alleged in row E7.
	E8	In response to row E8, Entain: (a) admits that, during the Relevant Period, █████ First Account (Ladbrokes) was linked to multiple unexpired credit/debit cards; (b) says that the fact that the First Account (Ladbrokes) was linked to multiple unexpired credit or debit cards is not of itself indicative of high ML/TF Risk, however, admits that for █████ this fact was indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E21 herein; and (c) otherwise denies the row.
	E9	In response to row E9, Entain admits the row, save to say that the fact that the amounts of money deposited and withdrawn by █████ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A) is not of itself indicative of high ML/TF risk.
	E10	Entain admits row E10.
	E11	Entain admits the row, save to say that the fact that the Second Account (Neds) was linked to multiple unexpired credit/debit cards is not of itself indicative of high ML/TF risk.
	E12	In response to row E12, Entain admits the row, save to say that the following facts are not of themselves indicative of high ML/TF risk: (a) that the amounts of money deposited and withdrawn by █████ on his Second Account (Neds) from March 2019 were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (a) that █████ betting activity on his Second Account (Neds) amounted to an increase on the monthly average for January and February 2019.
	E13	In response to row E13, Entain: (a) admits that at times from 1 May 2019, █████ deposited money into his accounts with high frequency;

		(b) says that the frequency by which [REDACTED] made deposits from his accounts is not of itself indicative of high ML/TF risk, however, admits that for [REDACTED] this fact was indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E21 herein; and (c) otherwise denies the row. Particulars There were periods from 1 May 2019 where [REDACTED] did not deposit money into his accounts (for example, June and July 2020), or withdraw money from his accounts (for example, May, June and July 2020) with high frequency.
	E14	In response to row E14, Entain: (a) admits that from May 2019, Entain had information available to it that, from March 2019, deposits that [REDACTED] had attempted to make into the Second Account (Neds) had regularly failed; (b) says that: (i) rejection codes in relation to the failed deposits indicated that the failures were attributable to insufficient funds; (ii) shortly after the failed deposits occurred, the deposits were successfully made; (c) says further that the fact admitted at sub-row (a) is not itself indicative of high ML/TF risk, however, admits that for [REDACTED] this fact was indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E21 herein; and (d) otherwise denies row E14.
	E15	Entain admits row E15.
	E16	Entain admits row E16.
	E17	Entain admits row E17.
	E18	Entain admits row E18.
	E19	Entain admits row E19.
	E20	In response to row E20, Entain admits the row, save to say that the following facts are not of themselves indicative of high ML/TF risk: (a) that the amounts of money deposited and withdrawn by [REDACTED] were materially above

		average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (b) that [REDACTED] betting activity on his First Account (Ladbrokes) amounted to an increase on the monthly average for November to December 2019, and May to July 2020.
	E21	In response to row E21, Entain: (a) admits that in 2021, there was a change in [REDACTED] depositing and withdrawing patterns – specifically, there was an increase/escalation in the amount of money that [REDACTED] deposited into and withdrew from his First Account (Ladbrokes); (b) says that the following facts are not of themselves indicative of high ML/TF risk: (i) that the amounts of money deposited and withdrawn by [REDACTED] were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); (ii) that [REDACTED] betting activity on his First Account (Ladbrokes) amounted to an increase on the monthly average for December 2020 to January 2021, however, admits that for [REDACTED] those facts were indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E21 herein; and (c) otherwise denies the row.
F: Dates on and from which monitoring failures existed and contraventions of s 36 occurred	F1	In response to row F1, Entain: (a) refers to and repeats paragraph 433 above; and (b) otherwise admits the row.
	F2	In response to row F2, Entain: (a) refers to and repeats paragraph 434 above and rows G1 to G7, below; and (b) otherwise admits the row.
	F3	In response to row F3, Entain: (a) refers to and repeats paragraph 435 above, and rows G8 to G13, below; and (b) otherwise admits the row.

G: List of particular monitoring failures	G1	In response to row G1, Entain; (a) refers to and repeats rows E1 to E21, above; (b) says that during the Relevant Period until his accounts were closed on 11 June 2021, Entain took the following measures to seek to address the combination of matters indicative of high ML/TF Risk (to the extent admitted in rows E1 to E21 above) that existed in relation to [REDACTED] and the provision of designated services to [REDACTED]; (i) undertook ECDD measures to identify [REDACTED] SOW/SOF, as set out in row E7(a) to (b) above; (ii) performed ECDD in respect of [REDACTED] on a regular basis; Particulars Cerberus Records for [REDACTED] produced to AUSTRAC. (iii) contacted [REDACTED] to obtain and discuss [REDACTED] SOW/SOF information; (iv) submitted at least 32 SMRs to AUSTRAC between 26 June 2019 and 14 March 2023 recording suspicions that Entain developed during the course of its monitoring of [REDACTED]; (v) allocated [REDACTED] a 'Medium' and 'High' ML/TF risk rating at various points from the start of the Relevant Period; (vi) conducted ML/TF 'risk rating reviews' on at least 3 occasions during the Relevant Period; (vii) monitored [REDACTED] transactions and betting activity through Entain's transaction monitoring program (specifically the Legal High Value Transaction Report amongst others); and (viii) escalated [REDACTED] to senior management on the following dates: (A) 28 May 2019; (B) 20 June 2019; (C) 24 April 2020; (D) August 2020;
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		(E) 23 June 2021; (F) around 17 May 2021; (G) 6 July 2021; and (c) otherwise admits the row.
	G2	In response to row G2, Entain: (a) refers to and repeats row G1, above; and (b) otherwise admits the row.
	G3	In response to row G3, Entain: (a) refers to and repeats row G1, above; and (b) otherwise admits the row.
	G4	In response to row G4, Entain: (a) refers to and repeats row G1, above; and (b) otherwise admits the row.
	G5	In response to row G5, Entain: (a) refers to and repeats row G1, above; and (b) otherwise admits the row.
	G6	In response to row G6, Entain: (a) refers to and repeats row G1, above; and (b) otherwise admits the row.
	G7	In response to row G7, Entain: (a) refers to and repeats row G1; and (b) otherwise admits the row.
	G8	In response to row G8, Entain: (a) refers to and repeats rows E1 to E21, and G1, above; (b) says that Entain performed ECDD in respect of [REDACTED] on a regular basis; and Particulars Cerberus Records for [REDACTED] produced to AUSTRAC. (c) otherwise admits the row.
	G9	In response to row G9, Entain: (a) refers to and repeats rows G1 and G8, above; and (b) otherwise admits the row.
	G10	In response to row G10, Entain:

		(a) refers to and repeats row E7 and G1, above; (b) admits sub-row (a); (c) admits sub-row(b); (d) in relation to sub-row (c) says that during the Relevant Period, the AML/CTF Rules did not require Entain to conduct verification of SOW/SOF but instead r 15.10 required Entain to undertake measures appropriate to the circumstances, which could include taking reasonable measures to identify SOW/SOF, and it was not until 12 December 2022 (after [REDACTED] accounts were permanently closed) that AUSTRAC published guidance which referred to verifying SOW/SOF information; (e) in relation to sub-row (d), says that from 16 December 2018, Entain considered the ML/TF Risks relating to [REDACTED] SOW/SOF where those risks were identified in SMRs, but admits that Entain's consideration of these risks was not appropriate; and (f) otherwise denies the row.
	G11	In response to row G11, Entain: (a) refers to and repeats row G1 and G8, above; and (b) otherwise admits the row.
	G12	In response to row G12, Entain: (a) refers to and repeats rows G1 and G8 above; (b) admits that from 16 December 2018 to 17 May 2021, [REDACTED] was not appropriately escalated to and/or considered by Entain's senior management for the purpose of determining whether to continue a business relationship with him; and (c) otherwise denies the row.
	G13	In response to row G13, Entain: (a) refers to and repeats rows G1 and G8, above; and (b) otherwise admits the row.

SCHEDULE 2:

A: Customer	A	Entain admits row A.
B: Account(s)	B1	Entain admits row B1.
	B2	Entain admits row B2.
	B3	Entain admits row B3.
	B4	Entain admits row B4.
C: Summary of transactional activity by account	C1	Entain admits row C1.
	C2	Entain admits row C2.
	C3	Entain admits row C3.
	C4	Entain admits row C4.
D: Date in Relevant Period on and from which matters indicative of high ML/TF Risk existed	D	Entain admits row D.
E: List of matters indicative of high ML/TF Risk	E1	Entain admits row E1.
	E2	In response to row E2, Entain admits the row save to say that the following facts are not of themselves indicative of high ML/TF risk: (a) that the amounts of money being deposited and withdrawn by [REDACTED] on the Third Account (Neds) were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (b) that large amounts of money were being moved into and out of [REDACTED] Third Account (Neds) on an ongoing basis.
	E3	Entain admits row E3.
	E4	In response to row E4, Entain admits the row save to say that the following facts are not of themselves indicative of high ML/TF risk: (a) that [REDACTED] betting activity on the Third Account (Neds) amounted to an increase on the monthly averages for deposits and withdrawals for November 2017 to May 2018; (b) that the amounts of money being deposited and withdrawn by [REDACTED] on the Third Account (Neds)

		from June 2018 were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (c) that large amounts of money were being moved into and out of ██████ Third Account (Neds) on an ongoing basis, however, admits that for ██████ those facts were indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E21 herein.
	E5	In response to row E5, Entain admits the row, save to say that the following facts are not of themselves indicative of high ML/TF risk: (a) that the amounts of money being deposited and withdrawn by ██████ on the Third Account (Neds) were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (b) that large amounts of money were being moved into and out of ██████ Third Account (Neds) on an ongoing basis.
	E6	In response to row E6, Entain: (a) admits that at times from 1 May 2019, ██████ deposited and withdrew money into and from the Third Account (Neds) frequently; (b) says that the frequency by which ██████ made deposits and withdrawals from his account was not of itself indicative of high ML/TF risk, however, admits that for ██████ this fact was indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E21 herein; and (c) otherwise denies the row. Particulars There were periods during the Relevant Period from 1 May 2019 (for example August 2021) where ██████ did not deposit and withdraw money into and from the Third Account (Neds) with high frequency.
	E7	Entain admits row E7, save to say that the fact that the Third Account (Neds) was linked to multiple unexpired credit/debit cards is not of itself indicative of high ML/TF Risk.
	E8	In response to row E8, Entain:

		(a) says that from 1 May 2019, Entain ran the following searches in order to identify and verify █████ SOW/SOF: (i) searches of publicly available information regarding █████ occupation, business and franchise interests and properties associated with the Third Account (Neds); (ii) ABN searches; and (iii) ASIC searches of █████, █████, █████, █████; (b) admits that, despite sub-row (a), above, Entain did not have sufficient information about █████ SOW/SOF as alleged in row E8.
	E9	In response to row E9, Entain: (a) refers to and repeats row E5 above, and rows E10 to E12, E15, and E17 to E20 below; (b) says further that: (i) Entain first received an inquiry from a racing integrity body in relation to █████ betting activity on 29 September 2022 after █████ Third Account (Neds) was suspended on 16 September 2022; (ii) Entain did not have information suggestive of integrity concerns with █████ betting activity prior to 29 September 2022; (iii) subsequent to the integrity inquiry on 29 September 2022, █████ was permanently excluded on 10 October 2022; and (c) otherwise denies the row.
	E10	In response to row E10, Entain: (a) admits the row; and (b) says that the following facts are not of themselves indicative of high ML/TF risk: (i) that █████ betting activity on the Third Account (Neds) in 2020 amounted to an increase on the monthly averages for deposits and withdrawals for 2019 as a whole; (ii) that the amounts of money being deposited and withdrawn by █████ on the Third Account (Neds) were materially above

		average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (iii) that large amounts of money were being moved into and out of [REDACTED] Third Account (Neds) on an ongoing basis, however, admits that for [REDACTED] those facts were indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E21 herein.
E11	Entain admits row E11.	
E12	Entain admits row E12, save to say that says that the following facts are not of themselves indicative of high ML/TF risk:	(a) that [REDACTED] betting activity on his Third Account (Neds) in 2021 amounted to an increase on the monthly averages for deposits and withdrawals for 2020 as a whole; (b) that the amounts of money being deposited and withdrawn by [REDACTED] on his Third Account (Neds) were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (c) that large amounts of money were being moved into and out of [REDACTED] Third Account (Neds) on an ongoing basis, however, admits that for [REDACTED] those facts were indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E21 herein.
E13	Entain admits row E13.	
E14	In response to row E14, Entain:	(a) admits that by no later than March 2021, Entain had information indicating that the email on [REDACTED] account was not active; (b) says the fact admitted at sub-row (a) is not of itself indicative of high ML/TF risk, however, admits that for [REDACTED] this fact was indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E21 herein; and (c) otherwise denies the row.

	E15	Entain admits row E15, save to say that says that the following facts are not of themselves indicative of high ML/TF risk: (a) that [REDACTED] betting activity on the Third Account (Neds) in 2022 amounted to an increase on the monthly averages for deposits and withdrawals for 2021 as a whole; (b) that the amounts of money being deposited and withdrawn by [REDACTED] on the Third Account (Neds) were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (c) that large amounts of money were being moved into and out of [REDACTED] Third Account (Neds) on an ongoing basis, however, admits that for [REDACTED] those facts were indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E21 herein.
	E16	Entain admits row E16.
	E17	In response to row E17, Entain: (a) refers to and repeats row E9(b), above; and (b) otherwise admits the row.
	E18	In response to row E18, Entain: (a) refers to and repeats row E9(b), above; and (b) otherwise admits the row, save to say that Entain received the integrity inquiry about [REDACTED] in December 2022, two months after [REDACTED] Third Account (Neds) was permanently excluded.
	E19	In response to row E19, Entain: (a) refers to and repeats row E9(b), above; and (b) otherwise admits the row, save to say that Entain received the law enforcement inquiry about [REDACTED] in May 2023, over six months after [REDACTED] Third Account (Neds) was permanently excluded.
	E20	In response to row E20, Entain: (a) refers to and repeats row E9(b) above; and (b) otherwise admits the row, save to say that the adverse reporting on [REDACTED] occurred over [REDACTED] months after [REDACTED] Third Account (Neds) was permanently excluded.
	E21	In response to row E21, Entain:

		(a) refers to and repeats row E9(b), above; and (b) otherwise admits the row, save to say that the adverse reporting on █████ occurred nearly █████ months after █████ Third Account (Neds) was permanently excluded.
F: Dates on and from which monitoring failures existed and contraventions of s 36 occurred	F1	In response to row F1, Entain: (a) refers to and repeats paragraph 433, above; and (b) otherwise admits the row.
	F2	In response to row F2, Entain: (a) refers to and repeats paragraph 434 above and rows G1 to G4, below; and (b) otherwise admits the row.
	F3	In response to row F3, Entain: (a) refers to and repeats paragraph 435, above, and rows G5 to G12, below; and (b) otherwise admits the row.
G: List of particular monitoring failures	G1	In response to row G1, Entain: (a) refers to and repeats row E1 to E21, above; (b) says that during the Relevant Period until the closure of █████ Third Account (Neds) and Fourth Account (Betstar) on 5 October 2022, Entain took the following measures to seek to address the combination of matters indicative of high ML/TF Risk (to the extent admitted in rows E1 to E21 above) that existed in relation to █████ and the provision of designated services to █████: (i) undertook ECDD measures to identify █████ SOW/SOF as set out in row E8 above; (ii) performed ECDD in respect of █████ on a regular basis; Particulars - Cerberus records for █████ produced to AUSTRAC. (iii) contacted █████ to obtain and discuss █████ SOW/SOF; (iv) submitted at least 9 SMRs to AUSTRAC from 1 May 2019 recording suspicions that Entain had developed during the course of its monitoring █████;

		(v) allocated █████ a 'High ML/TF' risk rating on a number of occasions from December 2020; (vi) monitored █████ transactions and betting activity through Entain's transaction monitoring program (specifically the Legal High Value Transaction Report amongst others); (vii) escalated █████ to senior management on the following dates: (A) 17 May 2021; (B) 17 January 2022; (C) 9 May 2022; (D) 9 August 2022; and (c) otherwise admits the row.
	G2	In response to G2, Entain: (a) refers to and repeats row G1, above; and (b) otherwise admits the row.
	G3	In response to G3, Entain: (a) refers to and repeats row G1, above; and (b) otherwise admits the row.
	G4	In response to G4, Entain: (a) refers to and repeats paragraphs 171 to 181, and row G1 above; (b) says that at all times from 1 May 2019, █████ was assigned an Account Manager/VIP Manager; and (c) otherwise denies the row.
	G5	In response to row G5, Entain: (a) refers to and repeats rows E1 to E21 and row G1, above; (b) says that Entain performed ECDD in respect of █████ on a regular basis; and Particulars Cerberus Records for █████ produced to AUSTRAC. (c) otherwise admits the row.
	G6	In response to row G6, Entain: (a) refers to and repeats rows G1 and G5, above;

		(b) says that from September 2020, it undertook analysis of [REDACTED] transactions, including the level of transactional behaviour and the purpose, reasons for or nature of the transactional behaviour on a regular basis; Particulars Cerberus Records for [REDACTED] produced to AUSTRAC. (c) says that Entain's assessment as to whether [REDACTED] activity was indicative of money laundering risk also had regard to betting activity; and (d) otherwise admits the row.
	G7	In response to row G7, Entain: (a) refers to and repeats rows E8, G1 and G5, above; (b) admits sub-row (a); (c) in relation to sub-row (b), admits that from 20 September 2020, Entain did not appropriately undertake more detailed analysis of information it had about [REDACTED] SOW/SOF; (d) in relation to sub-row (c), says that from September 2020 to 11 December 2022, the AML/CTF Rules did not require Entain to conduct verification of SOW/SOF and it was not until 12 December 2022 (after [REDACTED] was permanently excluded) that AUSTRAC published guidance which referred to verifying SOW/SOF information; (e) in relation to sub-row (d), says that from 16 September 2020, Entain considered the ML/TF Risks relating to [REDACTED] SOW/SOF where those risks were identified in Entain's ECDD notes and SMRs, but admits that Entain's consideration of these risks was not appropriate; and (f) otherwise denies the row.
	G8	In response to G8, Entain: (a) refers to and repeats rows G1 and G5; and (b) otherwise admits the row.
	G9	In response to row G9, Entain: (a) refers to and repeats rows G1 and G5, above; (b) says that the escalation to senior management on 17 May 2021 was for the purpose of determining whether to continue a business relationship with [REDACTED]; and

		(c) otherwise admits the row.
	G10	In response to row G10, Entain: (a) refers to and repeats rows G1 and G5, above; and (b) otherwise admits the row.
	G11	In response to row G11, Entain: (a) refers to and repeats rows G1 and G5, above; and (b) otherwise admits the row.
	G12	In response to row G12, Entain: (a) refers to and repeats rows G1 and G5, above; and (b) otherwise admits the row.

SCHEDULE 3: [REDACTED] OR [REDACTED]

A: Customer	A	Entain admits row A.
B: Account(s)	B1	Entain admits row B1.
	B2	Entain admits row B2.
	B3	Entain admits row B3.
	B4	Entain admits row B4.
	B5	Entain admits row B5.
C: Summary of transactional activity by account	C1	Entain admits row C1.
	C2	Entain admits row C2.
	C3	Entain admits row C3.
	C4	Entain admits row C4.
	C5	Entain admits row C5.
D: Date in Relevant Period on and from which matters indicative of high ML/TF Risk existed	D	Entain admits row D.
E: List of matters indicative of high ML/TF Risk	E1	In response to row E1, Entain: (a) admits that at times prior to the Relevant Period, [REDACTED] deposited and withdrew unusually large amounts of money into and from his accounts; (b) says that the facts that: (i) the amounts of money deposited and withdrawn by [REDACTED] were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (ii) that large amounts of money were being moved into and out of [REDACTED] accounts on an ongoing basis, are not of themselves indicative of high ML/TF risk, however, admits that for [REDACTED] this fact was indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E23 herein; and

		(c) otherwise denies the row. Particulars There were periods prior to the Relevant Period (for example, February 2017 in respect of the First Account (Ladbrokes)) where ██████ did not deposit or withdraw unusually large amounts of money into and from his accounts.
	E2	Entain admits row E2.
	E3	Entain admits row E3.
	E4	In response to row E4, Entain: (a) admits that in the period prior to the Relevant Period (specifically, from February 2018), deposits that ██████ attempted to make into the Third Account (Ladbrokes) regularly failed; (b) says that the fact admitted at sub-row(a) above is not of itself indicative of high ML/TF risk, however, admits that for ██████ this fact was indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E23 herein; and (c) otherwise denies the row.
	E5	In response to row E5, Entain: (a) admits that at all times during the Relevant Period, ██████ deposited and withdrew unusually large amounts of money into and from his Third Account (Ladbrokes) and Fifth Account (Neds); (b) denies that at all times during the Relevant Period, ██████ deposited and withdrew unusually large amounts of money into and from his First Account (Ladbrokes), Second Account (Ladbrokes) and Fourth Account (Ladbrokes), as there was little to no account activity during the Relevant Period; (c) says that the following facts are not of themselves indicative of high ML/TF risk; (i) that the amounts of money deposited and withdrawn by ██████ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); (ii) that large amounts of money were being moved into and out of ██████ accounts, except the First Account (Ladbrokes) and

		the Fourth Account (Ladbrokes), on an ongoing basis, however, admits that for [REDACTED] those facts were indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E23 herein; and (d) otherwise admits the row.
E6	In response to row E6, Entain: (a) says that during the Relevant Period, Entain ran the following searches in order to identify and verify [REDACTED] SOW/SOF: (i) Google, LinkedIn, social media and news media searches to identify [REDACTED] occupation and adverse media; and (ii) ABN searches which identified [REDACTED] was an active sole trader; (b) says that during the Relevant Period, Entain obtained a response to its formal SOW/SOF survey on 27 June 2023 from [REDACTED] in order to identify and verify [REDACTED] SOW/SOF; and (c) admits that, despite sub-rows (a) to (b) above, Entain did not have sufficient information about [REDACTED] SOW/SOF as alleged in row E6.	
E7	Entain admits row E7.	
E8	In response to row E8, Entain admits the row, save to say that the fact that the amounts of money deposited and withdrawn by [REDACTED] were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A) is not of itself indicative of high ML/TF risk.	
E9	In response to row E9, Entain: (a) admits that from no later than 1 May 2019, Entain had information that, from September 2018, deposits that [REDACTED] had attempted to make into the Fifth Account (Neds) had regularly failed; (b) says that the failed deposits described in sub-row (a) constituted an insignificant proportion of total deposits in relation to the Fifth Account (Neds); (c) says further that the fact admitted at sub-row (a) is not of itself indicative of high ML/TF risk, however, admits that for [REDACTED] this fact was indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E23 herein; and	

		(d) otherwise denies the row.
	E10	Entain admits row E10.
	E11	In response to row E11, Entain admits the row, save to say that the following facts are not of themselves indicative of high ML/TF risk: (a) that the amounts deposited and withdrawn by ■■■■■ from the Fifth Account (Neds) were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); (b) that large amounts of money were being moved into and out of ■■■■■ accounts on an ongoing basis; and (c) that ■■■■■ betting activity on the Fifth Account (Neds) amounted to an increase on the monthly average for August 2018 to 30 April 2019, however, admits that for ■■■■■ this fact was indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E23 herein.
	E12	In response to row E12, Entain: (a) admits that from 1 May 2019 and at all times until June 2023, deposits that ■■■■■ had attempted to make into his accounts had regularly failed; (b) says that: (i) rejection codes in relation to the failed deposits indicated that a high percentage of the failures were attributable to insufficient funds; and (ii) shortly after the failed deposits occurred, the deposits were successfully made; (c) says further that the fact admitted at sub-row (a) is not itself indicative of high ML/TF risk, however, admits that for ■■■■■ this fact was indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E23 herein; and (d) otherwise denies row E12.
	E13	Entain admits row E13.
	E14	Entain admits row E14.
	E15	In response to row E15, Entain: (a) says that Entain populated its pseudonym register with 'Stand-In' identification information (such as

		date of birth, address and email address), which did not correspond to the 'Actual' identification information for each customer; (b) says that Entain's pseudonym register recorded the 'Actual' identification information alongside the 'Stand-In' identification information for each customer; and (c) otherwise denies the row.
	E16	In response to row E16, Entain admits the row, save to say that the following facts are not of themselves indicative of high ML/TF risk: (a) that the amounts of money deposited and withdrawn by ██████ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (b) that large amounts of money were being moved into and out of ██████ Ladbrokes account on an ongoing basis.
	E17	Entain admits row E17.
	E18	In response to row E18, Entain: (a) admits that in 2022 (especially from August 2022), there was a change in ██████ depositing and withdrawing patterns specifically, there was an increase/escalation in the amount of money that ██████ deposited into and withdrew from the Third Account (Ladbrokes) which amounted to an unusual pattern of transactions; (b) says that the Fifth Account (Ladbrokes) was closed on 28 January 2022; (c) says that the following facts are not of themselves indicative of high ML/TF risk: (i) that the amounts of money deposited and withdrawn by ██████ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); (ii) that large amounts of money were being moved into and out of ██████ accounts on an ongoing basis; and (iii) that ██████ betting activity on the Third Account (Ladbrokes) amounted to an

		increase on the monthly average for 2021 for the Fifth Account (Neds), however, admits that for [REDACTED] those facts were indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E23 herein; and (d) otherwise denies the row.
	E19	Entain admits row E19.
	E20	Entain admits row E20.
	E21	Entain admits row E21.
	E22	Entain admits row E22.
	E23	In response to row E23, Entain admits the row and says further that all of [REDACTED] accounts were closed by August 2024, except for the Third Account (Ladbrokes), which was suspended on 26 June 2023 and closed on 4 September 2024.
F: Dates on and from which monitoring failures existed and contraventions of s 36 occurred	F1	In response to row F1, Entain: (a) refers to and repeats paragraph 433, above; and (b) otherwise admits the row.
	F2	In response to row F2, Entain: (a) refers to and repeats paragraph 434, above, and rows G1 – G2 and G6, below; and (b) otherwise admits the row.
	F3	In response to row F3, Entain: (a) refers to and repeats paragraph 435, above, and rows G3 to G5 and G7 to G15 below; and (b) otherwise admits the row
G: List of particular monitoring failures	G1	In response to row G1, Entain (a) refers to and repeats rows E1 to E23, above; (b) says that during the Relevant Period until the closure of [REDACTED] Third Account (Ladbrokes) on 4 September 2024, Entain took the following measures to seek to address the combination of matters indicative of high ML/TF Risk (to the extent admitted in rows E1 to E23 above) that existed in relation to [REDACTED] and the provision of designated services to [REDACTED]: (i) undertook ECDD measures to identify [REDACTED] [REDACTED] SOW/SOF, as set out in row E6(a) to (b) above; (ii) performed ECDD in respect of [REDACTED]; Particulars

		Cerberus Records for ██████ produced to AUSTRAC. (iii) submitted 1 SMR to AUSTRAC on 5 September 2019 recording suspicions that Entain developed during the course of it monitoring of ██████; (iv) allocated ██████ a 'High' ML/TF risk rating on a number of occasions from 2 April 2019; (v) conducted ML/TF 'risk rating reviews' on at least 6 occasions during the Relevant Period; (vi) monitored ██████ transactions and betting activity through Entain's transaction monitoring program (specifically the High Value Transaction Report amongst others); and (vii) escalated ██████ to senior management on the following dates: (A) 29 January 2022; (B) December 2022 to January 2023; (C) 2 June 2023; (D) 30 June 2023; (E) 7 August 2023; and (F) 30 October 2023; (viii) prohibited ██████ from using a pseudonym after the closure of the Fifth Account (Neds) on 28 January 2022; (ix) suspended ██████ on 26 June 2023 for failure to complete the formal SOW/SOF process (which suspension remained in place until the account was closed on 4 September 2024); (x) added ██████ to the High Risk Register following his suspension and conducted 'High Risk Register Reviews' on at least 11 occasions during the Relevant Period; (xi) permanently exited ██████ as a customer on 4 September 2024; and (c) otherwise admits the row.
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	G2	In response to row G2, Entain: (a) refers to and repeats row G1, above; and (b) otherwise admits the row.
	G3	In response to row G3, Entain: (a) refers to and repeats row G1, above; and (b) otherwise admits the row.
	G4	In response to row G4, Entain: (a) refers to and repeats row G1, above; and (b) otherwise admits the row.
	G5	In response to row G5, Entain: (a) refers to and repeats row G1, above; and (b) otherwise admits the row.
	G6	In response to row G6, Entain: (a) refers to and repeats row paragraphs 171 to 181, and row G1, above; (b) says that at all times from March 2018 and during the Relevant Period, [REDACTED] was assigned a BDM; and (c) otherwise denies the row.
	G7	In response to row G7, Entain: (a) refers to and repeats rows E1 to E23 and row G1 above; (b) says that Entain performed ECDD in respect of [REDACTED] on at least ten occasions during the Relevant Period; and Particulars Cerberus Records for [REDACTED] produced to AUSTRAC. (c) otherwise admits the row.
	G8	In response to row G8, Entain: (a) refers to and repeats rows G1 and G7, above; and (b) admits that prior to 21 February 2023, Entain did not appropriately review or undertake more detailed analysis of [REDACTED] transactions across all accounts, including the level of transactional behaviour and the purpose, reasons for or nature of the transactional behaviour; and (c) otherwise denies the row.

G9	In relation to row G9, Entain: (a) refers to and repeats rows E6 and G1, above; (b) admits sub-rows (a) and (b); (c) in relation to sub-row (c): (i) says that during the Relevant Period, the AML/CTF Rules did not require Entain to conduct verification of SOW/SOF but instead r 15.10 required Entain to undertake measures appropriate to the circumstances, which could include taking reasonable measures to identify SOW/SOF, and it was not until 12 December 2022 that AUSTRAC published guidance which referred to verifying SOW/SOF information; (ii) admits the sub-row from 12 December 2022; and (d) otherwise denies the row.
G10	In response to row G10, Entain: (a) refers to and repeats row G1 and G7, above; and (b) otherwise admits the row.
G11	In response to row G11, Entain: (a) refers to and repeats row G1 and G7, above; and (b) otherwise admits the row.
G12	In response to row G12, Entain: (a) refers to and repeats row G1 and G7, above; and (b) otherwise admits the row.
G13	In response to row G13, Entain: (a) refers to and repeats row G1 and G7, above; (b) says that Entain suspended [REDACTED] Third Account (Ladbrokes) on 26 June 2023 on its own initiative after [REDACTED] failed to provide documentation to accompany his formal SOW/SOF survey responses; and (c) otherwise denies the row.
G14	In response to row G14, Entain: (a) refers to and repeats row G1 and G7, above; and (b) otherwise admits the row.
G15	In response to row G15, Entain:

		(a) refers to and repeats row G1 and G7, above; (b) says that Entain suspended the Third Account (Ladbrokes) on 26 June 2023; (c) says further that Entain closed the Third Account (Ladbrokes) on its own initiative on 4 September 2024; and (d) otherwise admits the row.
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SCHEDULE 4:

A: Customer	A	Entain admits row A.
B: Account(s)	B	Entain admits row B.
C: Summary of transactional activity by account	C	Entain admits row C.
D: Date in Relevant Period on and from which matters indicative of high ML/TF Risk existed	D	Entain admits row D.
E: List of matters indicative of high ML/TF Risk	E1	In response to row E1, Entain: (a) admits that prior to the Relevant Period (specifically, at times from January 2017), ██████ deposited and withdrew unusually large amounts of money into and from his Ladbrokes Account; (b) says that the following facts are not of themselves indicative of high ML/TF risk: (i) that the amounts of money deposited and withdrawn by ██████ in 2017-2018 were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (ii) that large amounts of money were being moved into and out of ██████ Ladbrokes account on an ongoing basis, however, admits that for ██████ those facts were indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E14 herein; and (c) otherwise denies the row. Particulars There were periods prior to the Relevant Period (for example, in February 2017) where ██████ did not deposit or withdraw unusually large amounts of money into and from his Ladbrokes Account.

	E2	Entain admits row E2.
	E3	Entain admits row E3.
	E4	Entain admits row E4, save to say that the following facts are not of themselves indicative of high ML/TF risk: (a) that [REDACTED] betting activity on his Ladbrokes Account amounted to an increase on the monthly average for 2017; (b) that the amounts of money deposited and withdrawn by [REDACTED] in 2018 were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (c) that large amounts of money were being moved into and out of [REDACTED] Ladbrokes account on an ongoing basis, however, admits that for [REDACTED] those facts were indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E14 herein.
	E5	Entain admits row E5, save to say that the following facts are not of themselves indicative of high ML/TF risk: (a) that the amounts of money deposited and withdrawn by [REDACTED] during the relevant period were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (b) that large amounts of money were being moved into and out of [REDACTED] Ladbrokes account on an ongoing basis.
	E6	Entain admits row E6.
	E7	Entain admits row E7.
	E8	In response to row E8, Entain: (a) says that during the Relevant Period, Entain ran the following searches in order to identify and verify [REDACTED] SOW/SOF: (i) searches to identify the value of [REDACTED] address linked to [REDACTED] account; (ii) Detective Desk (a third party provider of company and individual search databases) searches which identified that the property linked to [REDACTED] address was owned by [REDACTED];

		(iii) social media searches of [REDACTED]; (iv) news media searches of [REDACTED] which identified [REDACTED] as the owner; (v) ABN searches of [REDACTED]; (vi) ASIC searches of [REDACTED], trading as [REDACTED], which confirmed that [REDACTED] was the sole director/shareholder of [REDACTED]; and (vii) a merchant card statement check which identified that [REDACTED] used his merchant card to withdraw cash at the [REDACTED] ATM in [REDACTED]; (b) says that during the Relevant Period, Entain obtained responses to a formal SOW/SOF inquiry survey on 16 September 2021 in order to identify and verify [REDACTED]' SOW/SOF; and (c) admits that, despite sub-rows (a) to (b) above, Entain did not have sufficient information about [REDACTED]' SOW/SOF as alleged in row E8.
E9	Entain admits row E9.	
E10	Entain admits row E10 save that it says that the following facts are not of themselves indicative of high ML/TF risk:	(a) that [REDACTED] deposits into his Ladbrokes Account amounted to an increase on the monthly average for 2018; (b) that the amounts of money deposited and withdrawn by [REDACTED] during the relevant period were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (c) that large amounts of money were being moved into and out of [REDACTED] Ladbrokes account on an ongoing basis, however, admits that for [REDACTED] those facts were indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E14 herein.
E11	Entain admits row E11.	
E12	Entain admits row E12.	
E13	Entain admits row E13.	

	E14	In response to row E14, Entain: (a) Entain admits that in 2021, there was a material change in [REDACTED] withdrawing patterns — specifically, there was a significant increase/escalation in the amount of money that [REDACTED] withdrew from his Ladbrokes Account; (b) says that the transactional activity was not unusual relative to the winnings on [REDACTED] Ladbrokes account; (c) says that for customers with an ongoing relationship with Entain, a large proportion of the deposits may be prior winnings as opposed to new sources of funds; (d) says that the following facts are not of themselves indicative of high ML/TF risk: (i) that [REDACTED] betting activity on his Ladbrokes Account amounted to an increase on the monthly average for 2020; (ii) that the amounts of money deposited and withdrawn by [REDACTED] during the relevant period were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (iii) that large amounts of money were being moved into and out of [REDACTED] Ladbrokes account on an ongoing basis; and however, admits that for [REDACTED] those facts were indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E14 herein; and (e) otherwise denies the row.
	F1	In response to row F1, Entain: (a) refers to and repeats paragraph 433 above; and (b) otherwise admits the row.
	F2	In response to row F2, Entain: (a) refers to and repeats paragraph 434 above and rows G1 to G5, below; and (b) otherwise admits the row.
	F3	In response to row F3, Entain:
F: Dates on and from which monitoring failures existed and contraventions of s 36 occurred		

		(a) refers to and repeats paragraph 435 above, and rows G6 to G12, below; and (b) otherwise admits the row.
G: List of particular monitoring failures	G1	In response to row G1, Entain (a) refers to and repeats row E1 to E14, above; (b) says that during the Relevant Period until the closure of ██████████ Ladbroke's Account on 25 December 2022, Entain took the following measures to seek to address the combination of matters indicative of high ML/TF Risk (to the extent admitted in rows E1 to E14 above) that existed in relation to ██████████ and the provision of designated services to ██████████: (i) undertook ECDD measures to identify ██████████ SOW/SOF, as set out in row E8(a) to (b) above; (ii) performed ECDD in respect of ██████████ on a regular basis; Particulars Cerberus Records for ██████████ produced to AUSTRAC. (iii) submitted 14 SMRs to AUSTRAC between 8 January 2019 to 19 April 2021 recording suspicions that Entain developed during the course of its monitoring of ██████████ (including with respect to the risks associated with ██████████ high use of potentially cash-based deposit methods and the fact that ██████████ would primarily deposit by using a Cash-in Terminal located at the newsagency which ██████████ owned and where he worked); (iv) submitted 3 TTRs between 2 April 2019 and 14 June 2022 in relation to cash deposits made by ██████████; (v) allocated ██████████ a 'High' ML/TF risk rating from January 2020 until receiving ██████████ responses to the formal SOW/SOF survey in September 2021; (vi) conducted ML/TF 'risk rating reviews' on at least 4 occasions;

		(vii) monitored ██████ transactions and betting activity through Entain's transaction monitoring program (specifically the Cashin report amongst others); (viii) escalated ██████ to senior management on the following dates: (A) 16 September 2021; and (B) 15 December 2022; (ix) closed ██████ Ladbrokes account on 15 December 2022; and (c) otherwise admits the row.
G2	In response to row G2, Entain:	(a) refers to and repeats row G1, above; (b) says that it identified the ML/TF Risks associated with ██████ and the provision of designated services to ██████ by reason of his high value and high frequency use of potentially cash-based deposit methods including as combined with high value and high frequency use of the Entain Card and subsequent withdrawal of cash from ATMs; and (c) denies that Entain did not mitigate and manage the ML/TF risk that existed in relation to ██████ and the provision of designated services to ██████ from 15 December 2022; and (d) otherwise admits the row.
G3	In response to row G3, Entain:	(a) refers to and repeats row G1, above; (b) says that it identified the ML/TF Risks that existed in relation to ██████ and the provision of designated services to ██████ by reason of the fact that the high value and high frequency deposits that he made to his Ladbrokes Account were made primarily by using a Cash-in Terminal located at ██████, a newsagency which ██████ owned and where he worked; and (c) otherwise admits the row.
G4	In response to row G4, Entain:	(a) refers to and repeats row G1, above; and (b) otherwise admits the row.
G5	In response to row G5, Entain:	

		(a) refers to and repeats row G1, above; and (b) otherwise admits the row.
	G6	In response to row G6, Entain; (a) refers to and repeats rows E1 to E14 and row G1, above; (b) says that during the Relevant Period, the first ECDD trigger was on 8 January 2019; (c) says that Entain performed ECDD in respect of [REDACTED] on a regular basis; and Particulars Cerberus Records for [REDACTED] produced to AUSTRAC. (d) otherwise admits the row.
	G7	In response to row G7, Entain: (a) refers to and repeats rows G1 and G6, above; (b) otherwise admits the row.
	G8	In response to row G8, Entain: (a) refers to and repeats rows E8, G1 and G6, above; (b) admits sub-row (a); (c) in relation to sub-row (b), admits that from 8 January 2019, Entain did not appropriately undertake more detailed analysis of information it had about [REDACTED] SOW/SOF; (d) in relation to sub-row (c): (i) says that during the Relevant Period, the AML/CTF Rules did not require Entain to conduct verification of SOW/SOF but instead r 15.10 required Entain to undertake measures appropriate to the circumstances, which could include taking reasonable measures to identify SOW/SOF, and it was not until 12 December 2022 that AUSTRAC published guidance which referred to verifying SOW/SOF information; (ii) admits the sub-row from 12 December 2022; (e) says that from 8 January 2019, Entain considered the ML/TF Risks relating to [REDACTED] SOW/SOF where those risks were identified in SMRs and

		██████████ Cerberus notes, but admits that Entain's consideration of these risks was not appropriate; and (f) otherwise denies the row.
	G9	In response to row G9, Entain: (a) refers to and repeats rows G1 and G6, above; and (b) otherwise admits the row.
	G10	In response to row G10, Entain: (a) refers to and repeats rows G1 and G6 above; and (b) otherwise admits the row.
	G11	In response to row G11; Entain: (a) refers to and repeats rows G1 and G6 above; (b) says that due diligence records indicate consideration was given to suspending ██████████ Ladbrokes Account on 14 September 2021; and Particulars Cerberus Records for ██████████ produced to AUSTRAC, dated 14 September 2021. (c) otherwise admits the row.
	G12	In response to row G12, Entain: (a) refers to and repeats rows G1 and G6, above; and (b) otherwise admits the row.

SCHEDULE 5: [REDACTED]

A: Customer	A	Entain admits row A.
B: Account(s)	B	Entain admits row B.
C: Summary of transactional activity by account	C	Entain admits row C.
D: Date in Relevant Period on and from which matters indicative of high ML/TF Risk existed	D	Entain admits row D.
E: List of matters indicative of high ML/TF Risk	E1	In response to row E1, Entain admits the row, save to say that the following facts are not of themselves indicative of high ML/TF risk: (a) that the amounts of money being deposited and withdrawn by [REDACTED] were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (b) that large amounts of money were being moved into and out of [REDACTED] Ladbrokes account on an ongoing basis.
	E2	Entain admits row E2.
	E3	In response to row E3, Entain admits the row, save to say that the following facts are not of themselves indicative of high ML/TF risk: (a) that the amounts of money being deposited and withdrawn by [REDACTED] were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (b) that large amounts of money were being moved into and out of [REDACTED] Ladbrokes account on an ongoing basis.
	E4	In response to row E4, Entain: (a) admits that at times during the Relevant Period, [REDACTED] deposited unusually large amounts of money into and from his Ladbrokes Account;

		(b) says that the fact that the amounts of money deposited and withdrawn by █████ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A) is not of itself indicative of high ML/TF Risk, however, admits that for █████ that fact was indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E16 herein; and (c) otherwise denies the row. Particulars There were periods during the Relevant Period (for example June and July 2019) where █████ did not deposit unusually large amounts of money into his Ladbrokes Account.
	E5	In response to row E5, Entain: (a) admits that during the Relevant Period, (specifically, from January 2020 to March 2020) █████ withdrew unusually large amounts of money from his Ladbrokes Account; (b) says that █████ transactional activity was not unusual relative to the winnings on his account; (c) says further that the fact that the amounts of money withdrawn by █████ were materially above average total annual withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A) is not of itself indicative of high ML/TF Risk, however, admits that for █████ that fact was indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E16 herein; and (d) otherwise denies the row. Particulars There were periods during the Relevant Period (for example 16 December 2018 to January 2019) where █████ did not withdraw unusually large amounts of money from his Ladbrokes Account.
	E6	In response to row E6, Entain: (a) says that during the Relevant Period, Entain ran the following searches in order to identify and verify █████ SOW/SOF, including: (i) Google searches to identify █████ correct occupation as a █████ at █████

		██████████ and the estimated base salary for that occupation in ██████████ (ii) a LinkedIn search of ██████████; (iii) a search of a ██████████ rating website, ██████████ which maintained a profile for ██████████; and (b) admits that despite sub-row (a) above, Entain did not have sufficient information about ██████████ SOW/SOW as alleged in row E6
	E7	Entain admits row E7.
	E8	In response to row E8, Entain: (a) admits that in 2020 (specifically, from January to March 2020), there was a material change in ██████████ withdrawing patterns — specifically, there was a significant increase/escalation in the amount of money that ██████████ withdrew from his Ladbrokes Account; (b) denies the matter in sub-row (a) above amounted to an unusual pattern of transactions because ██████████ transactional activity in 2020 (specifically, from January to March 2020) was not unusual relative to the winnings on his Ladbrokes Account; (c) says that the fact the amounts of money being withdrawn by ██████████ were materially above average total annual withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A) is not of itself indicative of high ML/TF Risk, however, admits that for ██████████ this fact was indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E16 herein; and (d) otherwise denies the row.
	E9	In response to row E9, Entain: (a) admits that in 2020 (specifically, in February 2020), there was a material change in ██████████ depositing patterns — specifically, there was a significant increase/escalation in the amount of money that ██████████ deposited into his Ladbrokes Account; (b) says that ██████████ transactional activity in 2020 (specifically, in February 2020) was not unusual relative to the winnings and withdrawals on his Ladbrokes Account; (c) says that the facts that:

		(i) the amounts of money being deposited by [REDACTED] were materially above average total annual deposits for Entain's customers in the Relevant Period (by reference to Schedule A); and (ii) that [REDACTED] deposits into his Ladbrokes Account amounted to an increase on the monthly average for 2019, are not of themselves indicative of high ML/TF risk, however, admits that for [REDACTED] this fact was indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E16 herein; and (d) otherwise denies the row.
	E10	Entain admits row E10, and says further that [REDACTED] Ladbrokes Account was permanently closed in March 2020.
	E11	Entain admits row E11 and says further that [REDACTED] Ladbrokes Account was permanently closed in March 2020.
	E12	Entain admits row E12 and says further that [REDACTED] Ladbrokes Account was permanently closed in March 2020.
	E13	Entain admits row E13 and says further that [REDACTED] Ladbrokes Account was permanently closed in March 2020.
	E14	Entain admits row E14 and says further that further that [REDACTED] Ladbrokes Account was permanently closed in March 2020.
	E15	Entain admits row E15 and says further that [REDACTED] Ladbrokes Account was permanently closed in March 2020.
	E16	Entain admits row E16 and says further that [REDACTED] Ladbrokes Account was permanently closed in March 2020.
F: Dates on and from which monitoring failures existed and contraventions of s 36 occurred	F1	In response to row F1, Entain: (a) refers to and repeats paragraph 433, above; and (b) otherwise admits the row.
	F2	In response to row F2, Entain: (a) refers to and repeats paragraph 434 above and rows G1 to G3, below; and (b) otherwise admits the row.
	F3	In response to row F3, Entain: (a) refers to and repeats paragraph 435 above, and rows G4 to G9, below; and (b) otherwise admits the row
	G1	In response to row G1, Entain

G: List of particular monitoring failures		(a) refers to and repeats rows E1 to E16 above; (b) says that during the Relevant Period until his Ladbrokes Account was permanently closed on 8 March 2020, Entain took the following measures to seek to address the combination of matters indicative of high ML/TF Risk (to the extent admitted in rows E1 to E16 above) that existed in relation to [REDACTED] and the provision of designated services to [REDACTED]: (i) undertook ECDD measures to identify [REDACTED] SOW/SOF, as set out in row E6(a), above; (ii) allocated [REDACTED] a 'Medium' ML/TF risk rating on 25 February 2020 based on his high total transactional activity over the lifetime of his Ladbrokes Account; (iii) monitored [REDACTED] transactions and betting activity through Entain's transaction monitoring program (specifically the Legal High Value Transaction Report); (iv) recorded that [REDACTED] was included on the pseudonym or 'ID register' register in three Cerberus notes in order to highlight that he operated under a pseudonym; and (c) otherwise admits the row.
	G2	In response to row G2, Entain: (a) refers to and repeats row G1, above; and (b) otherwise admits the row.
	G3	In response to row G3, Entain: (a) refers to and repeats paragraphs 171 to 181, and row G1, above; (b) says that at all times from June 2018 until the closure of his Ladbrokes Account, [REDACTED] was assigned a BDM; and (c) otherwise denies the row.
	G4	In response to row G4, Entain: (a) refers to and repeats row E1 to E16 and row G1, above; and (b) otherwise admits the row.
	G5	In response to row G5, Entain: (a) refers to and repeats rows G1 and G4, above; and

		(b) otherwise admits the row.
	G6	In response to row G6, Entain: (a) refers to and repeats row E6 and G1 and G4, above; (b) admits sub-rows (a) and (b); (c) in relation to sub-row (c): (i) says that during the Relevant Period, the AML/CTF Rules did not require Entain to conduct verification of SOW/SOF but instead r 15.10 required Entain to undertake measures appropriate to the circumstances, which could include taking reasonable measures to identify SOW/SOF, and it was not until 12 December 2022 (after ██████ was permanently excluded) that AUSTRAC published guidance which referred to verifying SOW/SOF information; (ii) admits the sub-row from 12 December 2022; and (d) otherwise denies the row.
	G7	In response to row G7, Entain: (a) refers to and repeats row G1 and G4, above; and (b) otherwise admits the row.
	G8	In response to row G8, Entain: (a) refers to and repeats rows G1 and G4, above; and (b) otherwise admits the row from 24 December 2018 until ██████ Ladbrokes Account was permanently closed on 8 March 2020 .
	G9	In response to row G9, Entain: (a) refers to and repeats rows G1 and G4, above; and (b) otherwise admits the row.

SCHEDULE 6:

A: Customer	A	Entain admits row A.
B: Account(s)	B1	Entain admits row B1.
	B2	Entain admits row B2.
C: Summary of transactional activity by account	C1	Entain admits row C1.
	C2	Entain admits row C2.
D: Date in Relevant Period on and from which matters indicative of high ML/TF Risk existed	D	Entain admits row D.
E: List of matters indicative of high ML/TF Risk	E1	Entain admits row E1.
	E2	Entain admits row E2.
	E3	Entain admits row E3.
	E4	In response to row E4, Entain:
		(a) admits that in 2019 (specifically, from May 2019), there was a material change in ██████ depositing patterns – specifically, there was a significant increase/escalation in the amount of money that ██████ deposited into and withdrew from the First Account (Ladbrokes); (b) says that the following facts are not of themselves indicative of high ML/TF risk: (i) that the amounts of money deposited and withdrawn by ██████ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (ii) that large amounts of money were being moved into and out of ██████ accounts on an ongoing basis, however, admits that for ██████ those facts were indicative of high ML/TF risk in combination with

		the matters admitted at rows E1 to E20 herein; and
		(c) otherwise denies the row.
	E5	In response to row E5, Entain: (a) admits that from mid-2019, ██████ deposited and withdrew large amounts of money into and from his accounts; (b) says that the transactional activity was not unusual relative to the withdrawals on ██████ accounts; (c) says that for customers who have an ongoing relationship with Entain, a large proportion of the deposits may be prior winnings as opposed to new sources of funds; (d) says that the following facts are not of themselves indicative of high ML/TF risk: (i) that the amounts of money deposited and withdrawn by ██████ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); (ii) that large amounts of money were being moved into and out of ██████ accounts on an ongoing basis, however, admits that for ██████ those facts were indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E20 herein; and (e) otherwise denies the row.
	E6	In response to row E6, Entain: (a) admits that at times from mid-2019, ██████ deposited money into his accounts with high frequency; (b) says that the fact admitted at sub-row (a) is not of itself indicative of high ML/TF risk, however, admits that for ██████ this fact was indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E20 herein; and (c) otherwise denies the row. Particulars There were periods from mid-2019 (for example, October 2019 to January 2020) where ██████ did

		not deposit money into his accounts with high frequency.
E7		Entain admits row E7.
E8		In response to row E8, Entain: (a) says that during the Relevant Period, Entain ran the following searches in order to identify and verify [REDACTED] SOW/SOF: (i) Detective Desk (a third party provider of company and individual search databases) searches utilising [REDACTED] personal details and the residential address linked to [REDACTED] accounts, with the results indicating the property [REDACTED] lived at was owned under the name of [REDACTED]; (ii) ASIC company searches on: (A) [REDACTED]; (B) [REDACTED], which revealed [REDACTED] was a director of and 50% shareholder in the company, alongside a second director; and (C) [REDACTED], a company [REDACTED] informed Entain he was employed by, with the results listing that a director of [REDACTED] was also a director of [REDACTED]; (iii) ASIC and Google searches of the second director referred to in sub-row(a)(ii)(b) above and 50% shareholder in [REDACTED], which revealed that director was also a property developer; (iv) LinkedIn, Google and social media searches; (v) Realestate.com searches to identify the value of [REDACTED] residential address; (vi) ABN searches; (b) says that during the Relevant Period, Entain obtained the following documentation from [REDACTED] in order to identify and verify [REDACTED] SOW/SOF: (i) responses to a formal SOW/SOF survey on 21 July 2021, in which [REDACTED] stated he

		was employed by [REDACTED]; (ii) a payslip from [REDACTED] listing [REDACTED] annual salary; and (c) admits that despite sub-rows (a) to (b) above, from mid-2019, Entain did not have sufficient information about [REDACTED] SOW/SOF as alleged in row E8.
	E9	Entain admits row E9.
	E10	In response to row E10, Entain: (a) admits that from September 2019 to December 2021, multiple deposits that [REDACTED] attempted to make into his accounts failed; (b) says that: (i) the failed deposits described in sub-row (a) above constituted an insignificant proportion of total deposits; (ii) shortly after the failed deposits occurred, the deposits were successfully made; (c) says further that the fact admitted in sub-row (a) is not itself indicative of high ML/TF risk, however, admits that for [REDACTED] this fact was indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E20 herein; and (d) otherwise denies the row.
	E11	Entain admits row E11, save to say that the following facts are not of themselves indicative of high ML/TF risk: (a) that the amounts of money deposited and withdrawn by [REDACTED] were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); (b) that large amounts of money were being moved into and out of [REDACTED] accounts on an ongoing basis; and (c) that [REDACTED] betting activity on his accounts amounted to an increase on the monthly average for both accounts for 2020 as a whole, however, admits that for [REDACTED] this fact was indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E20 herein.

	E12 Entain admits row E12, save to say that the following facts are not of themselves indicative of high ML/TF risk: (a) that the amounts of money deposited and withdrawn by █████ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); (b) that large amounts of money were being moved into and out of █████ accounts on an ongoing basis; and (c) that █████ betting activity on the Second Account (Neds) amounted to an increase on the monthly average for both accounts for 2020 as a whole, however, admits that for █████ this fact was indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E20 herein.
	E13 Entain admits row E13, save to say that the following matters are not of themselves indicative of high ML/TF risk: (a) that the amounts of money deposited and withdrawn by █████ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); (b) that large amounts of money were being moved into and out of █████ accounts on an ongoing basis; and (c) that █████ betting activity on the Second Account (Neds) amounted to an increase on the monthly average for 2021, however, admits that for █████ this fact was indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E20 herein.
	E14 In response to row E14, Entain: (a) admits that from March to 4 April 2021, █████ did not complete and return the SOF form Entain had provided him with; (b) says that that on 5 April 2021, █████: (i) completed the SOF Form with responses to Entain's questions about his SOW/SOF;

		(ii) attached a screenshot of a payslip from his employer, which was requested by the SOF form; (c) admits that from March 2021 to August 2022, ██████ did not provide requested documentation to verify income from investments/dividends, gambling winnings or savings; and (d) otherwise denies the row.
	E15	Entain admits row E15.
	E16	Entain admits row 16, save to say that that the following matters are not of themselves indicative of high ML/TF risk: (a) that the amounts of money deposited and withdrawn by ██████ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (b) that large amounts of money were being moved into and out of ██████ accounts on an ongoing basis; and (c) that ██████ betting activity on his accounts amounted to an increase on the monthly average across both accounts for 2021 as a whole, however, admits that for ██████ this fact was indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E20 herein.
	E17	In response to row E17, Entain admits the row, save to say that: (a) transactional activity displayed in respect of ██████ accounts was not unusual relative to the winnings and withdrawals on those accounts; (b) for customers who have an ongoing relationship with Entain, a large proportion of the deposits may be prior winnings as opposed to new sources of funds; (c) the following matters are not of themselves indicative of high ML/TF risk: (i) that the amounts of money deposited and withdrawn by ██████ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A);

		(ii) that large amounts of money were being moved into and out of [REDACTED] accounts on an ongoing basis; and (iii) that [REDACTED] betting activity on his accounts amounted to an increase on the monthly average across both accounts for 2021 as a whole, however, admits that for [REDACTED] those facts were indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E20 herein.
	E18	Entain admits row E18.
	E19	Entain admits row E19.
	E20	Entain admits row E20, save to say that the following matters are not of themselves indicative of high ML/TF risk: (a) that the amounts of money deposited and withdrawn by [REDACTED] were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); (b) that large amounts of money were being moved into and out of [REDACTED] accounts on an ongoing basis; and (c) that [REDACTED] betting activity on his accounts amounted to an increase on the monthly average across both accounts for the period January 2021 to February 2022 as a whole, however, admits that for [REDACTED] those facts were indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E20 herein.
F: Dates on and from which monitoring failures existed and contraventions of s 36 occurred	F1	In response to row F1, Entain: (a) refers to and repeats paragraph 433 above; and (b) otherwise admits the row.
	F2	In response to row F2, Entain: (a) refers to and repeats paragraph 434 above and rows G1 to G8, below; and (b) otherwise admits the row.
	F3	In response to row F3, Entain: (a) refers to and repeats paragraph 435 above, and rows G9 to G15 below; and (b) otherwise admits the row.

G: List of particular monitoring failures	G1	In response to row G1, Entain: (a) refers to and repeats rows E1 to E20, above; (b) says that during the Relevant Period until the closure of ██████████ Ladbrokes and Neds Accounts on 28 February 2022, Entain took the following measures to seek to address the combination of matters indicative of high ML/TF Risk (to the extent admitted in rows E1 to E20 above) that existed in relation to ██████████ and the provision of designated services to ██████████: (i) undertook ECDD measures to identify ██████████ SOW/SOF, as set out in row E8(a) to (b) above; (ii) performed ECDD in respect of ██████████ on a regular basis; and Particulars Cerberus Records for ██████████ produced to AUSTRAC. (iii) contacted ██████████ to obtain and discuss ██████████ SOW/SOF information; (iv) submitted 12 SMRs to AUSTRAC between 27 August 2019 to 12 October 2021 recording suspicions that Entain developed during the course of it monitoring of ██████████; (v) allocated ██████████ a 'Medium and 'High' ML/TF risk rating at various points from June 2019; (vi) conducted ML/TF 'risk rating reviews' on at least 3 occasions during the Relevant Period; (vii) monitored ██████████ transactions and betting activity through Entain's transaction monitoring program (specifically the Legal High Value Transaction Report amongst others); and (viii) identified and recorded the risk of ██████████ connection to ██████████ in ██████████ Cerberus records; (ix) escalated ██████████ to senior management on the following dates: (A) 19 September 2019;
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		(B) 6 August 2021; and (c) otherwise admits the row.
	G2	In response to row G2, Entain: (a) refers to and repeats row G1, above; and (b) otherwise admits the row.
	G3	In response to row G3, Entain: (a) refers to and repeats row G1; (b) admits that at times during the period in which [REDACTED] had two open accounts with Entain, Entain did not appropriately monitor [REDACTED] on a holistic basis, as a customer, across both of his accounts; (c) says that its practice during the Relevant Period was to manually review all accounts held by a particular customer (including [REDACTED]) for the purpose of consistently applying a single ML/TF risk rating for that customer (including [REDACTED]); (d) says that throughout the Relevant Period, Entain considered the risk rating assigned to [REDACTED] accounts in determining [REDACTED] risk rating, as recorded in Cerberus; and (e) otherwise denies the row. Particulars There were instances during the Relevant Period (for example, on 6 August 2021) where Entain monitored [REDACTED] on a holistic basis, as a customer, across both of his accounts, and considered [REDACTED] transactional activity across both his accounts when determining [REDACTED] risk rating.
	G4	In response to row G4, Entain: (a) refers to and repeats row G1, above; and (b) otherwise admits the row.
	G5	In response to row G5, Entain: (a) refers to and repeats row G1, above; and (b) otherwise admits the row.
	G6	In response to row G6, Entain: (a) refers to and repeats row G1, above; and (b) otherwise admits the row.
	G7	In response to row G7, Entain:

		(a) refers to and repeats row G1, above; and (b) otherwise admits the row.
	G8	In response to row G8, Entain: (a) refers to and repeats row G1, above; and (b) otherwise admits the row.
	G9	In response to row G9, Entain: (a) refers to and repeats rows E1 to E20 and row G1, above; (b) says that Entain performed ECDD in respect of [REDACTED] on a regular basis; and Particulars Cerberus Records for Customer 6 produced to AUSTRAC. (c) otherwise admits the row.
	G10	In response to row G10, Entain: (a) refers to and repeats rows G1 and G9, above; and (b) otherwise admits the row.
	G11	In response to row G11, Entain: (a) refers to and repeats rows E8, G1 and G9, above; (b) admits sub-row (a); (c) in relation to sub-row (b), admits that from August 2019, Entain did not appropriately undertake more detailed analysis of information it had about [REDACTED] SOW/SOF; (d) in relation to sub-row (c): (i) says that during the Relevant Period, the AML/CTF Rules did not require Entain to conduct verification of SOW/SOF, but instead r 15.10 required Entain to undertake measures appropriate to the circumstances, which could include taking reasonable measures to identify SOW/SOF, and it was not until 12 December 2022 that AUSTRAC published guidance which referred to verifying SOW/SOF information; (ii) admits the sub-row from 12 December 2022;

		(e) in relation to sub-row (d), says that from August 2019, Entain considered the ML/TF Risks relating to █████ SOW/SOF where those risks were identified in SMRs, but admits that Entain's consideration of these risks was not appropriate; and (f) otherwise denies the row.
	G12	In response to row G12, Entain: (a) refers to and repeats rows G1 and G9, above; and (b) says that Entain monitored and identified █████ typical betting and transactional patterns and behaviours in order to evaluate whether his activity appeared consistent and of a recreational nature (whereby betting activity appeared to be undertaken as a pastime or form of entertainment, rather than for commercial or professional purposes, and that it did not display typical money laundering typologies), or if it exhibited inconsistencies warranting further review; and (c) otherwise admits the row.
	G13	In response to row G13, Entain: (a) refers to and repeats rows G1 and G9, above; (b) otherwise admits the row.
	G14	In response to row G14, Entain: (a) refers to and repeats row G1 and G9, above; and (b) otherwise admits the row.
	G15	In response to row G15, Entain: (a) refers to and repeats row G1, above; and (b) otherwise admits the row.

SCHEDULE 7:

A: Customer	A	Entain admits row A.
B: Account(s)	B1	Entain admits row B1.
	B2	Entain admits row B2.
C: Summary of transactional activity by account	C1	Entain admits row C1.
	C2	Entain admits row C2.
D: Date in Relevant Period on and from which matters indicative of high ML/TF Risk existed	D	Entain admits row D.
E: List of matters indicative of high ML/TF Risk	E1	Entain admits row E1.
	E2	In response to E2, Entain admits the row, save to say that the following facts are not of themselves indicative of high ML/TF risk: (a) that the amounts of money deposited and withdrawn by ██████ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (b) that large amounts of money were being moved in and out of ██████ accounts on an ongoing basis.
	E3	In response to row E3, Entain: (c) admits that at times during the Relevant Period, ██████ deposited and withdrew unusually large amounts of money into and from the First Account (Ladbrokes); (d) says further that the following facts are not of themselves indicative of high ML/TF risk: (i) that the amounts of money deposited and withdrawn by ██████ were materially above average total annual deposits and withdrawals for Entain's customers in the

		Relevant Period (by reference to Schedule A); and (ii) that large amounts of money were being moved in and out of [REDACTED] accounts on an ongoing basis, however, admits that for [REDACTED] those facts were indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E14 herein; and (e) otherwise denies the row. Particulars There were periods during the Relevant Period (for example, December 2020 to June 2021 in respect of the First Account (Ladbrokes)), where [REDACTED] did not deposit or withdraw unusually large amounts of money into and from his accounts.
E4	In response to row E4, Entain:	(a) says that during the Relevant Period, Entain ran the following searches in order to identify and verify [REDACTED] SOW/SOF: (i) Detective Desk (a third party provider of company and individual search databases) searches and Google searches relating to [REDACTED] property ownership; (ii) ABN searches; (iii) ASIC individual searches for [REDACTED]; (iv) a bank check for [REDACTED] on or around 25 August 2021; (b) says that during the Relevant Period, Entain commenced a formal SOW/SOF inquiry in August 2021 and obtained a partially completed SOW/SOF survey from [REDACTED] to identify and verify [REDACTED] SOW/SOF; (c) says further that: (i) [REDACTED] First Account (Ladbrokes) was suspended on 28 September 2021 following Entain's assessment that the SOW/SOF information provided by [REDACTED] was insufficient; (ii) [REDACTED] Second Account (Neds) was also suspended on 30 November 2021 due to Entain's SOW/SOF assessment in respect of [REDACTED] First Account (Ladbrokes); and

		(d) admits that, despite sub-rows (a) and (b) above, Entain did not have sufficient information about █████ SOW/SOF as alleged in row E4.
	E5	In response to row E5, Entain admits the row, save to say that the following facts are not of themselves indicative of high ML/TF risk: (a) that the amounts of money deposited and withdrawn by █████ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); (b) that large amounts of money were being moved in and out of █████ accounts on an ongoing basis; and (c) the fact that █████ betting activity on the First Account (Ladbrokes) amounted to an increase on the monthly average for 2018, however admits that for █████ those facts were indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E14 herein.
	E6	In response to row E6, Entain: (a) admits that from August 2019 until September 2021, deposits that █████ attempted to make into the First Account (Ladbrokes) regularly failed; (b) says that: (i) rejection codes in relation to the failed deposits indicated that the failures were attributable to insufficient funds; (ii) shortly after the failed deposits occurred, the deposits were successfully made; (c) says further that the fact admitted at sub-row (a) is not of itself indicative of high ML/TF risk, however admits that for █████ this fact was indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E14 herein; and (d) otherwise denies the row.
	E7	Entain admits row E7.
	E8	In response to row E8, Entain admits the row, save to say that the following facts are not of themselves indicative of high ML/TF risk: (a) that the amounts of money deposited and withdrawn by █████ were materially above average total

		annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); (b) that large amounts of money were being moved in and out of [REDACTED] accounts on an ongoing basis; and (c) that [REDACTED] betting activity on the First Account (Ladbrokes) amounted to an increase on the monthly average for 2019, however admits that for [REDACTED] this fact was indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E14 herein.
	E9	Entain admits row E9.
	E10	Entain admits row E10.
	E11	In response to row E11, Entain admits the row and says further that Entain submitted a SMR and noted this information in [REDACTED] customer records.
	E12	In response to row E12, Entain admits the row and says further that Entain submitted a SMR and commenced a formal SOW/SOF inquiry on 25 August 2021 in response to this information.
	E13	In response to row E13, Entain: (a) says that [REDACTED] responded to a formal SOW/SOF inquiry which commenced on 25 August 2021, in September 2021; (b) says that Entain identified that the information provided by [REDACTED] was inconsistent, following which [REDACTED] did not provide further additional information that was requested by Entain; (c) says that Entain suspended [REDACTED] due to [REDACTED] failure to provide the further requested SOW/SOF information; and (d) otherwise denies the row.
	E14	Entain admits row E14 and says further that: (a) the transactional activity on [REDACTED] Second Account (Neds) pleaded at row E14 occurred on 27 November 2021; and (b) Entain identified the activity and suspended [REDACTED] Second Account (Neds) on 30 November 2021.
	F1	In response to row F1, Entain:

F: Dates on and from which monitoring failures existed and contraventions of s 36 occurred		(a) refers to and repeats paragraph 433 above; and (b) otherwise admits the row.
	F2	In response to row F2, Entain: (a) refers to and repeats paragraph 434 above and rows G1 to G3 below; and (b) otherwise admits the row.
	F3	In response to row F3, Entain: (a) refers to and repeats paragraph 435 above and rows G4 to G14 below; and (b) otherwise admits the row.
G: List of particular monitoring failures	G1	In response to row G1, Entain: (a) refers to and repeats rows E1 to E14 above; (b) says that during the Relevant Period until the closure of ██████████ Second Account (Neds) on 25 October 2022, Entain took the following measures to seek to address the combination of matters indicative of high ML/TF Risk (to the extent admitted in rows E1 to E14 above) that existed in relation to ██████████ and the provision of designated services to ██████████; (i) undertook ECDD measures to identify ██████████ SOW/SOF, as set out in row E4(a) to (b) above; (ii) commenced a formal SOW/SOF inquiry on 25 August 2021 to verify ██████████ SOW/SOF; (iii) conducted a bank check for ██████████ on or around 25 August 2021; (iv) performed ECDD in respect of ██████████ on a regular basis; Particulars Cerberus records for ██████████ produced to AUSTRAC. (v) submitted 4 SMRs to AUSTRAC between 27 August 2019 and 30 November 2020 recording suspicions that Entain developed during the course of it monitoring ██████████; (vi) allocated ██████████ a 'High' ML/TF risk rating from 27 August 2019;

		(vii) conducted ML/TF 'risk rating reviews' in respect of [REDACTED] on at least 3 occasions during the Relevant Period; (viii) monitored [REDACTED] transactions and betting activity through Entain's transaction monitoring program (specifically the Legal High Value Transaction Report); (ix) escalated [REDACTED] to senior management on 20 September 2021 for review, following which [REDACTED] First Account (Ladbrokes) was closed on 28 September 2021; and (c) otherwise admits the row.
	G2	In response row G2, Entain: (a) refers to and repeats row G1, above; and (b) otherwise admits the row.
	G3	In response to row G3, Entain: (a) refers to and repeats paragraphs 171 to 181 and row G1, above; (b) at all times from August 2016 until the closure of both of his accounts, [REDACTED] was assigned a BDM; and (c) otherwise denies the row.
	G4	In response to row G4, Entain: (a) refers to and repeats rows E1 to E14, and G1, above; (b) admits the row for the period prior to August 2021; and (c) otherwise denies the row.
	G5	In response to row G5, Entain: (a) refers to and repeats rows G1 and G4, above; (b) admits that from August 2019 until August 2021, Entain did not appropriately review or undertake more detailed analysis of [REDACTED] transactions, including the level of transactional behaviour and the purpose, reasons for or nature of the transactional behaviour; (c) says that from 25 August 2021, Entain undertook a review of [REDACTED] transactions following which Entain submitted a SMR and commenced a formal SOW/SOF inquiry;

		(d) says further that Entain: (i) suspended the First Account (Ladbrokes) on 28 September 2021 following [REDACTED] insufficient responses to Entain's formal SOW/SOF inquiry; (ii) identified that [REDACTED] Second Account (Neds) was still open on 30 November 2021 and proceeded to immediately suspend the account; and (e) otherwise denies the row.
	G6	In response to row G6, Entain: (a) refers to and repeats row E4, G1 and G4, above; (b) admits sub-row (a) and (b); (c) in relation to sub-row (c): (i) says that during the Relevant Period, the AML/CTF Rules did not require Entain to conduct verification of SOW/SOF but instead r 15.10 required Entain to undertake measures appropriate to the circumstances, which could include taking reasonable measures to identify SOW/SOF, and it was not until 12 December 2022 that AUSTRAC published guidance which referred to verifying SOW/SOF information; (ii) admits the sub-row from 12 December 2022; (d) in relation to sub-row (d), says that from August 2019 until August 2021, Entain considered the ML/TF risks relating to [REDACTED] SOW/SOF where those risks were identified in SMRs and Entain's ECDD notes, but admits that Entain's consideration of these risks was not appropriate; and (e) otherwise denies the row.
	G7	In response to row G7, Entain: (a) refers to and repeats rows G1 and G4; and (b) otherwise admits the row.
	G8	In response to row G8, Entain: (a) refers to and repeats rows G1 and G4; (b) admits that at no time from August 2019 until September 2021, was [REDACTED] appropriately

		escalated to and/or considered by Entain's senior management, including for the purpose of determining whether to continue a business relationship with him; and (c) otherwise denies the row.
	G9	In response to row G9, Entain: (a) refers to and repeats rows G1 and G4; and (b) otherwise admits the row.
	G10	In response to row G10, Entain: (a) refers to and repeats rows G1 and G4; (b) otherwise admits the row.
	G11	In response to row G11, Entain: (a) refers to and repeats rows G1 and G4; and (b) otherwise admits the row.
	G12	In response to row G12, Entain: (a) refers to and repeats rows G1 and G4; and (b) otherwise admits the row.
	G13	In response to row G13, Entain: (a) refers to and repeats rows G1 and G4, above; (b) says that no activity occurred on [REDACTED] Second Account (Neds) until 27 November 2021, following which Entain identified that the account was still open and proceeded to suspend the Second Account (Neds) on 30 November 2021; and (c) otherwise admits the row.
	G14	In response to row G14, Entain: (a) refers to and repeats rows G1 and G4 above; (b) says that Entain closed [REDACTED] Second Account (Neds) on its own initiative on 25 October 2022; and (c) otherwise denies the row.

SCHEDULE 8:

A: Customer	A	Entain admits row A.
B: Account(s)	B1	Entain admits row B2.
	B2	Entain admits row B3.
	B3	Entain admits row B3.
C: Summary of transactional activity by account	C1	Entain admits row C1.
	C2	Entain admits row C2.
	C3	Entain admits row C3.
D: Date in Relevant Period on and from which matters indicative of high ML/TF Risk existed	D	Entain admits row D.
E: List of matters indicative of high ML/TF Risk	E1	Entain admits row E1.
	E2	In response to row E2, Entain admits the row, save to say that the following matters are not of themselves indicative of high ML/TF risk: (a) that the amounts of money deposited and withdrawn by █████ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (a) that large amounts of money were being moved into and out of the First Account (Bookmaker) on an ongoing basis.
	E3	In response to row E3, Entain: (a) admits that from no later than 1 May 2019, Entain had information that, from June 2018 there had been a material change in █████ depositing and withdrawing patterns – specifically, there had been a significant increase/escalation in the amount of money that █████ deposited and withdrew from the Second Account (Neds); (b) says that the following matters are not of themselves indicative of high ML/TF risk: (i) that the amounts of money deposited and withdrawn by █████ were materially

		above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (ii) that large amounts of money were being moved into and out of the Second Account (Neds) on an ongoing basis; however, admits that for [REDACTED] this fact was indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E17 herein; and (c) otherwise denies the row.
	E4	In response to row E4, Entain: (a) admits that from 1 May 2019, Entain had information available to it that, from November 2018, deposits that [REDACTED] had attempted to make into the Second Account (Neds) had regularly failed; (b) says that: (i) the majority of failed deposit amounts were for low value amounts; (ii) rejection codes in relation to the failed deposits indicated that most of the failures were for no specific reason or for insufficient funds; (iii) the failed deposits related to attempted deposits using cards that [REDACTED] had used many times successfully; and (iv) typically, shortly after the failed deposits occurred, the deposits were successfully made; (c) says further that the fact admitted at sub-row (a) above is not of itself indicative of high ML/TF risk, however, admits that for [REDACTED] this fact was indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E17 herein; and (d) otherwise denies row E4.
	E5	In response to row E5, Entain: (a) admits that at times from 1 May 2019, [REDACTED] deposited and withdrew unusually large amounts of money into and from the Second Account (Neds);

		(b) says further that the following matters are not of themselves indicative of high ML/TF risk: (i) that the amounts of money deposited and withdrawn by █████ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (ii) that large amounts of money were being moved into and out of the Second Account (Neds) on an ongoing basis, however, admits that for █████ those facts were indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E17 herein; and (c) otherwise denies the row. Particulars There were periods from 1 May 2019 (for example, August 2020 and March 2021) where █████ did not deposit and withdraw unusually large amounts of money into and from the Second Account (Neds).
	E6	In response to row E6, Entain: (a) says that in the period in which █████ had an open account with Entain, Entain obtained information about █████ and his SOW/SOF from: (i) ABN searches which identified an active sole trader ABN in █████ name; (ii) Detective Desk (a third party provider of company and individual search databases) searches which identified that █████ co-owned a property; and (iii) Realestate.com searches which identified the estimated value of the property █████ co-owned; and (b) admits that, despite sub-row (a), above, Entain did not have sufficient information about █████ SOW/SOF as alleged in row E6.
	E7	In response to row E7, Entain admits the row, save to say that the fact that █████ Second Account (Neds) was linked to multiple unexpired credit or debit cards is not of itself indicative of high ML/TF Risk.

	E8	In response to row E8, Entain: (a) admits that at all times during which ██████ had an open account with Entain in the Relevant Period, deposits that ██████ had attempted to make by Braintree credit card into his accounts had regularly failed; (b) in relation to the Braintree credit card failed deposits, refers to and repeats sub-row E4(b) above; (c) in relation to the EFT and Braintree PayPal failed deposits, says that the deposits were low in value and infrequent; (d) says further that the fact admitted at sub-row (a), is not of itself indicative of high ML/TF risk, however, admits that for ██████ this fact was indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E17 herein; and (e) otherwise denies the row.
	E9	In response to row E9, Entain: (a) admits that at times from 1 May 2019, ██████ used potentially cash-based deposit methods to make deposits into the Second Account (Neds); and (b) otherwise denies the row. Particulars There were periods from 1 May 2019 (for example, from November to December 2019, or from February to April 2023), where ██████ did not use potentially cash-based deposit methods to make deposits into the Second Account (Neds).
	E10	In response to row E10, Entain admits the row, save to say that the following facts are not of themselves indicative of high ML/TF risk: (a) that large amounts of money were being moved into and out of the Second Account (Neds) on an ongoing basis; (b) that the amounts of money deposited and withdrawn by ██████ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and

		(c) that [REDACTED] betting activity on the Second Account (Neds) amounted to an increase on the monthly average for 2019 as a whole, however, admits that for [REDACTED] those facts were indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E17 herein.
	E11	Entain admits row E11.
	E12	Entain admits row E12.
	E13	In response to row E13, Entain: (a) admits that in and from February 2021, there was an increase in the number and value of failed deposits into [REDACTED] Second Account (Ladbrokes); (b) says that the majority of this increase in value was attributable to a failed deposit of \$200,333.00, which was immediately followed by a successful deposit of \$200.00; (c) says further that the fact admitted at sub-row (a) above is not of itself indicative of high ML/TF risk, however admits that for [REDACTED] this fact was indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E17 herein; and (d) otherwise denies the row.
	E14	Entain admits row E14.
	E15	In response to row E15, Entain: (a) admits the row; and (b) says further that Entain identified such transactions and took the following steps to manage the ML/TF risk associated with those transactions: (i) assessed [REDACTED] transactional activity in the context of his adverse media; and (ii) submitted an SMR to AUSTRAC which recorded Entain's suspicion.
	E16	In response to row E16, Entain: (a) admits that upon opening the Third Account (Ladbrokes) on 29 March 2023, [REDACTED] deposited and withdrew large amounts of money into and from the Third Account (Ladbrokes); (b) says further that the following matters are not of themselves indicative of high ML/TF risk:

		(i) that from October 2020, Entain had information indicating that a large proportion of ████████ deposits may have been funded by prior winnings; (ii) that the amounts of money deposited and withdrawn by ████████ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (iii) that large amounts of money were being moved into and out of the Third Account (Ladbokes) on an ongoing basis, however, admits that for ████████ those facts were indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E17 herein; and (c) otherwise denies the row.
	E17	In response to row E17, Entain admits the row, save to say that that the following facts are not of themselves indicative of high ML/TF risk: (a) that from October 2020, Entain had information indicating that a large proportion of ████████ deposits may have been funded by prior winnings; (b) that the amounts of money deposited and withdrawn by ████████ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (c) that large amounts of money were being moved into and out of ████████ accounts on an ongoing basis, however, admits that for ████████ those facts were indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E17 herein.
F: Dates on and from which monitoring failures existed and contraventions of s 36 occurred	F1	In response to row F1, Entain: (a) refers to and repeats paragraph 433 above; and (b) otherwise admits the row.
	F2	In response to row F2, Entain: (a) refers to and repeats paragraph 434 above and rows G1 to G6, below; and (b) otherwise admits the row.

	F3	In response to row F3, Entain: (a) refers to and repeats paragraph 435 above, and rows G5 to G14, below; and (b) otherwise admits the row.
G: List of particular monitoring failures	G1	In response to row G1, Entain (a) refers to and repeats rows E1 to E17, above; (b) says that during the Relevant Period until his accounts were closed on 14 September 2023, Entain took the following measures to seek to address the combination of matters indicative of high ML/TF Risk (to the extent admitted in rows E1 to E17 above) that existed in relation to [REDACTED] and the provision of designated services to [REDACTED]: (i) undertook ECDD measures to identify [REDACTED] SOW/SOF, as set out in row E6(a) above; (ii) performed ECDD in respect of [REDACTED] on five occasions; Particulars Cerberus Records for [REDACTED] produced to AUSTRAC. (c) submitted 2 SMRs to AUSTRAC between 24 January 2020 and 16 August 2022 recording suspicions that Entain developed during the course of its monitoring of [REDACTED]; (d) allocated [REDACTED] a 'Medium' ML/TF Risk Rating from 23 January 2020; (e) monitored [REDACTED] transactions and betting activity through Entain's transaction monitoring program (specifically the Legal High Value Transaction Report amongst others); and (f) otherwise admits the row.
	G2	In response to row G2, Entain: (a) refers to and repeats row G1, above; and (b) otherwise admits the row.
	G3	In response to row G3, Entain: (a) refers to and repeats row G1, above; and (b) otherwise admits the row.
	G4	In response to row G4, Entain: (a) refers to and repeats row G1, above; and

		(b) otherwise admits the row.
	G5	In response to row G5, Entain: (a) refers to and repeats row G1, above; and (b) otherwise admits the row.
	G6	In response to row G6, Entain: (a) refers to and repeats rows E1 to E17 and row G1 above; (b) says that Entain performed ECDD in respect of [REDACTED] on five occasions; and Particulars Cerberus Records for [REDACTED] produced to AUSTRAC. (c) otherwise admits the row.
	G7	In response to row G7, Entain: (a) refers to and repeats rows G1 and G6 above; and (b) otherwise admits the row.
	G8	In response to row G8, Entain: (a) refers to and repeats rows E6, G1 and G6, above; (b) admits sub-row (a); (c) in relation to sub-row (b), admits that from January 2020, Entain did not appropriately undertake more detailed analysis of information it had about [REDACTED] SOW/SOF; (d) in relation to sub-row (c): (i) says that during the Relevant Period, the AML/CTF Rules did not require Entain to conduct verification of SOW/SOF but instead r 15.10 required Entain to undertake measures appropriate to the circumstances, which could include taking reasonable measures to identify SOW/SOF, and it was not until 12 December 2022 that AUSTRAC published guidance which referred to verifying SOW/SOF information; (ii) admits the sub-row from 12 December 2022; (e) in relation to sub-row (d), says that from January 2020, Entain considered the ML/TF Risks relating to [REDACTED] SOW/SOF where those risks were

		identified in SMRs, but admits that Entain's consideration of these risks was not appropriate; and (f) otherwise denies the row.
	G9	In response to row G9, Entain: (a) refers to and repeats rows G1 and G6, above; and (b) otherwise admits the row.
	G10	In response to row G10, Entain: (a) refers to and repeats rows G1 and G6, above; and (b) otherwise admits the row.
	G11	In response to row G11, Entain: (a) refers to and repeats rows G1 and G6, above; and (b) otherwise admits the row.
	G12	In response to row G12, Entain: (a) refers to and repeats rows G1 and G6, above; and (b) otherwise admits the row.
	G13	In response to row G13, Entain: (a) refers to and repeats rows G1 and G6, above; and (b) otherwise admits the row.
	G14	In response to row G14, Entain: (a) refers to and repeats rows G1 and G6, above; and (b) otherwise admits the row.

SCHEDULE 9:

A: Customer	A	Entain admits row A.
B: Account(s)	B1	Entain admits row B1.
	B2	Entain admits row B2.
C: Summary of transactional activity by account	C1	Entain admits row C1.
	C2	Entain admits row C2.
D: Date in Relevant Period on and from which matters indicative of high ML/TF Risk existed	D	Entain admits row D.
E: List of matters indicative of high ML/TF Risk	E1	In response to row E1, Entain: (a) admits that at times prior to the Relevant Period, █████ deposited and withdrew unusually large amounts of money into and from the Second Account (Ladbrokes); (b) says that the following facts are not of themselves indicative of high ML/TF risk: (i) that the amounts of money deposited and withdrawn by █████ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant period (by reference to Schedule A); (ii) that large amounts of money were being moved into and out of █████ Second Account (Ladbrokes) on an ongoing basis, however, admits that for █████, those facts were indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E7 herein; and (c) otherwise denies the row. Particulars There were periods prior to the Relevant Period (for example, April 2018) where █████ did not deposit or withdraw unusually large amounts of money into and from the Second Account (Ladbrokes).

E2	In response to row E2, Entain: (a) admits that at times during the Relevant Period, █████ deposited and withdrew unusually large amounts of money into and from his accounts; (b) says that the following facts are not of themselves indicative of high ML/TF risk: (i) that the amounts of money deposited and withdrawn by █████ were materially above total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (ii) that large amounts of money were being moved into and out of █████ accounts on an ongoing basis, however, admits that for █████, those facts were indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E7 herein; and (c) otherwise denies the row. Particulars There were periods during the Relevant Period (for example, June 2020) where █████ did not deposit or withdraw unusually large amounts of money into and from his accounts.
E3	In response to row E3, Entain: (a) says that during the Relevant Period, Entain ran the following searches in order to identify and verify █████ SOW/SOF: (i) Detective Desk (a third party provider of company and individual search databases) searches and Google searches relating to █████ property ownership; (ii) ABN searches; and (iii) ASIC individual searches for █████; Particulars Cerberus Records for █████ produced to AUSTRAC. (b) says further that in December 2023, Entain commenced a SOW/SOF inquiry and obtained a SOW/SOF survey from █████ to identify and verify █████ SOW/SOF;

		(c) admits that, despite sub-rows (a) and (b), Entain did not have sufficient information about █████ SOW/SOF as alleged in row E3.
	E4	Entain admits row E4.
	E5	In response to row E5, Entain: (a) admits that from September 2019 to March 2020, there was a material change in █████ depositing and withdrawing patterns – specifically, there was a significant increase / escalation in the amount of money that █████ deposited into and withdrew across all accounts which amounted to an unusual pattern of transactions; (b) says that the following matters are not of themselves indicative of high ML/TF risk; (i) that the amounts of money deposited and withdrawn by █████ were materially above average total deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); (ii) that large amounts of money were being moved into and out of █████ accounts on an ongoing basis; (iii) that █████ betting activity across all accounts for September 2019 to March 2020 amounted to an increase in the monthly average as compared to January to October, however, admits that for █████, these facts were indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E7 herein; and (c) otherwise admits the row.
	E6	Entain admits row E6.
	E7	In response to row E7, Entain: (a) says that: (i) █████ responded to a formal SOW/SOF inquiry on 19 January 2024 without providing supporting documentation; (ii) Entain immediately suspended █████ and escalated the matter to senior management for review of potential exit; (iii) Entain's senior management approved the exit of █████ on 21 February 2024; and

		(b) otherwise denies the row.
F: Dates on and from which monitoring failures existed and contraventions of s 36 occurred	F1	In response to row F1, Entain: (a) refers to and repeats paragraph 433 above; and (b) otherwise admits the row.
	F2	In response to row F2, Entain: (a) refers to and repeats paragraph 434 above and rows G1 to G4, below; and (b) otherwise denies the row.
	F3	In response to row F3, Entain: (a) refers to and repeats paragraph 435 above and rows G5 to G9 below; (b) otherwise admits the row.
G: List of particular monitoring failures	G1	In response to row G1, Entain: (a) refers to and repeats rows E1 to E7 above; (b) says that during the Relevant Period until the closure of ██████ Second Account (Ladbrokes) on 22 February 2024, Entain took the following measures to seek to address the combination of matters indicative of high ML/TF Risk (to the extent admitted in rows E1 to E7 above) that existed in relation to ██████ and the provision of designated services to ██████: (i) undertook ECDD measures to identify ██████ SOW/SOF, as set out in row E3(a)-(b), above; (ii) performed ECDD in respect of ██████ on a regular basis; Particulars Cerberus Records for ██████ produced to AUSTRAC (iii) contacted ██████ to obtain and discuss ██████ SOW/SOF information; (iv) submitted 8 SMRs to AUSTRAC between 15 July 2019 and 30 January 2024 recording suspicions that Entain developed during the course of it monitoring ██████; (v) allocated ██████ a 'High' ML/TF Risk rating on a number of occasions from December 2019;

		(vi) monitored █████ transactions and betting activity through Entain's transaction monitoring program (specifically the Legal High Value Transaction Report amongst others); and (vii) escalated █████ to senior management on the following dates: (A) 8 April 2020; (B) 30 January 2024; (C) 21 February 2024; and (c) otherwise admits the row.
	G2	In relation to row G2, Entain: (a) refers to and repeats row G1, above; (b) says that its practice during the Relevant Period was to manually review all accounts held by a particular customer (including █████) for the purpose of consistently applying a single ML/TF risk rating for that customer (including █████); (c) says further that throughout the Relevant Period, Entain considered the risk rating assigned to █████ accounts in determining █████ risk rating, as recorded in Cerberus; and (d) otherwise denies the row.
	G3	In response to row G3, Entain: (a) refers to and repeats row G1, above; and (b) otherwise admits the row.
	G4	In response to row G4, Entain: (a) refers to and repeats row G1, above; and (b) otherwise admits the row.
	G5	In response to row G5, Entain: (a) refers to repeats rows E1 to E7 and G1 above; (b) says that from the date on which ECDD was triggered, specifically from 15 July 2019, Entain: (i) lodged 8 SMRs; (ii) raised █████ risk ratings to high in September 2023 following a High Risk Remediation review, which meant that █████ was subject to high risk reviews from this time;

		(iii) undertook some ECDD measures including commencing a formal SOW/SOF process in December 2023, which led to [REDACTED] suspension and exit; and Particulars Cerberus records for [REDACTED] produced to AUSTRAC. (c) otherwise admits the row.
	G6	In response to row G6, Entain: (a) refers to and repeats rows G1 and G5 above; (b) admits that from July 2019 to 13 December 2023, Entain did not appropriately review or undertake more detailed analysis of [REDACTED] transactions, including the level of transactional behaviour and the purpose, reasons for or nature of the transactional behaviour; and (c) otherwise denies the row.
	G7	In response to row G7, Entain: (a) refers to and repeats row E3 and G1, above; (b) admits sub-rows (a) and (b); (c) in relation to sub-row (c): (i) says that during the Relevant Period, the AML/CTF Rules did not require Entain to conduct verification of SOW/SOF but instead r 15.10 required Entain to undertake measures appropriate to the circumstances, which could include taking reasonable measures to identify SOW/SOF, and it was not until 12 December 2022 that AUSTRAC published guidance which referred to verifying SOW/SOF information; (ii) admits the sub-row from 12 December 2022, (d) in relation to sub-row (d), says that from July 2019, Entain considered the ML/TF risks in relation to [REDACTED] SOW/SOF where those risks were identified in SMRs, but admits that Entain's consideration of these risks was not appropriate; and (e) otherwise denies the row.
	G8	In response to row G8, Entain: (a) refers to and repeats rows G1 and G5, above; and

		(b) otherwise admits the row.
	G9	In response to row G9, Entain: (a) refers to and repeats rows G1 and G9, above; and (b) otherwise admits the row.

SCHEDULE 10: [REDACTED]

A: Customer	A	Entain admits row A.
B: Account(s)	B1	Entain admits row B1.
	B2	In response to row B2, Entain: (a) says that the Second Account (Bookmaker) was closed on 11 November 2021; and (b) otherwise admits row B2.
	B3	Entain admits row B3.
C: Summary of transactional activity by account	C1	Entain admits row C1.
	C2	Entain does not plead to row C2 because it contains no allegation against it.
	C3	Entain admits row C3.
D: Date in Relevant Period on and from which matters indicative of high ML/TF Risk existed	D	Entain admits row D.
E: List of matters indicative of high ML/TF Risk	E1	Entain admits row E1 and says further that: (a) [REDACTED] did not regularly use the Third Account (Neds) prior to June 2018; and (b) says further that the following matters are not of themselves indicative of high ML/TF risk: (i) that the amounts of money deposited and withdrawn by [REDACTED] from June 2018 were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (ii) that large amounts of money were being moved into and out of the Third Account (Neds) on an ongoing basis.
	E2	In response to row E2, Entain: (a) admits that from no later than 1 May 2019, Entain had information that, in November 2018, multiple deposits that [REDACTED] had attempted to make into the Third Account (Neds) had failed;

		(b) says that shortly after the failed deposits occurred, the deposits were successfully made; (c) says further that the fact admitted at sub-row (a) is not of itself indicative of high ML/TF risk; and (d) otherwise denies the row.
	E3	In response to row E3, Entain: (a) admits that from 1 May 2019, at all times, ██████ deposited and withdrew large amounts of money into and from the Third Account (Neds); (b) says that the amounts referred to at sub-row (a), above, were not unusually large relative to the winnings on the Third Account (Neds); (c) says further that the following facts are not of themselves indicative of high ML/TF risk; (i) that the amounts of money deposited and withdrawn by ██████ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (ii) that large amounts of money were being moved into and out of the Third Account (Neds) on an ongoing basis, however, admits that for ██████ those facts were indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E18 herein; and (d) otherwise denies the row.
	E4	In response to row E4, Entain: (a) says that during the Relevant Period, Entain ran the following searches in order to identify and verify ██████ SOW/SOF: (i) social media searches to identify ██████ alternative ██████; (ii) Google searches on the ██████ ██████ said he owned, ██████, to identify a company name to run ASIC searches with; (iii) ASIC searches on several ██████ potentially linked to the name ██████ (which results could not be conclusively linked to ██████);

		(iv) ASIC searches on a company, ██████████, which ██████████ informed Entain he held shares in (which results did not list ██████████ as a shareholder); (v) ABN searches; (vi) title searches in New South Wales; (vii) Detective Desk (a third party provider of company and individual search databases) searches and news media searches; (b) says that during the Relevant Period, Entain obtained the responses to a formal SOW/SOF survey on 12 April 2021 from ██████████ in order to identify and verify ██████████ SOW/SOF information; and (c) admits that, despite sub-rows (a) to (b) above, Entain did not have sufficient information about ██████████ SOW/SOF as alleged in row E4.
	E5	Entain admits row E5, save to say that the fact that the Third Account (Neds) was linked to multiple unexpired credit or debit cards is not of itself indicative of high ML/TF risk.
	E6	In response to row E6, Entain: (a) admits that, from December 2019, there was a material change in ██████████ depositing and withdrawing patterns — specifically, there was a further significant increase/escalation in the amount of money that ██████████ deposited into and withdrew from the Third Account (Neds); (b) says further that that the following matters are not of themselves indicative of high ML/TF risk; (i) that the amounts of money deposited and withdrawn by ██████████ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); (ii) that large amounts of money were being moved into and out of the Third Account (Neds) on an ongoing basis; and (iii) that ██████████ betting activity on the Third Account (Neds) amounted to an increase

		on the monthly average for January to April 2019, however, admits that for [REDACTED] those facts were indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E18 herein; and (c) otherwise denies the row.
	E7	In response to row E7, Entain: (a) admits that, in June 2019, multiple deposits that [REDACTED] attempted to make into the Third Account (Neds) failed; (b) says that the majority of [REDACTED] deposits during June 2019 were successful; (c) says further that: (i) rejection codes in relation to the failed deposits indicated that the failures were attributable to insufficient funds; and (ii) in almost every case, shortly after the failed deposits occurred, the deposits were successfully made; (d) says further that the fact admitted at sub-row (a) is not of itself indicative of high ML/TF risk, however, admits that for [REDACTED] this fact was indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E18 herein; and (e) otherwise denies the row.
	E8	In response to row E8, Entain: (a) says that, on 16 October 2019, [REDACTED] provided information to Entain that he owned a business, but declined to disclose the field until 10 December 2019; and (b) otherwise admits row E8.
	E9	Entain admits row E9.
	E10	Entain admits row E10 and says further that from July 2020, Entain had information indicating that a large proportion of [REDACTED] deposits may have been funded by prior winnings. Particulars Cerberus Records for [REDACTED] produced to AUSTRAC. SMR provided to AUSTRAC in relation to [REDACTED] dated 20 October 2020.

	E11	In response to row E11: (a) admits that, in 2020 (especially from June 2020), there was a material change in ██████ depositing and withdrawing patterns — specifically, there was a further significant increase/escalation in the amount of money that ██████ deposited into and withdrew from the Third Account (Neds); (b) says further that the following matters are not of themselves indicative of high ML/TF risk: (i) that from July 2020, Entain had information indicating that a large proportion of ██████ deposits may have been funded by prior winnings; (ii) that the amounts of money deposited and withdrawn by ██████ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); (iii) that large amounts of money were being moved into and out of the Third Account (Neds) on an ongoing basis; and (iv) that ██████ betting activity on the Third Account (Neds) amounted to an increase on the monthly average for 2019, however, admits that for ██████ those facts were indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E18 herein; and (c) otherwise denies the row.
	E12	Entain admits row E12 save to say that the fact that multiple deposits that ██████ attempted to make into the Third Account (Neds) failed is not of itself indicative of high ML/TF risk.
	E13	Entain admits row E13.
	E14	In response to row E14, Entain: (a) admits that, from June to October 2020 (and especially July to August 2020), ██████ frequently made large bets through the Third Account (Neds); (b) says further that from July 2020, Entain had information indicating that a large proportion of ██████ bets may have been funded by prior winnings;
Particulars		

		Cerberus Records for ██████ produced to AUSTRAC SMR provided to AUSTRAC in relation to ██████ dated 20 October 2020 (c) says further that the fact that ██████ frequently made large bets through the Third Account (Neds) is not of itself indicative of high ML/TF risk, however, admits that for ██████ this fact was indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E18 herein; and (d) otherwise denies the row.
E15	In response to row E15, Entain:	(a) admits that, in each of June, July and August 2020, ██████ withdrew more from the Third Account (Neds) than he deposited into the Third Account (Neds); (b) says that ██████ was able to withdraw more from the Third Account (Neds) than he deposited into the Third Account (Neds) because ██████ betting activity on the Third Account (Neds) saw positive returns; (c) says further that the fact that ██████ withdrew more from the Third Account (Neds) than he deposited into the Third Account (Neds) is not of itself indicative of high ML/TF risk; and (d) otherwise denies the row.
E16	In response to row E16, Entain:	(a) admits that, on multiple occasions between June 2020 and April 2021, ██████ withdrew large amounts of money from the Third Account (Neds) shortly before depositing large amounts of money into the Third Account (Neds); and (b) otherwise denies the row.
E17	Entain admits row E17.	
E18	In response to row E18, Entain:	(a) admits that, in May 2021, there was a change in ██████ depositing patterns — specifically, ██████ began to use a different, potentially cash-based deposit method to make deposits into the Third Account (Neds); (b) says that ██████ made seven Flexepin Voucher deposits totalling \$2,700 into the Third Account

		(Neds) but also made \$15,701.60 in deposits across 38 deposits via the following non cash-based deposit methods: (i) Braintree ApplePay; (ii) Braintree Credit Card; (iii) Merchant Card; and (c) otherwise denies the row.
F: Dates on and from which monitoring failures existed and contraventions of s 36 occurred	F1	In response to row F1, Entain: (a) refers to and repeats paragraph 433 above; and (b) otherwise admits the row.
	F2	In response to row F2, Entain: (a) refers to and repeats paragraph 434 above and rows G1 to G2, below; and (b) otherwise admits the row.
	F3	In response to row F3, Entain: (a) refers to and repeats paragraph 435 above and rows G3 to G9, below; and (b) otherwise admits the row.
G: List of particular monitoring failures	G1	In response to row G1, Entain: (a) refers to and repeats rows E1 to E18, above; and (b) says that during the Relevant Period the closure of [REDACTED] accounts on 11 November 2021, Entain took the following measures to seek to address the combination of matters indicative of high ML/TF Risk (to the extent admitted in rows E1 to E18 above) that existed in relation to [REDACTED] and the provision of designated services to [REDACTED]: (i) undertook ECDD measures to identify [REDACTED] [REDACTED] SOW/SOF, as set out in row E4 above; (ii) performed ECDD in respect of [REDACTED] on a regular basis; Particulars Cerberus Records for [REDACTED] produced to AUSTRAC. (iii) contacted [REDACTED] on at least 6 occasions to obtain and discuss [REDACTED] SOW/SOF information; (iv) submitted at least 5 SMRs to AUSTRAC between 1 May 2019 and 20 October 2020

		recording suspicions that Entain developed during the course of its monitoring of [REDACTED]; (v) allocated [REDACTED] a 'High' ML/TF Risk Rating from 10 June 2019; (vi) conducted ML/TF 'risk rating reviews' on at least 3 occasions during the Relevant Period; (vii) monitored [REDACTED] transactions and betting activity through Entain's transaction monitoring program (specifically the Legal High Value Transaction Report amongst others); and (viii) escalated [REDACTED] to senior management in: (A) September 2020; and (B) May 2021, and (c) otherwise admits the row.
	G2	In response to row G2, Entain: (a) refers to and repeats row G1, above; (b) admits that at no time from 1 May 2019 until 10 June 2019 did Entain rate [REDACTED] 'High' ML/TF risk in relation to the Third Account (Neds); (c) says that, from 1 May 2019 to 10 June 2019, it was appropriate not to rate [REDACTED] 'High' ML/TF risk in relation to the Third Account (Neds) as it was not until 10 June 2019 that [REDACTED] appeared on any Transaction Monitoring Reports or otherwise raised any AML/CTF red flags; and (d) otherwise denies the row. Particulars Cerberus Records for [REDACTED] produced to AUSTRAC SMR provided to AUSTRAC in relation to [REDACTED] dated 10 June 2019
	G3	In response to row G3, Entain: (a) refers to and repeats rows E1 to E18 and G1, above; (b) says that Entain performed ECDD on a regular basis; and Particulars

		Cerberus Records for [REDACTED] produced to AUSTRAC. (c) otherwise admits the row.
	G4	In response to row G4, Entain: (a) refers to and repeats rows G1 and G3 above; (b) admits that, from June 2019 to August 2020, Entain did not appropriately review or undertake more detailed analysis of [REDACTED] transactions, including the level of transactional behaviour and the purpose, reasons for or nature of the transactional behaviour; and (c) otherwise denies the row. Particulars Cerberus Records for [REDACTED] produced to AUSTRAC
	G5	In response to row G5, Entain: (a) refers to and repeats rows E4, G1 and G3 above; (b) admits sub-row (a); (c) admits sub-row (b); (d) in relation to sub-row (c): (i) says that during the Relevant Period, the AML/CTF Rules did not require Entain to conduct verification of SOW/SOF but instead r 15.10 required Entain to undertake measures appropriate to the circumstances, which could include taking reasonable measures to identify SOW/SOF, and it was not until 12 December 2022 that AUSTRAC published guidance which referred to verifying SOW/SOF information; and (ii) admits the sub-row from 12 December 2022; (e) in relation to sub-row (d), says that, from 10 December 2019, Entain was aware that [REDACTED] claimed SOW/SOF were predominantly cash-based and Entain: (i) specifically considered whether [REDACTED] behaviour was consistent with owning a cash-based business and whether it was indicative of ML/TF Risks;

		(ii) submitted an SMR on 11 December 2019 after learning █████ claimed SOW/SOF; and (iii) considered █████ claimed SOW/SOF to be from an industry involving higher ML/TF Risks; and (f) otherwise denies the row.
	G6	In response to row G6, Entain: (a) refers to and repeats rows G1 and G3, above; and (b) otherwise admits the row.
	G7	In response to row G7, Entain: (a) refers to and repeats rows G1 and G3 above; and (b) otherwise admits the row.
	G8	In response to row G8, Entain: (a) refers to and repeats rows G1 and G3; (b) says that Entain closed █████ Third Account (Neds) on 11 November 2021; and (c) otherwise admits the row.
	G9	In response to row G9, Entain: (a) refers to and repeats rows G1 and G3; (b) says that Entain closed █████ Third Account (Neds) on 11 November 2021; and (c) otherwise admits the row.

SCHEDULE 11:

A: Customer	A	Entain admits row A.
B: Account(s)	B1	Entain admits row B1.
	B2	In response to row B2, Entain: (a) says that [REDACTED] Second Account (Neds) was closed on 7 November 2023; and (b) otherwise admits the row.
C: Summary of transactional activity by account	C1	Entain admits row C1.
	C2	Entain admits row C2.
D: Date in Relevant Period on and from which matters indicative of high ML/TF Risk existed	D	Entain admits row D.
E: List of matters indicative of high ML/TF Risk	E1	In response to row E1, Entain: (a) admits that on 1 March 2019, [REDACTED] deposited a large amount of money into the Second Account; and (b) otherwise denies the row.
	E2	Entain admits row E2, save to say that the following facts are not of themselves indicative of high ML/TF risk: (a) that amounts of money deposited and withdrawn by [REDACTED] were materially above average total deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (b) that large amounts of money were being moved into and out of the Second Account (Neds) on an ongoing basis.
	E3	In response to row E3, Entain: (a) says that during the Relevant Period, Entain ran the following searches in order to identify and verify [REDACTED] SOW/SOF: (i) ASIC company and individual searches indicating [REDACTED] was a director and shareholder of [REDACTED]; (ii) ABN searches;

		(iii) Google, social media and new media searches on [REDACTED] and other companies believed to be associated with [REDACTED]; and (iv) title searches in Victoria, Queensland, New South Wales and Western Australia; (b) says that during the Relevant Period, Entain obtained from [REDACTED]: (i) in September 2022, a SOF survey purporting to provide further information about his SOW/SOF; (ii) a Business Activity Statement for a trust believed to be associated with [REDACTED]; and (iii) a bank letter and bank statements in relation to [REDACTED]; (c) denies the row in the period prior to October 2021; and (d) otherwise admits that despite sub-rows (a) to (b) above, from October 2021, Entain did not have sufficient information about [REDACTED] SOW/SOF as alleged in row E3.
	E4	In response to row E4, Entain: (a) says that prior to July 2019, [REDACTED] did not regularly use the Second Account (Neds); (b) admits that in July 2019, there was a material change in [REDACTED] depositing and withdrawing patterns — specifically, there was a significant increase/escalation in the amount of money that [REDACTED] deposited into and withdrew from the Second Account (Neds); (c) says that the following are not of themselves indicative of high ML/TF risk: (i) that amounts of money deposited and withdrawn by [REDACTED] were materially above average total deposits and withdrawals for Entain's customer in the Relevant Period (by reference to Schedule A); (ii) that large amounts of money were being moved into and out of the Second Account (Neds) on an ongoing basis; and

		(iii) that [REDACTED] activity on the Second Account (Neds) amounted to an increase on prior dates or averages across periods, however, admits that for [REDACTED] those facts were indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E14 herein; and (d) otherwise denies the row.
	E5	Entain admits row E5, save to say that following are not of themselves indicative of high ML/TF risk: (a) that amounts of money deposited and withdrawn by [REDACTED] were materially above average total deposits and withdrawals for Entain's customer in the Relevant Period (by reference to Schedule A); (b) that large amounts of money were being moved into and out of the Second Account (Neds) on an ongoing basis; and (c) that [REDACTED] activity on the Second Account (Neds) amounted to an increase on prior dates or averages across periods, however, admits that for [REDACTED] those facts were indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E14 herein.
	E6	Entain admits row E6 and says further that: (a) for a number of failed deposits, shortly after the failed deposits occurred, the deposits were successfully made; and (b) the fact that multiple deposits that [REDACTED] attempted to make into his Second Account (Neds) failed is not of itself indicative of high ML/TF risk, however, admits that for [REDACTED] those facts were indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E14 herein.
	E7	Entain admits row E7, save to say that the following facts are not of themselves indicative of high ML/TF risk: (a) that amounts of money deposited and withdrawn by [REDACTED] were materially above average total deposits and withdrawals for Entain's customer in the Relevant Period (by reference to Schedule A); (b) that large amounts of money were being moved into and out of the Second Account (Neds) on an ongoing basis; and

		(c) that [REDACTED] activity on the Second Account (Neds) amounted to an increase on prior dates or averages across periods, however, admits that for [REDACTED] those facts were indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E14 herein.
	E8	Entain admits row E8.
	E9	Entain admits row E9, save to say that the following facts are not of themselves indicative of high ML/TF risk: (a) that amounts of money deposited and withdrawn by [REDACTED] were materially above average total deposits and withdrawals for Entain's customer in the Relevant Period (by reference to Schedule A); (b) that large amounts of money were being moved into and out of the Second Account (Neds) on an ongoing basis; and (c) that [REDACTED] activity on the Second Account (Neds) amounted to an increase on prior dates or averages across period, however, admits that for [REDACTED] those facts were indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E14 herein.
	E10	Entain admits row E10.
	E11	In response to E11, Entain: (a) admits that [REDACTED] withdrew more from the Second Account (Neds) than he deposited in the Second Account (Neds) in each of May, June, July and September 2023; (b) says that this activity was not unusual relative to the winnings on that account; (c) says that for customers who have an ongoing relationship with Entain, a large proportion of the deposits may be prior winnings as opposed to new sources of funds; (d) says further that the fact admitted at sub-row (a), above, is not of itself indicative of high ML/TF risk, however, admits that for [REDACTED] this fact was indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E14 herein; and (e) otherwise denies the row.
	E12	Entain admits row E12 and says further that upon obtaining this information in November 2023, it suspended [REDACTED] Second

		Account (Neds) on 3 November 2023 and closed the Second Account (Neds) on 7 November 2023.
	E13	Entain admits row E13 and says further that: (a) upon obtaining this information in November 2023, it suspended [REDACTED] accounts by 3 November 2023 and had closed [REDACTED] accounts by 7 November 2023; (b) on 5 November 2023, [REDACTED] opened an account under the name of a third party using false or misleading information and Entain submitted an SMR dated 10 November 2023 regarding this. Particulars SMR provided to AUSTRAC in relation to [REDACTED] dated 10 November 2023.
	E14	Entain admits row E14, and says further that: (a) Entain submitted an SMR in relation to the matters referred to in row E14; and (b) Entain had closed [REDACTED] accounts prior to the matters referred to in row E14.
F: Dates on and from which monitoring failures existed and contraventions of s 36 occurred	F1	In response to row F1, Entain: (a) refers to and repeats paragraph 433 above; and (b) otherwise admits the row.
	F2	In response to row F2, Entain: (a) refers to and repeats paragraph 434 above and rows G1 to G4, below; and (b) otherwise admits the row.
	F3	In response to row F3, Entain: (a) refers to and repeats paragraph 435 above, and rows G5-G11, below; and (b) otherwise admits the row.
G: List of particular monitoring failures	G1	In response to row G1, Entain (a) refers to and repeats rows E1 to E14, above; (b) says that during the Relevant Period until the closure of [REDACTED] Second Account (Neds) on 7 November 2023, Entain took the following measures to seek to address the combination of matters indicative of high ML/TF Risk (to the extent admitted in rows E1 to E14 above) that existed in relation to [REDACTED] and the provision of designated services to [REDACTED]:

		(i) undertook measures to identify [REDACTED] SOW/SOF, as set out in row E3 above; (ii) performed ECDD in respect of [REDACTED] on numerous occasions; Particulars Cerberus Records for [REDACTED] produced to AUSTRAC. (iii) submitted 4 SMRs to AUSTRAC between 21 October 2022 and 7 August 2024 recording suspicions that Entain developed during the course of its monitoring of [REDACTED]; (iv) allocated [REDACTED] a 'Medium' ML/TF Risk Rating on 12 September 2022 and a 'High' ML/TF Risk Rating on 18 October 2022; (v) monitored [REDACTED] transactions and betting activity through Entain's transaction monitoring program (specifically the Legal High Value Transaction Report amongst others); (vi) escalated [REDACTED] to senior management in: (A) October 2022; and (B) November 2023, and (c) otherwise admits the row.
	G2	In response to G2, Entain: (a) refers to and repeats row G1 above; and (b) otherwise admits the row.
	G3	In response to G3, Entain: (a) refers to and repeats row G1 above; and (b) otherwise admits the row.
	G4	In response to G4, Entain: (a) refers to and repeats row G1 above; and (b) otherwise admits the row.
	G5	In response to row G5, Entain: (a) refers to and repeats rows E1 to E14 and G1, above; (b) undertook ECDD in respect of [REDACTED] on a number of occasions from 18 October 2022; and Particulars Cerberus Records for Customer 11 produced to AUSTRAC.

		(c) otherwise admits the row.
	G6	In response to row G6, Entain: (a) refers to and repeats rows G1 and G5, above; (b) admits that prior to 2022, Entain did not appropriately review or undertake more detailed analysis of █████ transactions, including the level of transactional behaviour and the purpose, reasons for or nature of the transactional behaviour; and Particulars For example, Cerberus Record for █████ dated 17 October 2023. (c) otherwise denies the row.
	G7	In response to row G7, Entain: (a) refers to and repeats rows E3, G1 and G5, above; (b) admits sub-row (a); (c) admits sub-row (b); (d) in relation to sub-row (c): (i) says that during the Relevant Period, the AML/CTF Rules did not require Entain to conduct verification of SOW/SOF, but instead r 15.10 required Entain to undertake measures appropriate to the circumstances, which could include taking reasonable measures to identify SOW/SOF, and it was not until 12 December 2022 that AUSTRAC published guidance which referred to verifying SOW/SOF information; and (ii) admits the sub-row from 12 December 2022; (e) in relation to sub-row (d), says that from 21 October 2022, Entain considered the ML/TF Risks relating to █████ SOW/SOF where those risks were identified in SMRs, but admits that Entain's consideration of these risks was not appropriate; and (f) otherwise denies the row.
	G8	In response to row G8, Entain: (a) refers to and repeats rows G1 and G5 above; and (b) otherwise admits the row.
	G9	In response to row G9, Entain: (a) refers to and repeats rows G1 and G5, above; and

		(b) otherwise admits the row.
	G10	In response to row G10, Entain: (a) refers to and repeats rows G1 and G5, above; and (b) otherwise admits the row.
	G11	In response to row G11, Entain: (a) refers to and repeats row G1 and G5, above; and (b) otherwise admits the row.

SCHEDULE 12: [REDACTED]

A: Customer	A	Entain admits row A.
B: Account(s)	B1	Entain admits row B1.
	B2	Entain admits row B2.
C: Summary of transactional activity by account	C1	Entain admits row C1.
	C2	Entain admits row C2.
D: Date in Relevant Period on and from which matters indicative of high ML/TF Risk existed	D	Entain admits row D.
E: List of matters indicative of high ML/TF Risk	E1	In response to row E1, Entain: (a) admits that upon opening the First Account (Ladbrokes), [REDACTED] began immediately to deposit and withdraw large amounts of money into and from the First Account (Ladbrokes); (b) says that the following facts are not themselves indicative of high ML/TF risk: (i) that the amounts of money deposited and withdrawn by [REDACTED] were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (ii) that large amounts of money were being moved into and out of the First Account (Ladbrokes) on an ongoing basis, however, admits that for [REDACTED] those facts were indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E18 herein; and (c) otherwise denies the row.
	E2	In response to row E2, Entain: (a) admits that at times during the period in which the First Account (Ladbrokes) was open, [REDACTED] deposited and withdrew unusually large amounts of money into and from the First Account (Ladbrokes);

		(b) says that the following facts are not of themselves indicative of high ML/TF risk: (i) that the amounts of money deposited and withdrawn by █████ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (ii) that large amounts of money were being moved into and out of the First Account (Ladbrokes) on an ongoing basis; however, admits that for █████ those facts were indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E18 herein; and (c) otherwise denies the row. Particulars There were periods during the period in which the First Account (Ladbrokes) was open (for example March 2022) where █████ did not deposit or withdraw unusually large amount of money into and from the First Account (Ladbrokes).
	E3	In response to row E3, Entain: (a) admits that at times during the period in which the First Account (Ladbrokes) was open, █████ deposited and withdrew money into and from the First Account (Ladbrokes) with high frequency; (b) says that the fact admitted at sub-row (a) is not of itself indicative of high ML/TF risk, however, admits that for █████ this fact was indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E18 herein; and (c) otherwise denies the row. Particulars There were periods during the period in which the First Account (Ladbrokes) was open (for example, November 2020), when █████ did not deposit or withdraw money into and from the First Account (Ladbrokes) with high frequency.
	E4	In response to row E4, Entain: (a) says that during the period in which █████ had an open account with Entain, █████ Cerberus records

		detail that Entain ran the following searches in order to identify and verify █████ SOW/SOF: (i) Detective Desk (a third party provider of company and individual search databases) searches and Google searches relating to █████ property ownership; (ii) title searches of properties in █████ name; (iii) ABN searches; and (iv) ASIC individual searches for █████; (b) says that during the period in which █████ had an open account with Entain, Entain obtained the following information and documentation from █████ to identify and verify █████ SOW/SOF: (i) responses to a SOF survey; (ii) a personal bank statement for the period December 2020 – February 2021; (iii) house title documentation which evidenced █████ property ownership; and (c) admits that, despite sub-rows (a) to (b) above, Entain did not have information sufficient about █████ SOW/SOF as alleged in row E4.
	E5	In response to row E5, Entain: (a) admits that from April to May 2020, Entain had information available to it that, from April 2020 to May 2020, deposits that █████ attempted to make had regularly failed; (b) says that: (i) rejection codes in relation to the failed deposits indicated that the failures were attributable to insufficient funds; (ii) shortly after the failed deposits occurred, the deposits were successfully made; (c) says further that the fact admitted at sub-row (a) is not of itself indicative of high ML/TF risk, however, admits that for █████ this fact was indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E18 herein; and (d) otherwise denies the row.
	E6	Entain admits row E6.
	E7	Entain admits row E7.

	E8	In response to row E8, Entain admits the row save to say that the following matters are not of themselves indicative of high ML/TF risk: (a) that the amounts of money deposited and withdrawn by █████ were materially above average total deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (b) that █████ betting activity on the First Account (Ladbrokes) amounted to an increase in the monthly average for April to December 2020.
	E9	Entain admits row E9.
	E10	Entain admits row E10.
	E11	Entain admits row E11 and says further that Entain filed an SMR on 5 February 2021 that reported this information to AUSTRAC.
	E12	In response to row E12, Entain: (a) admits that from February 2021 until February 2022, █████ regularly engaged in transactions that were "threshold transactions" within the meaning of the Act; (b) says that the fact admitted at sub-row (a) above is not of itself indicative of high ML/TF risk, however, admits that for █████ this fact was indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E18 herein; and (c) otherwise denies the row.
	E13	Entain admits row E13.
	E14	Entain admits row E14.
	E15	In response to row E15, Entain admits the row, save to say that the following matters are not of themselves indicative of high ML/TF risk: (a) that the amounts of money deposited and withdrawn by █████ were materially above average total deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (b) that █████ betting activity on the First Account (Ladbrokes) amounted to an increase in the monthly average for 2021.
	E16	Entain admits row E16.
	E17	In response to row E17, Entain: (a) admits that in August 2023, there was a material change in █████ depositing and withdrawing patterns – specifically, there was a significant increase /

		escalation in the amount of money that █████ deposited into and withdrew from the Second Account (Neds); and (b) otherwise denies the row.
	E18	Entain admits row E18.
F: Dates on and from which monitoring failures existed and contraventions of s 36 occurred	F1	In response to row F1, Entain: (a) refers to and repeats paragraph 433 above; and (b) otherwise admits the row.
	F2	In response to row F2, Entain: (a) refers to and repeats paragraph 434 above; and (b) otherwise admits the row.
	F3	In response to row F3, Entain: (a) refers to and repeats paragraph 435 above; and (b) otherwise admits the row.
G: List of particular monitoring failures	G1	In response to row G1, Entain: (a) refers to and repeats rows E1 to E18, above; (b) says that during the Relevant Period until the closure of █████ Second Account (Neds) on 18 August 2023, Entain took the following measures to seek to address the combination of matters indicative of high ML/TF Risk (to the extent admitted in rows E1 to E18 above) that existed in relation to █████ and the provision of designated services to █████: (i) undertook ECDD measures to identify █████ SOW/SOF, as set out in row E4 above; (ii) performed ECDD in respect of █████ a on a regular basis; Particulars Cerberus Records for █████ produced to AUSTRAC. (iii) contacted █████ to obtain and discuss █████ SOW/SOF information; (iv) submitted 5 SMRs to AUSTRAC between 7 July 2020 and 15 August 2023 recording suspicions that Entain developed during the course of its monitoring of █████; (v) allocated █████ a 'High' ML/TF risk rating between 11 January 2021 to 26 February 2021;

		(vi) monitored █████ transactions and betting activity through Entain's transaction monitoring program (specifically the Legal High Value Transaction Report amongst others); and (vii) escalated █████ to senior management on 9 August 2023; and (c) otherwise admits the row.
	G2	In response to row G2, Entain: (a) refers to and repeats row G1, above; and (b) otherwise admits the row.
	G3	In response to row G3, Entain: (a) refers to and repeats row G1, above; and (b) otherwise admits the row.
	G4	In response to row G4, Entain: (a) refers to and repeats row G1, above; and (b) otherwise admits the row.
	G5	In response to row G5, Entain: (a) refers to and repeats row G1, above; and (b) otherwise admits the row.
	G6	In response to row G6, Entain: (a) refers to and repeats paragraphs 171 to 181 and row G1, above; (b) says that from at least 14 April 2020 █████ was assigned an Account Manager and from at least 28 May 2020 █████ was assigned a VIP Manager; and (c) otherwise denies the row.
	G7	In response to row G7, Entain: (a) refers to and repeats rows E1 to E18 and G1 above; (b) says that from the date on which ECDD was triggered, specifically, from 7 July 2020, Entain: (i) lodged 5 SMRs; (ii) undertook some ECDD measures (including Detective Desk and open source searches, title searches and ABN/ASIC searches); and (iii) raised █████ ML/TF risk rating to High from 11 January 2021 to 26 February 2021, which meant that █████ was subject to high risk reviews during this period; and

		Particulars Cerberus records for █████ produced to AUSTRAC. (c) otherwise admits the row.
	G8	In response to row G8, Entain: (a) refers to and repeats rows G1 and G7, above; and (b) otherwise admits the row.
	G9	In response to row G9, Entain: (a) refers to and repeats rows E4, G1 and G7, above; (b) admits sub-rows (a) and (b); (c) in relation to sub-row (c): (i) says that during the Relevant Period, the AML/CTF Rules did not require Entain to conduct verification of SOW/SOF but instead r 15.10 required Entain to undertake measures appropriate to the circumstances, which could include taking reasonable measures to identify SOW/SOF, and it was not until 12 December 2022 that AUSTRAC published guidance which referred to verifying SOW/SOF information; and (ii) admits the sub-row from 12 December 2022; and (d) otherwise denies the row.
	G10	In response to row G10, Entain: (a) refers to and repeats rows G1 and G7, above; and (b) otherwise admits the row.
	G11	In response to row G11, Entain: (a) refers to and repeats rows G1 and G7, above; and (b) otherwise admits the row.
	G12	In response to row G12, Entain: (a) refers to and repeats rows G1 and G7, above; and (b) otherwise admits the row.
	G13	In response to row G13, Entain: (a) refers to and repeats rows G1 and G7, above; (b) says that Entain suspended █████ Second Account (Neds) on its own initiative on 14 August 2023; and (c) otherwise admits the row.
	G14	In response to row G14, Entain:

		(a) refers to and repeats rows G1 and G7, above; (b) says that on 18 August 2023, following a review by senior management, Entain closed ██████ Second Account (Neds) on its own initiative; and (c) otherwise admits the row.
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SCHEDULE 13: [REDACTED]

A: Customer	A	Entain admits row A.
B: Account(s)	B	Entain admits row B.
C: Summary of transactional activity by account	C	Entain admits row C.
D: Date in Relevant Period on and from which matters indicative of high ML/TF Risk existed	D	Entain admits row D.
E: List of matters indicative of high ML/TF Risk	E1	In response to row E1, Entain: (a) admits that prior to the Relevant Period [REDACTED] was the subject of adverse reporting in media/public sources in connection with serious criminal offences specifically, it was reported that [REDACTED], along with a number of other men, appeared before the Local Court accused of [REDACTED]; (b) says that the reporting did not link the violence to organised crime; (c) says that the incident subject of the report was almost 10 years prior to [REDACTED] opening the Ladbrokes Account; and (d) denies that this adverse reporting was indicative of high ML/TF risk in and of itself, however, admits that for [REDACTED] this was indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E13 herein; and (e) otherwise denies the row.
	E2	Entain admits row E2.
	E3	Entain admits row E3.
	E4	In response to row E4, Entain admits the row, save to say that the fact that [REDACTED] deposited unusually large amounts of money into his Ladbrokes account as alleged in row E4 is not itself indicative of high ML/TF Risk.
	E5	Entain admits row E5.
	E6	In response to row E6, Entain:

		(a) admits the row for the period January 2019 to December 2022; (b) says that the following facts are not themselves indicative of high ML/TF risk: (i) that the amounts of money deposited by [REDACTED] were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (ii) that large amounts of money were being moved into and out of [REDACTED] Ladbrokes account on an ongoing basis; however, admits that for [REDACTED] this fact was indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E13 herein; and (c) otherwise denies the ro
E7	In response to row E7, Entain:	(a) says that during the Relevant Period, Entain ran the following searches in order to identify and verify [REDACTED] SOW/SOF: (i) title searches of properties [REDACTED] stated he had owned and sold; (ii) ABN searches; (iii) ASIC searches on [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED] [REDACTED] (b) says that during the Relevant Period, Entain obtained the following documentation from [REDACTED] in order to identify and verify [REDACTED] SOW/SOF: (i) a bank account statement ; and (ii) a draft version of a Trust Tax Return of a family trust in the name of [REDACTED]; and (c) admits that, despite sub-rows (a) to (b) above, at all times during the Relevant Period, Entain did not have sufficient information about [REDACTED] SOW/SOF as alleged in row E7.
E8	In response to row E8, Entain:	(a) admits that, during the Relevant Period, [REDACTED] Ladbrokes Account was linked to multiple unexpired credit/debit cards;

		(b) says that the fact that the Ladbrokes Account was linked to multiple unexpired credit or debit cards is not of itself indicative of high ML/TF Risk, however, admits that for [REDACTED] this fact indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E13 herein; and (c) otherwise denies the row.
	E9	In response to row E9, Entain admits the row, save to say that the fact that the amounts of money deposited and withdrawn by [REDACTED] were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A) is not itself indicative of high ML/TF Risks.
	E10	Entain admits row E10.
	E11	In response to row E11, Entain: (a) admits that during discrete periods from September 2019 until December 2022, deposits made by [REDACTED] into his Ladbrokes Account regularly failed; and (b) says that: (i) rejection codes in relation to the failed deposits indicated that the failures were attributable to insufficient funds or withdrawal limits being reached; (ii) shortly after the failed deposits occurred, the deposits were successfully made; (c) says further that the fact admitted in sub-row (a) above is not of itself indicative of high ML/TF risk, however, admits that for [REDACTED] this fact was indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E13 herein; and (d) otherwise denies the row Particulars There were periods between September 2019 and December 2022 (for example, in December 2020, November 2021 and September 2022) in which deposits made by [REDACTED] into his Ladbrokes Account did not regularly fail .
	E12	In response to row E12, Entain admits the row, save to say that the following facts are not of themselves indicative of high ML/TF risk:

		(a) that the amounts of money deposited and withdrawn by █████ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); (b) that large amounts of money were being moved into and out of the Ladbrokes Account on an ongoing basis, however, admits that for █████ those facts were indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E13 herein; and (c) █████ won significantly more than he lost between December 2019 and January 2020 and won more than he lost in the 2020 calendar year.
	E13	In response to row E13, Entain admits the row, save to say that the amounts of money deposited and withdrawn by █████ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A) is not itself indicative of high ML/TF risk.
F: Dates on and from which monitoring failures existed and contraventions of s 36 occurred	F1	In response to row F1, Entain: (a) refers to and repeats paragraph 433 above; and (b) otherwise admits the row.
	F2	In response to row F2, Entain: (a) refers to and repeats paragraph 434 above, and rows G1 to G6, below; and (b) otherwise admits the row.
	F3	In response to row F3, Entain: (a) refers to and repeats paragraph 435 above, and rows G7 to G13, below; and (b) otherwise admits the row.
G: List of particular monitoring failures	G1	In response to row G1, Entain: (a) refers to and repeats rows E1 to E13, above; (b) says that during the Relevant Period until the closure of █████ Ladbrokes Account on 14 December 2022, Entain took the following measures to seek to address the combination of matters indicative of high ML/TF Risk (to the extent admitted in rows E1 to E13 above) that existed in relation to █████ and the provision of designated services to █████: (i) undertook ECDD measures to identify █████ SOW/SOF, as set out in row E7 above;

		(ii) performed ECDD in respect of [REDACTED] on a regular basis; Particulars Cerberus Records for [REDACTED] produced to AUSTRAC. (iii) contacted [REDACTED] to obtain and discuss [REDACTED] SOW/SOF information; (iv) submitted 8 SMRs to AUSTRAC between 29 March 2019 to 19 December 2022 recording suspicions that Entain developed during the course of it monitoring of [REDACTED]; (v) allocated [REDACTED] a 'Medium' or 'High' ML/TF risk rating on a number of occasions from 14 August 2018; (vi) conducted ML/TF 'risk rating reviews' on at least 4 occasions during the Relevant Period; (vii) monitored [REDACTED] transactions and betting activity through Entain's TMP (specifically the Legal High Value Transaction Report amongst others); (viii) escalated [REDACTED] to senior management in November 2022; and (c) otherwise admits the row.
	G2	In response to row G2, Entain: (a) refers to and repeats row G1, above; and (b) otherwise admits the row.
	G3	In response to row G3, Entain: (a) refers to and repeats row G1, above; and (b) otherwise admits the row.
	G4	In response to row G4, Entain: (a) refers to and repeats row G1, above; and (b) otherwise admits the row.
	G5	In response to row G5, Entain: (a) refers to and repeats row G1, above; and (b) otherwise admits the row.
	G6	In response to row G6, Entain: (a) refers to and repeats paragraphs 171 to 181 and row G1, above;

		(b) says that from 10 April 2015, [REDACTED] was assigned a BDM; and (c) otherwise denies the row.
	G7	In response to row G7, Entain: (a) refers to and repeats rows E1 to E13, and row G1, above; says that Entain performed ECDD in respect of [REDACTED] on a regular basis; and Particulars Cerberus Records for [REDACTED] produced to AUSTRAC (b) otherwise admits the row.
	G8	In response to row G8, Entain: (a) refers to and repeats rows G1 and G7 above; (b) admits that from March 2021, Entain did not appropriately review or undertake more detailed analysis of [REDACTED] transactions, including the level of transactional behaviour and the purpose, reasons for or nature of the transactional behaviour; and (c) otherwise denies the row.
	G9	In response to row G9, Entain: (a) refers to and repeats rows E7, G1 and G7, above; (b) admits sub-row (a) and (b); (c) in response to sub-row (b), admits that from March 2021, Entain did not appropriately undertake more detailed analysis of information it had about [REDACTED] SOW/SOF, and otherwise denies the sub-row; (d) in relation to sub-row (c),: (i) says that during the Relevant Period, the AML/CTF Rules did not require Entain to conduct verification of SOW/SOF but instead r 15.10 required Entain to undertake measures appropriate to the circumstances, which could include taking reasonable measures to identify SOW/SOF, and it was not until 12 December 2022 that AUSTRAC published guidance which referred to verifying SOW/SOF information; (ii) admits the sub-row from 12 December 2022; and (e) in relation to sub-row (d), says that from 29 March 2019, Entain considered the ML/TF Risks relating to

		██████ SOW/SOF where those risks were identified in SMRs, but admits that Entain's consideration of these risks was not appropriate; and (f) otherwise denies the row.
G10	In response to row G10, Entain:	(a) refers to and repeats G1 to G7 above; and (b) otherwise admits the row.
G11	In response to row G11, Entain:	(a) refers to and repeats rows G1 and G7 above; (b) admits that until November 2022, ██████ was not appropriately escalated to and/or considered by Entain's senior management for the purpose of determining whether to continue a business relationship with him; and (c) otherwise denies the row.
G12	In response to row G12, Entain:	(a) refers to and repeats rows G1 and G7, above; and (b) otherwise admits the row.
G13	In response to row G13, Entain:	(a) refers to and repeats rows G1 and G7, above; (b) says that Entain closed ██████ Ladbrokes Account on 14 December 2022 at his request, after Entain informed ██████ that he would need to provide adequate documentation to accompany his formal SOW/SOF survey responses in order to lift the suspension on his Ladbrokes Account; and (c) otherwise admits the row.

SCHEDULE 14:

A: Customer	A	Entain admits row A.
B: Account(s)	B	Entain admits row B1.
C: Summary of transactional activity by account	C1	Entain admits row C1.
D: Date in Relevant Period on and from which matters indicative of high ML/TF Risk existed	D	Entain admits row D.
E: List of matters indicative of high ML/TF Risk	E1	In response to row E1, Entain: (a) admits that from May 2019, Entain had information available to it that, from March 2019, deposits that [REDACTED] had attempted to make into the Neds Account had regularly failed; (b) says that: (i) rejection codes in relation to the failed deposits indicated that the failures were attributable to insufficient funds; (ii) shortly after the failed deposits occurred, the deposits were successfully made; and (c) otherwise denies the row.
	E2	In response to row E2, Entain: (a) admits that from 1 May 2019 multiple deposits that [REDACTED] attempted to make into the Neds Account failed; (b) says that: (i) rejection codes in relation to the failed deposits indicated that the failures were attributable to insufficient funds; (ii) shortly after the failed deposits occurred, the deposits were successfully made; (c) says that the fact admitted at sub-row (a) above is not of itself indicative of high ML/TF risk; and (d) otherwise denies the row.
	E3	Entain admits row E3.

	E4 Entain admits row E4 (noting that this was, however, not the case for all months from May 2019).
	E5 In response to row E5, Entain: (a) says that during the Relevant Period, Entain ran the following searches in order to identify and verify █████ SOW/SOF: (i) LinkedIn searches which identified █████ may have worked as a █████ Particulars Cerberus Records for █████ produced to AUSTRAC. (ii) Realestate.com searches to identify the value of the residential address linked to █████ Entain account; and (iii) a bank check with █████; and (b) admits that, despite sub-row (a) above, from May 2019 during the Relevant Period, Entain did not have sufficient information about █████ SOW/SOF as alleged in row E5.
	E6 In response to row E6, Entain: (a) admits that on 2 May 2020, █████ made a large number of bets; (b) says that the transactional activity displayed in respect of █████ account was: (i) relative to the withdrawals on the account, as Entain considered that a large proportion of █████ deposits were redeposited winnings as opposed to new sources of funds; and (ii) consistent with activity increases around certain events such as COVID-19 lockdowns; and Particulars █████ most active month on his Neds Account was May 2020, which coincided with the COVID-19 pandemic response in Australia. (c) otherwise denies the row.
	E7 In response to row E7, Entain admits the row save to say that the withdrawal activity alleged in row E7 relates to █████ Neds Account as opposed to his Ladbrokes Account.

F: Dates on and from which monitoring failures existed and contraventions of s 36 occurred	F1	In response to row F1, Entain: (a) refers to and repeats paragraph 433 above; and (b) otherwise admits the row.
	F2	In response to row F2, Entain: (a) refers to and repeats paragraph 435 above, and rows G1-G4 below; and (b) to the extent of the admissions made in response to the rows and paragraphs referred to above, admits row F2 from 8 May 2019; and (c) otherwise denies the row.
	F3	In response to row F2, Entain: (a) refers to and repeats paragraph 435 above, and rows G5-G11 below; and (b) otherwise admits the row.
G: List of particular monitoring failures	G1	In response to row G1, Entain (a) refers to and repeats row E1 to E7, above; (b) says that during the Relevant Period until the closure of █████ Neds Account on 21 December 2020, Entain took the following measures to seek to address the combination of matters indicative of high ML/TF Risk (to the extent admitted in rows E1 to E7 above) that existed in relation to █████ and the provision of designated services to █████: (i) undertook ECDD measures to identify █████ SOW/SOF, as set out in row E5 above; (ii) performed ECDD in respect of █████; Particulars Cerberus Records for █████ produced to AUSTRAC. (iii) submitted 5 SMRs to AUSTRAC between April 2020 and September 2020 recording suspicions that Entain developed during the course of it monitoring of █████; (iv) allocated █████ a 'High' ML/TF risk rating from 25 May 2020; (v) monitored █████ transactions and betting activity through Entain's transaction monitoring program (specifically the Flexepin Report);

		(vi) escalated [REDACTED] to senior management on 16 April 2020; (vii) closed [REDACTED] account on 21 December 2020 for various reasons including because of his SOW/SOF and use of Flexepin, and (c) otherwise admits the row.
G2	In response to row G2, Entain:	(a) refers to and repeats G1, above; and (b) otherwise admits the row.
G3	In response to row G4, Entain:	(a) refers to and repeats G1, above; and (b) otherwise admits the row.
G4	In response to row G4, Entain:	(a) refers to and repeats row G1, above; (b) says that throughout the Relevant Period, the AML Team had access to notes made by the Fraud Team about a given customer (including [REDACTED]) on that customer's Cerberus profile; (c) says that the AML team reviewed the Fraud Team and Responsible Gambling Team's notes on [REDACTED] Cerberus profile; (d) says that the AML Team and Fraud Team communicated about matters relating to customers (and relating to [REDACTED]); and (e) otherwise denies the row.
G5	In response to row G8, Entain:	(a) refers to and repeats rows E1 to E7 and G1, above; (b) says that Entain performed ECDD in respect of [REDACTED]; and Particulars Cerberus Records for [REDACTED] produced to AUSTRAC. (c) otherwise admits the row.
G6	In response to row G6, Entain:	(a) refers to and repeats rows G1 and G5, above; and (b) otherwise admits the row
G7	In response to row G7, Entain:	(a) refers to and repeats row E5 and G1, above; (b) admits sub-rows (a) and (b);

		(c) in response to sub-row (c): (i) says that during the Relevant Period, the AML/CTF Rules did not require Entain to conduct verification of SOW/SOF but instead r 15.10 required Entain to undertake measures appropriate to the circumstances, which could include taking reasonable measures to identify SOW/SOF, and it was not until 12 December 2022 that AUSTRAC published guidance which referred to verifying SOW/SOF information; (ii) admits the sub-row from 12 December 2022; and (d) otherwise denies the row.
G8	In response to row G8, Entain:	(a) refers to and repeats rows G1 and G5 above; and (b) otherwise admits the row.
G9	In response to row G9, Entain:	(a) refers to and repeats rows G1 and G5, above; and (b) otherwise admits the row.
G10	In response to row G10, Entain:	(a) refers to and repeats rows G1 and G5, above; (b) admits the row for the period prior to September 2020; (c) says that Entain suspended █████ Neds Account on its own initiative on 23 September 2020; and (d) otherwise denies the row.
G11	In response to row G11, Entain:	(a) refers to and repeats rows G1 and G5, above; (b) admits that at no time from April 2020 until 21 December 2020 did Entain close █████ Neds Account; (c) says that Entain closed █████ Neds Account on 21 December 2020 on its own initiative for reasons including his SOW/SOF and use of Flexepin; and (d) otherwise denies the row.

SCHEDULE 15:

A: Customer	A	Entain admits row A.
B: Account(s)	B1	In response to row B1, Entain: (a) says that the First Account (Ladbrokes) was suspended on 21 June 2024 and closed on 4 March 2025; and (b) otherwise admits the row.
	B2	Entain admits row B2.
C: Summary of transactional activity by account	C1	In response to row C1, Entain: (a) says that the First Account (Ladbrokes) had a lifetime turnover of \$44,400,709.60; and (b) otherwise admits the row.
	C2	Entain admits row C2.
D: Date in Relevant Period on and from which matters indicative of high ML/TF Risk existed	D	Entain admits row D.
E: List of matters indicative of high ML/TF Risk	E1	In response to row E1, Entain admits the row, save to say that the fact that amounts of money deposited by █████ were materially above average total annual deposits for Entain's customers in the Relevant Period (by reference to Schedule A) is not itself indicative of high ML/TF risk.
	E2	Entain admits row E2.
	E3	In response to row E3, Entain: (a) admits that at times throughout the Relevant Period, █████ deposited and withdrew unusually large amounts of money into and from his accounts; (b) says further that the fact that the amounts of money deposited and withdrawn by █████ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A) is not of itself indicative of high ML/TF Risk, however, admits that for █████, this was indicative of high ML/TF risk in combination with the matters admitted in rows E1 to E20 herein; and (c) otherwise denies the row.

		Particulars There were periods during the Relevant Period (for example, July 2019 and June 2020) where [REDACTED] did not deposit and withdraw unusually large amounts of money into and from his accounts.
	E4	In response to row E4, Entain: (a) says that during the Relevant Period, Entain ran the following searches in order to identify and verify [REDACTED] SOW/SOF: (i) Google and LinkedIn searches of [REDACTED], which identified that [REDACTED] was the [REDACTED] of [REDACTED] [REDACTED] shareholder of several other Australian and [REDACTED] based companies; (ii) public source searches to determine the average salary for a person in [REDACTED] occupation; (iii) public source searches of [REDACTED]; (iv) ASIC company searches of [REDACTED], as well as ASIC company searches of other companies forming part of [REDACTED] and of which [REDACTED] was a director,; (v) [REDACTED]; (vi) [REDACTED]; (vii) [REDACTED]; (viii) [REDACTED]; (ix) [REDACTED]; (x) [REDACTED] and [REDACTED] and [REDACTED]; (xi) public source searches which indicated [REDACTED] owned properties that [REDACTED] appeared to own or part own; (b) says that during the Relevant Period, Entain sought to or did obtain the following documentation from [REDACTED] in order to identify and verify [REDACTED] SOW/SOF: (i) sought a completed SOW/SOF survey on 13 April 2021, 9 October 2023 and 6 June 2024; and

		(ii) obtained a completed SOW/SOF survey on 10 November 2023, in which █████ set out his savings and estimated annual income from his occupation and investments; and (c) admits that despite sub-rows (a) and (b) above, Entain did not have sufficient information about █████ SOW/SOF as alleged in row E4.
	E5	Entain admits row E5.
	E6	In response to row E6, Entain: (a) admits that at times from 1 May 2019, █████ deposited money into his accounts with high frequency; (b) says that the frequency with which █████ deposited money into his accounts is not itself indicative of high ML/TF risk, however, admits that this fact was indicative of high ML/TF risk in combination with the other matters admitted in rows E1 to E20 herein; and (c) otherwise denies the row. Particulars There were periods from 1 May 2019 (for example, July 2019 and November 2022) where █████ did not deposit money into his accounts with high frequency.
	E7	Entain admits row E7.
	E8	Entain admits row E8.
	E9	In response to row E9, Entain: (a) admits that in 2020, there was a material change in █████ depositing and withdrawing patterns – specifically, there was a significant increase/escalation in the amount of money that █████ deposited into and withdrew from his accounts; (b) says that the following facts are not themselves indicative of high ML/TF risk: (i) that the amounts of money deposited and withdrawn by █████ were materially above the average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); (ii) that █████ betting activity amounted to an increase on the monthly average for May to December 2021;

		however, admits that for [REDACTED], those facts were indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E20 herein; and (c) otherwise denies the row.
E10	In response to row E10, Entain: (a) admits that in 2021, there was a material change in [REDACTED] depositing and withdrawing patterns – specifically, there was a significant increase/escalation in the amount of money that [REDACTED] deposited into and withdrew from his accounts; (b) says that the following facts are not themselves indicative of high ML/TF risk: (i) that the amounts of money deposited and withdrawn by [REDACTED] were materially above the average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (ii) that [REDACTED] betting activity amounted to an increase on the monthly average for 2020, however, admits that for [REDACTED], those facts were indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E20 herein; and (c) otherwise denies the row.	
E11	Entain admits row E11.	
E12	Entain admits row E12 and says further that: (a) Entain requested the information in accordance with 'Stage 1' of its formal SOW/SOF inquiry process, which customers were encouraged but not required to respond to; and (b) [REDACTED] refusal is not in and of itself a matter indicative of high ML/TF risk, however, admits that for [REDACTED], this was indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E20 herein.	
E13	In response to row E13, Entain admits the row, save to say that the following facts are not themselves indicative of high ML/TF risk: (a) the fact that amounts of money deposited by [REDACTED] were materially above average total annual deposits for Entain's customers in the Relevant Period (by	

		reference to Schedule A) is not itself indicative of high ML/TF risk; and (b) that [REDACTED] betting activity amounted to an increase on the monthly average between January and September 2022.
	E14	Entain admits row E14.
	E15	In response to row E15, Entain: (a) admits that at times in 2023, there was a material change in [REDACTED] depositing and withdrawing patterns – specifically, there was a significant increase/escalation in the amount of money that [REDACTED] deposited into and withdrew from his accounts; (b) says that the following facts are not themselves indicative of high ML/TF risk: (i) that the amounts of money deposited and withdrawn by [REDACTED] were materially above the average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (ii) that [REDACTED] betting activity amounted to an increase on the monthly average for 2022, however, admits that for [REDACTED], those facts were indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E20 herein; and (c) otherwise denies the row. Particulars There were periods during 2023 (for example, from January to April 2023 on his Ladbrokes Account), and where [REDACTED] maintained consistent depositing and withdrawing patterns.
	E16	In response to row E16, Entain: (a) says that in August 2023 a credit/debit card under the name of [REDACTED] was used to deposit money into [REDACTED] First Account; Particulars [REDACTED] full name is [REDACTED]. (b) says further that the credit/debit card was identified by Entain's AML team and reviewed by Entain's fraud team, who determined that the card appeared to be in [REDACTED] name; and

		(c) admits that despite sub-rows (a) and (b) above, the credit/debit card was linked and used in breach of the terms and conditions that Entain applied to its accounts.
	E17	In response to row E17, Entain: (a) says that on 10 November 2023, █████ provided some information about his SOW/SOF in response to Entain's request; (b) admits that █████ response did not provide Entain with sufficient information about █████ SOW/SOF; and (c) otherwise denies the row.
	E18	In response to row E18, Entain: (a) admits that in January 2024, there was a material change in █████ depositing and withdrawing patterns – specifically, there was a significant increase/escalation in the amount of money that █████ deposited into and withdrew from his accounts; (b) says that the following facts are not of themselves indicative of high ML/TF risk: (i) that the amounts of money deposited and withdrawn by █████ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); (ii) that █████ betting activity on his accounts amounted to an increase on the monthly average for 2023; however, admits that for █████, those facts were indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E20 herein; and (c) otherwise denies the row.
	E19	In response to row E19, Entain: (a) admits that from █████ 2024, Entain had information indicating that there were higher ML/TF risks related to █████ SOW/SOF – specifically, Entain had information that a group of Australian companies of which █████ and

		(b) says that Entain took the following steps to manage these higher ML/TF risks: (i) on 7 May 2024, undertook detailed ECDD; (ii) on 8 May 2024, referred ██████ to the Senior Management Customer Review Forum; (iii) on 4 June 2024, discussed ██████ at the Senior Management Customer Review Forum; (iv) on 6 June 2024, and in accordance with the recommendations of the Senior Management Customer Review Forum, initiated a further formal SOW/SOF inquiry process; (v) on 21 June 2024, suspended ██████ accounts when Entain did not receive a response; and (vi) on 24 June 2024, lodged an SMR.
	E20	In response to row E20, Entain: (a) admits that from June 2024, ██████ failed to provide information about his SOW/SOF; and (b) says that Entain responded to this information by suspending ██████ accounts on 21 June 2024 and lodging an SMR on 24 June 2024.
F: Dates on and from which monitoring failures existed and contraventions of s 36 occurred	F1	In response to row F1, Entain: (a) refers to and repeats paragraph 433 above; and (b) otherwise admits the row.
	F2	In response to row F2, Entain: (a) refers to and repeats paragraph 434 above and rows G1 to G8, below; and (b) otherwise admits the row.
	F3	In response to row F3, Entain: (a) refers to and repeats paragraph 435 above, and rows G9 to G14, below; and (b) otherwise admits the row.
G: List of particular monitoring failures	G1	In response to row G1, Entain: (a) refers to and repeats rows E1 to E20, above; (b) says that during the Relevant Period until the closure of ██████ accounts in June 2024, Entain took the following measures to seek to address the combination of matters indicative of high ML/TF Risk (to the extent admitted in rows E1 to E20 above) that

		existed in relation to [REDACTED] and the provision of designated services to [REDACTED]: (i) undertook ECDD measures to identify [REDACTED] SOW/SOF, as set out in row E4(a) and (b) above; (ii) performed ECDD in respect of [REDACTED] on a regular basis and on at least 13 occasions during the Relevant Period; Particulars Cerberus Records for [REDACTED] produced to AUSTRAC. (iii) contacted [REDACTED] to obtain [REDACTED] SOW/SOF information; (iv) submitted 2 SMRs to AUSTRAC on 28 November 2023 and 24 June 2024 recording suspicions that Entain developed during the course of its monitoring of [REDACTED]; (v) allocated [REDACTED] a 'High' ML/TF risk rating on 23 November 2023 and 24 June 2024; (vi) monitored [REDACTED] transactions and betting activity through Entain's transaction monitoring program (specifically the Legal High Value Transaction Report amongst others); and (vii) escalated [REDACTED] to senior management on the following dates: (A) 8 December 2023; (B) 8 May 2024; (C) 18 July 2024; and (c) otherwise admits the row.
	G2	In response to row G2, Entain: (a) refers to and repeats row G1, above; (b) says that its practice during the Relevant Period was to manually review all accounts held by a particular customer (including [REDACTED]) for the purpose of consistently applying a single ML/TF risk rating for that customer (including [REDACTED]); (c) says that throughout the Relevant Period, Entain considered the risk rating assigned to [REDACTED] accounts in determining [REDACTED] risk rating, as recorded in Cerberus; and

		(d) otherwise denies the row.
G3	In response to row G3, Entain:	(a) refers to and repeats row G1, above; and (b) otherwise admits the row.
G4	In response to row G4, Entain:	(a) refers to and repeats row G1, above; and (b) otherwise admits the row.
G5	In response to row G5, Entain:	(a) refers to and repeats row G1, above; and (b) otherwise admits the row.
G6	In response to row G6, Entain:	(a) refers to and repeats row G1, above; and (b) otherwise admits the row.
G7	In response to row G7, Entain:	(a) refers to and repeats paragraph 171 to 181 and row G1, above; (b) says that from at least 27 January 2018, █████ was assigned a BDM; and (c) otherwise denies the row.
G8	In response to row G8, Entain:	(a) refers to and repeats row G1, above; and (b) otherwise admits the row.
G9	In response to row G9, Entain:	(a) refers to and repeats rows E1 to E20 and G1, above; (b) says that Entain performed ECDD in respect of █████ on a regular basis and on at least 13 occasions during the Relevant Period; Particulars Cerberus Records for Customer 15 produced to AUSTRAC. (c) says that as part of that ECDD, at various points Entain obtained or considered █████: (i) transactions; (ii) SOW/SOF; (iii) adverse media, with no findings identified; and Particulars

		See rows E3 and E4 above.
		(d) otherwise admits the row.
	G10	In response to row G10, Entain: (a) refers to and repeats rows G1 and G9, above; (b) admits that prior to 25 January 2021, Entain did not appropriately review or undertake more detailed analysis of █████ transactions, including the level of transactional behaviour and the purpose, reasons for or nature of the transactional behaviour; and (c) otherwise denies the row.
	G11	In response to row G11, Entain: (a) refers to and repeats rows E4, G1 and G9, above; (b) admits sub-row (a); (c) in relation to sub-row (b), admits that from 16 December 2018, Entain did not appropriately undertake more detailed analysis of information it had about █████ SOW/SOF; (d) in relation to sub-row (c), says that: (i) during the Relevant Period, the AML/CTF Rules did not require Entain to conduct verification of SOW/SOF but instead r 15.10 required Entain to undertake measures appropriate to the circumstances, which could include taking reasonable measures to identify SOW/SOF, and it was not until 12 December 2022 that AUSTRAC published guidance which referred to verifying SOW/SOF information; and (ii) admits the sub-row from 12 December 2022; (e) in relation to sub-row (d), says that from January 2019, Entain considered the ML/TF Risks relating to █████ SOW/SOF where those risks were identified in SMRs, but admits that Entain's consideration of those risks was not appropriate; and (f) otherwise denies the row.
	G12	In response to row G12, Entain: (a) refers to and repeats rows G1 and G9, above; (b) admits that from November 2023 Entain did not clarify █████ use of multiple unexpired credit/debit cards issued by foreign institutions;

		(c) says that Entain monitored and identified [REDACTED] typical betting and transactional patterns and behaviours in order to evaluate whether his activity appeared consistent and of a recreational nature (whereby betting activity appeared to be undertaken as a pastime or form of entertainment, rather than for commercial or professional purposes, and that it did not display typical money laundering typologies), or if it exhibited inconsistencies warranting further review; and (d) otherwise admits the row.
	G13	In response to row G13, Entain: (a) refers to and repeats rows G1 and G9; (b) admits that from January 2019 to May 2024, [REDACTED] was not appropriately escalated to and/or considered by Entain's senior management for the purpose of determining whether to continue a business relationship with him; and (c) otherwise denies the row.
	G14	In response to row G14, Entain: (a) refers to and repeats rows G1 and G9; and (b) otherwise admits the row.

SCHEDULE 16: [REDACTED]

A: Customer	A	Entain admits row A.
B: Account(s)	B	Entain admits row B.
C: Summary of transactional activity by account	C1	Entain admits row C1.
D: Date in Relevant Period on and from which matters indicative of high ML/TF Risk existed	D	Entain admits row D.
E: List of matters indicative of high ML/TF Risk	E1	In response to row E1, Entain: (a) admits from May 2020, [REDACTED] deposited and withdrew large amounts of money into and from the Ladbrokes Account; (b) admits that from March 2021, [REDACTED] deposited and withdrew unusually large amounts of money into and from the Ladbrokes Account, amounting to an unusual pattern of transactions; (c) says that the following facts are not of themselves indicative of high ML/TF risk: (i) that the amounts of money deposited and withdrawn by [REDACTED] were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); (ii) that large amounts of money were being moved into and out of the Ladbrokes Account on an ongoing basis, however, admits that for [REDACTED], those facts were indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E11 herein; and (d) otherwise denies the row.
	E2	In response to E2, Entain: (a) says that during the period in which [REDACTED] had a Ladbrokes Account with Entain, Entain ran the

		following searches in order to identify and verify [REDACTED] SOW/SOF: (i) Detective Desk (a third party provider of company and individual search databases) searches utilising [REDACTED] personal details and the address linked to [REDACTED] account, with the results indicating [REDACTED] ownership of multiple properties and shareholding in [REDACTED] and [REDACTED]; (ii) TICA tenancy database search; (iii) Google searches for media relating to [REDACTED] property ownership and businesses that [REDACTED] was a director or shareholder of, based on information provided by [REDACTED] and the results of other searches; (iv) title searches of properties identified as being linked to [REDACTED]; (v) ASIC individual and company searches indicating [REDACTED] directorship or co-directorship and shareholding in [REDACTED], [REDACTED], [REDACTED], [REDACTED] and [REDACTED]; (vi) ABN searches; and (vii) bank checks of [REDACTED] personal bank account; (b) says that during the period in which [REDACTED] had a Ladbrokes Account with Entain, Entain obtained the following documentation from [REDACTED] in order to identify and verify [REDACTED] SOW/SOF: (i) [REDACTED] Business Advantage Statement for the [REDACTED] account and bank statement for [REDACTED] personal bank account; (ii) statutory declaration from [REDACTED] regarding [REDACTED] assets and the assets of the [REDACTED]; and (iii) an affidavit from [REDACTED] that he was a beneficiary of the family trust [REDACTED] and information regarding the assets of, and his income derived from the trust, (c) admits that despite those searches and documents, at times during the period in which [REDACTED] had a Ladbrokes
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		Account with Entain, Entain did not have sufficient information about █████ SOW/SOF; and (d) otherwise denies the row. Particulars There were periods during the period in which █████ had a Ladbrokes Account with Entain (for example, on around 7 March 2024) where Entain had sufficient information about █████ SOW/SOF.
	E3	In response to row E3, Entain: (a) admits that, during the period in which █████ had a Ladbrokes Account with Entain, █████ Ladbrokes Account was linked to multiple unexpired credit/debit cards; (b) says that the fact that █████ Ladbrokes Account was linked to multiple unexpired credit or debit cards is not of itself indicative of high ML/TF Risk, however, admits that for █████, this fact was indicative of high ML/TF risk in combination with the matters admitted at rows E1 to E11 herein; and (c) otherwise denies the row.
	E4	In response to row E4, Entain: (a) admits that, in the period on or about March to April 2021, █████ did not provide information about his SOW/SOF that was requested by Entain; (b) says further that Entain requested information regarding █████ SOF by an email survey sent on 17 March 2021, which did not indicate that it was mandatory for █████ to respond to the survey and did not request that █████ provide supporting documents; (c) says that in those circumstances, █████ failure to provide information about his SOW/SOF requested by Entain was not of itself indicative of high ML/TF Risk; and (d) otherwise denies the row.
	E5	In response to row E5, Entain: (a) admits that at all times from April 2021, Entain had information that █████ family had businesses in a jurisdiction on Entain's restricted jurisdictions list; (b) says further that █████: (i) was an Australian resident with an Australian bank account;

		(ii) was the director and shareholder of number of companies incorporated in Australia and through which he owned property in Australia; (iii) owned property in Australia in his own name; (iv) provided Entain with copies of his Queensland drivers licence and Australian Medicare card which were verified by a third party identity verification provider, Green ID; (v) made deposits into and withdrawals from his Ladbrokes Account using Australian bank accounts; and (c) otherwise denies the row.
	E6	In response to row E6, Entain: (a) admits that from 2021, deposits that ■ attempted to make into his Ladbrokes Account regularly failed; (b) says that for the majority of the failed deposits, shortly after the failed deposits occurred, the deposits were successfully made, (c) says further that the fact admitted at sub-row (a) is not of itself indicative of high ML/TF risk, however, admits that for ■ this fact was indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E11 herein; and (d) otherwise denies the row.
	E7	In response to row E7, Entain admits the row, save to say that that the following facts are not of themselves indicative of high ML/TF risk: (a) that the amounts of money deposited and withdrawn by ■ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (b) that ■ betting activity on his Ladbrokes Account amounted to an increase on the monthly average for March to December 2020.
	E8	In response to row E8, Entain admits the row, save to say that the fact that the amounts of money deposited and withdrawn by ■ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A) is not of itself indicative of high ML/TF risk.

	E9	Entain admits row E9.
	E10	In response to row E10, Entain admits the row, save to say that the following facts are not of themselves indicative of high ML/TF risk: (a) that the amounts of money deposited and withdrawn by ■ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (b) that ■ betting activity on his Ladbrokes Account amounted to an increase on the monthly average from October to December 2022 (in relation to deposits) and November to December 2022 (for withdrawals).
	E11	In response to row E11, Entain admits the row, save to say that the fact that the amounts of money deposited and withdrawn by ■ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A) is not of itself indicative of high ML/TF risk.
F: Dates on and from which monitoring failures existed and contraventions of s 36 occurred	F1	In response to row F1, Entain: (a) refers to and repeats paragraph 433 above; and (b) otherwise admits the row.
	F2	In response to row F2, Entain: (a) refers to and repeats paragraph 434 above and rows G1 to G3, below; and (b) otherwise admits the row.
	F3	In response to row F3, Entain: (a) refers to and repeats paragraph 435 above, and rows G4 to G9, below; and (b) otherwise admits the row.
G: List of particular monitoring failures	G1	In response to row G1, Entain (a) refers to and repeats row E1 to E11, above; (b) says that during the Relevant Period until the suspension of ■'s Ladbrokes Account on 2 December 2024, Entain took the following measures to seek to address the combination of matters indicative of high ML/TF Risk (to the extent admitted in rows E1 to E11 above) that existed in relation to ■ and the provision of designated services to ■;

		(i) undertook ECDD measures to identify █████ SOW/SOF, as set out in row E2(a) to (b) above; (ii) performed ECDD in respect of █████ on a regular basis; Particulars Cerberus Records for █████ produced to AUSTRAC. (iii) contacted █████ to obtain and discuss █████ SOW/SOF information; (iv) submitted an SMR to AUSTRAC on around 5 January 2023 recording suspicions that Entain developed during the course of its monitoring of █████; (v) from 1 November 2023, Entain added █████ to the High-Risk Register, after which █████ was subject to additional monthly reviews; (vi) monitored █████ transactions and betting activity through Entain's transaction monitoring program (specifically the Legal High Value Transaction Report amongst others); and (vii) escalated █████ to senior management on the following dates: (A) around 5 January 2023; (B) around 9 February 2023; (C) 11 January 2024; (D) 8 February 2024; (E) around 7 March 2024; and (c) otherwise admits the row.
	G2	In response to row G2, Entain: (a) refers to and repeats row G1, above; and (b) otherwise admits the row
	G3	In response to row G3, Entain: (a) refers to and repeats paragraphs 171 to 181 and row G1, above; (b) says that at all times from at least 18 March 2021, █████ was assigned a BDM; and (c) otherwise denies the row.
	G4	In response to row G4, Entain

		(a) refers to and repeats rows E1 to E11 and G1, above; (b) says further that: (i) Entain performed ECDD in respect of [REDACTED] on a regular basis; and Particulars Cerberus Records for [REDACTED] produced to AUSTRAC. (ii) from 1 November 2023, Entain added [REDACTED] to the High-Risk Register, after which [REDACTED] was subject to additional monthly reviews; and (c) otherwise denies the row.
	G5	In response to row G5, Entain: (a) refers to and repeats rows G1 and G4, above; (b) admits that prior to January 2023, Entain did not appropriately review or undertake more detailed analysis of [REDACTED] transactions, including the level of transactional behaviour and the purpose, reasons for or nature of the transactional behaviour; and (c) otherwise denies the row.
	G6	In response to row G6, Entain: (a) refers to and repeats rows E2, G1 and G4, above; (b) in relation to sub-row (b), says that Entain appropriately undertook more detailed analysis of information it had about [REDACTED] SOW/SOF from 7 March 2024 to 4 December 2024; (c) in relation to sub-row (c), says that: (i) during the Relevant Period, the AML/CTF Rules did not require Entain to conduct verification of SOW/SOF but instead r 15.10 required Entain to undertake measures appropriate to the circumstances, which could include taking reasonable measures to identify SOW/SOF, and it was not until 12 December 2022 that AUSTRAC published guidance which referred to verifying SOW/SOF information; (ii) admits the sub-row from 12 December 2022; (d) in relation to sub-row (d), says that from 4 January 2023, Entain considered the ML/TF Risks relating to [REDACTED] SOW/SOF, but admits that Entain's consideration of these risks was not appropriate; and

		(e) otherwise denies the row.
	G7	In response to row G7, Entain: (a) refers to and repeats rows G1 and G4, above; (b) admits that from March 2021, Entain did not clarify with [REDACTED] whether his SOW/SOF predominantly originated from [REDACTED]; (c) says that Entain: (i) monitored and identified [REDACTED]'s typical betting and transactional patterns and behaviours in order to evaluate whether his activity appeared consistent and of a recreational nature (whereby betting activity appeared to be undertaken as a pastime or form of entertainment, rather than for commercial or professional purposes, and that it did not display typical money laundering typologies), or if it exhibited inconsistencies warranting further review; (ii) requested information from [REDACTED] BDM about [REDACTED] future transactional activity; and (d) otherwise denies the row.
	G8	In response to row G8, Entain: (a) refers to and repeats row G1 and G4, above; and (b) otherwise admits row G8.
	G9	In response to row G9, Entain: (a) refers to and repeats rows G1 and G4, above; (b) says that Entain suspended [REDACTED] Ladbrokes account on 2 December 2024, and applied an AML Closure tag to the account such that the account could not be open without approval from the AMLCO; (c) says further that the effect of sub-row (b) above is the same as that of an account closure, such that [REDACTED] has not operated his Ladbrokes account since 2 December 2024; and (d) otherwise admits the row.

SCHEDULE 17:

A: Customer	A	Entain admits row A.
B: Account(s)	B	In response to row B, Entain: (a) admits that [REDACTED] Ladbrokes Account was opened on 10 November 2019, and suspended on 2 December 2024; and (b) says further that [REDACTED] Ladbrokes Account was closed on 14 December 2024.
C: Summary of transactional activity by account	C	Entain admits row C.
D: Date in Relevant Period on and from which matters indicative of high ML/TF Risk existed	D	Entain admits row D.
E: List of matters indicative of high ML/TF Risk	E1	In response to Row E1, Entain admits the row, save to say that: (a) Entain became aware of the disqualification from 18 September 2021, being two days after the date in F2 below; and (b) otherwise denies the row.
	E2	In response to row E2, Entain admits the row, save to say that the fact that the amounts of money deposited and withdrawn by [REDACTED] were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A) is not of itself indicative of high ML/TF Risk.
	E3	In response to row E3, Entain admits the row, save to say that the following facts are not themselves indicative of high ML/TF risk: (a) that the amounts of money deposited and withdrawn by [REDACTED] were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (b) that [REDACTED] betting activity on his Ladbrokes Account amounted to an increase on the monthly average for September to December 2021.
	E4	In response to row E4, Entain:

	(a) says that from 31 January 2022, Entain ran the following searches in order to identify and verify █████ SOW/SOF: (i) Detective Desk (a third party provider of company and individual search databases) searches utilising █████ personal details and the address linked to █████ account; (ii) title searches of properties identified as being linked to █████; (iii) ABN searches; (iv) ASIC individual and company searches indicating █████ was the sole director and shareholder of █████; (v) bank checks with █████ bank on or around 20 September 2021 and 28 October 2022; and (vi) Google, LinkedIn, social media and news media searches of █████; (b) says that from 31 January 2022, Entain obtained the following documentation from █████ to identify and verify █████ SOW/SOF: (i) responses to a formal SOF inquiry process on 4 October 2023, which also included: (A) financial statements for █████ (a company of which █████ is a director); (B) a statutory declaration signed on █████ (ii) bank statements for █████ (a company of which █████ is a director); and personal bank statements; and (iii) responses to a formal SOF inquiry survey on 4 December 2024; (c) admits that from 31 January 2022 to 6 December 2024, despite sub-rows (a) and (b) above, Entain did not have sufficient information about █████ SOW/SOF.
E5	In response to row E5, Entain admits the row, save to say that the following facts are not themselves indicative of high ML/TF risk:

		(a) that the amounts of money deposited and withdrawn by █████ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (b) that █████ betting activity on his Ladbrokes Account amounted to an increase on the monthly average for September to December 2021.
	E6	In response to row E6, Entain: (a) admits that from 2022, several deposits that █████ had attempted to make into his Ladbrokes Account had failed; (b) says that: (i) rejection codes in relation to the failed deposits indicated that the failures were attributable to insufficient funds; and (ii) shortly after the failed deposits occurred, the deposits were successfully made; (c) says further that the fact that deposits that █████ had attempted to make into his Ladbrokes Account had failed is not of itself indicative of high ML/TF risk, however, admits that for █████ this fact was indicative of high ML/TF risk in combination with the other matters admitted at rows E1 to E10 herein; and (d) otherwise denies the row.
	E7	Entain admits row E7 save to say that the failure to provide information about SOW/SOF is not in and of itself indicative of high ML/TF risk.
	E8	In response to row E8, Entain admits the row, save to say that the following facts are not themselves indicative of high ML/TF risk: (a) that the amounts of money deposited and withdrawn by █████ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and (b) that █████ betting activity on his Ladbrokes Account amounted to an increase on the monthly average for prior periods in 2023.
	E9	In response to row E9, Entain admits the row, save to say that the following facts are not themselves indicative of high ML/TF risk: (a) that the amounts of money deposited and withdrawn by █████ were materially above average total annual deposits and withdrawals for Entain's customers in the Relevant Period (by reference to Schedule A); and

		(b) that [REDACTED] betting activity on his Ladbrokes Account amounted to an increase on the monthly average for January to March 2024.
F: Dates on and from which monitoring failures existed and contraventions of s 36 occurred	F1	In response to row F1, Entain: (a) refers to and repeats paragraph 433 above; and (b) otherwise admits the row.
	F2	In response to row F2, Entain: (a) refers to and repeats paragraph 434 above; and (b) refers to rows G1 to G3 below; and (c) otherwise admits the row.
	F3	In response to row F3, Entain: (a) refers to and repeats paragraph 435 above; (b) refers to rows G4 to G9 below; and (c) otherwise admits the row.
G: List of particular monitoring failures	G1	In response to row G1, Entain (a) refers to and repeats row E1 to E9, above; (b) says that from 16 September 2021 until the suspension of [REDACTED] Ladbrokes Account on 2 December 2024, Entain took the following measures to seek to address the combination of matters indicative of high ML/TF Risk (to the extent admitted in rows E1 to E10 above) that existed in relation to [REDACTED] and the provision of designated services to [REDACTED]: (i) undertook ECDD measures to identify [REDACTED] SOW/SOF, as set out in E4(a) to (b) above; (ii) performed ECDD in respect of [REDACTED] on a regular basis; Particulars Cerberus records for [REDACTED] produced to AUSTRAC. (iii) commenced formal SOW/SOF enquiries on 27 September 2023 and 2 December 2024 to verify [REDACTED] SOW/SOF; (iv) submitted 1 SMR to AUSTRAC on 14 June 2023 recording suspicions that Entain developed during the course of it monitoring [REDACTED]; (v) allocated [REDACTED] a 'High' ML/TF risk rating from 5 September 2023;

		(vi) monitored █████ transactions and betting activity through Entain's transaction monitoring program (specifically the Legal High Value Transaction Report); and (vii) escalated █████ to senior management on the following dates: (A) 14 November 2022; (B) 16 June 2023; (C) 4 October 2023 (D) 11 – 12 January 2024; (E) 6 April 2024; (F) 6 December 2024; and (c) otherwise admits the row.
	G2	In response to row G2, Entain: (a) refers to and repeats paragraphs 171 to 181 and row G1 above; (b) says that at all times from at least 18 September 2021, █████ was assigned an Account Manager/VIP Manager; and (c) otherwise denies the row.
	G3	In response to row G3, Entain: (a) refers to and repeats row G1; and (b) otherwise admits the row.
	G4	In response to row G4, Entain: (a) refers to and repeats rows E1 to E9 and G1 above; (b) says that Entain performed ECDD in respect of █████ on a regular basis; Particulars Cerberus Records for █████ produced to AUSTRAC. (c) says further that as part of that ECDD, at various points Entain obtained and/or considered █████: (i) transactional behaviour (see G5, below); (ii) SOW/SOF (see G6, below); (iii) property ownership via title searches; business ownership / directorship via ABN / ASIC searches; and (d) otherwise admits the row.
	G5	In response to row G5, Entain:

		(a) refers to and repeats rows G1 and G4, above; (b) says that from 31 January 2022, Entain appropriately reviewed and undertook more detailed analysis of [REDACTED] transactions, including the level of transactional behaviour and the purpose, reasons for or nature of the transactional behaviour; and (c) otherwise denies the row.
	G6	In response to row G6, Entain: (a) refers to and repeats row E4, G1 and G4, above; (b) admits sub-row (a) for the period from 31 January 2022 to 6 December 2024; (c) in relation to sub-row (b), admits that from 31 January 2022 to 6 December 2024, Entain did not appropriately undertake more detailed analysis of information it had about [REDACTED] SOW/SOF; (d) in relation to sub-row (c), says that: (i) during the Relevant Period, the AML/CTF Rules did not require Entain to conduct verification of SOW/SOF but instead r 15.10 required Entain to undertake measures appropriate to the circumstances, which could include taking reasonable measures to identify SOW/SOF, and it was not until 12 December 2022 that AUSTRAC published guidance which referred to verifying SOW/SOF information; (ii) admits the sub-row from 12 December 2022; and (e) otherwise denies the row.
	G7	In response to row G7, Entain: (a) refers to and repeats rows G1 and G4, above; (b) admits that from 31 January 2022 to 6 December 2024 [REDACTED] was not appropriately considered by Entain's senior management for the purpose of determining whether to continue a business relationship with him; and (c) otherwise denies the row.
	G8	In response to row G8, Entain: (a) refers to and repeats rows G1 and G4, above; (b) says that, at certain times, Entain reviewed [REDACTED] transactions and identified recreational betting patterns

		(whereby betting activity appeared to be undertaken as a pastime or form of entertainment, rather than for commercial or professional purposes, and that it did not display typical money laundering typologies) and clarified with █████ that his ongoing relationship with Entain was related to recreation and his interest in horse racing; and Particulars For example, Cerberus Record for █████ dated 14 December 2023. (c) otherwise denies the row.
	G9	In response to row G9, Entain: (a) refers to and repeats rows G1 and G4, above; (b) says that █████ Ladbrokes Account was closed at █████ request on 13 June 2023, before it was reopened on 4 October 2023 following the provision of SOW/SOF information and documentation from █████; (c) says further that █████ Ladbrokes Account was suspended on 2 December 2024 following the commencement of a SOW/SOF inquiry process, but the account was reopened on 7 December 2024 after Entain was satisfied with █████ response; and (d) otherwise admits the row.