

Cryptocurrency Policy

1. Purpose, Scope, and Policy Statement

1.1 Purpose

The purpose of this policy is to establish a comprehensive framework for identifying, managing, and mitigating risks associated with the indirect use of cryptocurrency in player transactions. While the operator, LBC Enterprises B.V., currently does not directly accept cryptocurrency, the policy outlines responsibilities across Payment Agents and Payment Service Providers (PSPs) to ensure regulatory compliance, financial security, and operational integrity. This is in strict accordance with Curaçao's National Ordinance on Games of Chance (LOK), FATF standards, and other applicable international guidelines. The company is awaiting the CGA guidelines and will amend such policy accordingly.

1.2 Scope

This policy applies to:

- All departments involved in payments, compliance, risk management, and audits.
- The Payment Agent processing transactions on behalf of the company.
- Any PSPs engaged by the Payment Agent that accept cryptocurrency from players.

1.3 Policy Statement

The operator is committed to a zero-tolerance approach to financial crime, safeguarding players' financial integrity, and adhering to international and local regulations regarding cryptocurrency transactions. To this end, the operator enforces stringent controls, conducts comprehensive due diligence, and collaborates with Payment Agents and PSPs to manage cryptocurrency risks effectively.

2. Risk Management Principles

2.1 Governance and Oversight

- The Compliance Department will collaborate with the Payment Agent to assess and mitigate risks associated with cryptocurrency transactions.

- An internal audit will be conducted annually to evaluate compliance with regulatory and security standards. Findings must be documented, and corrective actions initiated within 30 days.

2.2 KYC and AML Compliance

2.2.1 Enhanced KYC Protocols

- PSPs must implement enhanced KYC measures for all players engaging in cryptocurrency transactions.
- Required KYC documents include:
 - ✓ Government-Issued ID Verification: Valid, unexpired photo identification.
 - ✓ Proof of Address: Recent utility bill or equivalent document issued within the past three months.
 - ✓ Detailed information on the origin of cryptocurrency funds for deposits exceeding 4,000 Naf. or its fiat equivalent. Operator will maintain copies of player documentation for a minimum of five years

2.2.2 AML Screening

PSPs are required to perform comprehensive AML checks on all cryptocurrency transactions, leveraging blockchain analysis tools to identify:

- High-risk wallet addresses (e.g., flagged for previous involvement in illicit activities).
- Transactions involving sanctioned jurisdictions.
- Anomalous patterns inconsistent with typical gaming behavior.
- The Payment Agent will review the PSPs' AML reports quarterly and provide updates to the operator's Compliance Team.

2.3 Cryptocurrency Transaction Monitoring

2.3.1 Automated Monitoring Systems

PSP's must deploy automated monitoring tools to identify anomalies such as:

- High transaction volumes inconsistent with player behavior.
- Transactions linked to flagged wallet addresses or high-risk jurisdictions.
- Structuring of transactions to avoid reporting thresholds.

2.3.2 Threshold Alerts

Cryptocurrency transactions exceeding the predefined threshold of 4,000 Naf. (or equivalent in cryptocurrency) must trigger an alert to:

- The Payment Agent's Risk Management Unit.
- The operator's Compliance Department, which will conduct an immediate review.

All alerts and investigations must be logged in a Transaction Monitoring Register and in case of further reporting by the MLRO this need to be evidence in the Transaction Monitoring Register.

2.4 Third-Party Risk Management

2.4.1 Payment Agent Due Diligence

The Compliance Department will annually evaluate the Payment Agent's risk controls through:

- Comprehensive compliance audits focusing on adherence to contractual obligations.
- Reviews of PSPs' blockchain analytics tools and KYC/AML measures.

Third-Party Risk Management Report will be submitted to senior management annually.

2.4.2 PSP Onboarding

PSP onboarding must include rigorous verification of:

- Licenses or registrations with regulatory bodies.
- Compliance with FATF Travel Rule requirements, including the secure transmission of sender and receiver details during cryptocurrency transactions.
- Implementation of anti-fraud tools, such as multi-factor authentication and transaction verification.

2.5 Regulatory and Legal Compliance

- The company will monitor global regulatory changes related to cryptocurrency to ensure continuous compliance.
- Any updates to relevant laws will be reflected in policy amendments.
- An annual Compliance Impact Assessment will be conducted to identify regulatory gaps.

2.6 Volatility and Conversion Risks

2.6.1 Conversion Timelines

- Cryptocurrency transactions must be converted into fiat within a 24-hour window to mitigate market volatility. Exceptions require senior management approval and must be documented.
- Conversion delays caused by market conditions will be reported to the Compliance Department.

2.6.2 Liquidity Management

- The Payment Agent must maintain sufficient liquidity reserves to manage cryptocurrency conversion delays during periods of market instability.

3. Incident Management

3.1 Detection and Escalation

- PSPs or the Payment Agent must flag suspicious cryptocurrency transactions.
- The Compliance Team must be notified within 24 hours of flagged activity.

3.2 Investigation and Reporting

- Investigations will involve:
 - ✓ Analysis of PSP transaction monitoring data.
 - ✓ Blockchain analytics.
 - ✓ Additional KYC documentation if needed.
- Suspicious transactions must be reported to financial intelligence units within legally mandated timeframes.

3.3 Remediation Measures

- Recommendations for process improvements and enhanced controls will be submitted to the Compliance Risk Committee (CRC).

4. Enforcement and Consequences

Non-compliance by Payment Agents or PSPs may result in:

- Contract termination.
- Reporting to regulatory authorities.
- Financial penalties as per contractual agreements.
- Internal staff violations may lead to disciplinary actions, including termination of employment.

5. Training and Awareness

Annual training will be provided on:

- Cryptocurrency risk management.
- Updated regulatory requirements.

- Use of blockchain analytics tools.

6. Review and Updates

- This policy will be reviewed periodically and updated based on regulatory changes.
- All amendments must be approved by senior management.

Attachments

1. Crypto Risk Assessment Template

2. Incident Reporting Form

Attachments:

Attachment 1: Crypto Risk Assessment Template

Assessment Area	Risk Description	Likelihood	Mitigation Measures	Responsible Party
Customer Identity Risk	Insufficient KYC checks on crypto-originating funds	Impact (High/Med/Low) (High/Med/Low)	Require robust KYC/AML standards from PSPs	Payment Agent
	Funds originating from sanctioned jurisdictions		High	
Illicit Source of Funds	Delayed fiat conversion leading to volatility risk	High	Use blockchain analytics to flag high-risk wallets	PSPs & Payment Agent
Conversion Delays	PSP failure to comply with evolving crypto laws	Medium	Mandate immediate conversion policies	
Regulatory Non-Compliance	Suspicious transaction patterns or anomalies	High	Conduct regular PSP compliance audits	Payment Agent
Transaction Fraud		Low	Implement automated monitoring tools	
		Medium		
		High		
		High		
		Medium		
		High		

Attachment 2: Incident Reporting Form

- **Date of Incident:** [Enter Date]
- **Time of Incident:** [Enter Time]
- **Reported By:** [Name/Role]
- **Incident Description:** [Provide a brief summary of the suspicious activity]

Involved Parties

- **Player ID/Account:** [Enter Details]
- **PSP Name:** [Enter Name]
- **Cryptocurrency Involved:** [Specify, e.g., Bitcoin, Ethereum]
- **Transaction Amount (Fiat/Equivalent Crypto):** [Enter Amount]

Preliminary Investigation

- **Source Wallet Address:** [Enter Address]
- **Blockchain Analytics Results:** [Summarize Findings]
- **Risk Level Assessment:** [High/Medium/Low]
- **Immediate Action Taken:** [Freeze Funds, Notify Authorities, etc.]

Next Steps

- **Further Investigation Required (Yes/No):** [Specify]
- **Date for Follow-Up:** [Enter Date]
- **Responsible Team/Individual:** [Enter Details]