

EZY GAMING GROUP

THBET B.V.

TH GAMBLING N.V.

Crypto Risk Management Policy for TH Gambling N.V.

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Version Tracking, Release and Changes

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Purpose:

This Crypto Risk Management Policy is designed to ensure that EZY Gaming (TH Gambling N.V. and associated entities) effectively manages the risks associated with the acceptance and processing of cryptocurrency deposits and withdrawals within our online gambling operations. The primary focus is on managing the risks associated with crypto transactions (deposits and withdrawals), ensuring compliance with Anti-Money Laundering (AML), Counter-Terrorism Financing (CTF) regulations, and safeguarding the integrity of our platform.

1. Overview of Crypto Operations

EZY Gaming accepts cryptocurrencies as a method for both deposits and withdrawals, as well as provides a crypto-on-ramp solution that allows players to buy and play directly with crypto. This policy focuses specifically on the risks and procedures associated with crypto deposits and withdrawals, outlining strategies to mitigate potential threats such as money laundering, fraud, and other illegal activities that could affect our reputation and compliance standing.

We are working with Coinspaid, a reputable and established crypto payment provider, to facilitate crypto transactions. Coinspaid is known for its advanced technology and monitoring systems, which allow for in-depth analysis of transactions, helping to identify and flag suspicious activity in real-time. Their platform offers a secure environment for processing crypto deposits and withdrawals, providing an additional layer of protection and compliance for both EZY Gaming and our players.

For our crypto-on-ramp solution, we exclusively partner with fully licensed and regulated suppliers from reputable and established jurisdictions, such as Denmark (e.g., Swapped.com), where customer due diligence (CDD) standards are robust and comply with the highest regulatory requirements. This partnership adds an additional layer of protection for both EZY Gaming Group and our players, ensuring that only legitimate transactions are processed and that the source of funds and know-your-customer is verified to the highest standards.

2. Crypto Risk Assessment

To manage risks effectively, EZY Gaming identifies, assesses, and mitigates the key risks associated with crypto transactions within our platform. The major risks include:

1. Risk: Anonymity of Transactions

Cryptocurrencies provide a level of pseudonymity, which can be exploited for illicit activities like money laundering or financing terrorism. This anonymity makes it harder to trace the source and destination of funds, potentially exposing the platform to criminal activity.

Mitigation:

- Use **advanced monitoring and detection tools** provided by **Coinspaid** and other partners to trace crypto addresses.
- Implement a **risk-based scoring system** to evaluate the risk level of transactions based on factors like the reputation of the crypto address, transaction behavior, and known risk indicators.
- Continuously monitor and analyze **suspicious patterns** in deposits and withdrawals to identify potentially illicit activities and flag them for further investigation.

2. Risk: Volatility of Cryptocurrencies

Cryptocurrencies are known for their high price volatility, which can significantly affect the financial stability of both the player and the platform. Sharp fluctuations in the value of crypto assets can lead to discrepancies in account balances, impact player experience, and create liquidity challenges for the platform.

Mitigation:

- **Track and report high-value or volatile transactions** in real-time, providing alerts for any large or abnormal fluctuations.
- Limit the types of cryptocurrencies accepted by only including **top 10-20 market cap currencies**, which are typically more stable and widely accepted.
- **Maintain sufficient crypto reserves** to ensure that all player balances are available in crypto at all times, minimizing the risk of liquidity issues.
- Implement **terms and conditions** that prevent crypto funds from remaining inactive for significant periods. This ensures that the platform is not used as a

storage solution for cryptocurrencies, mitigating regulatory and financial risks related to idle assets.

3. Risk: Cross-border Transactions

Since cryptocurrencies are borderless, transactions may involve multiple jurisdictions with varying levels of regulatory oversight. Some regions may have less stringent Anti-Money Laundering (AML) or Counter-Terrorism Financing (CTF) regulations, potentially exposing the platform to non-compliance or illegal activity.

Mitigation:

- Implement **geolocation tools** to assess the geographical origin of crypto deposits and withdrawals.
- Use **risk-scoring models** to determine the risk profile of incoming transactions based on the player's location, allowing the platform to restrict access from high-risk jurisdictions or countries with weak AML/CTF regulations.
- Regularly update the **list of restricted countries and regions** based on the evolving global regulatory landscape.

4. Risk: Crypto Fraud and Hacking

Cryptocurrencies are susceptible to fraud, hacking, and phishing attacks that target wallet addresses or player accounts. This risk can result in significant financial losses and reputational damage to the platform if player funds are compromised.

Mitigation:

- We will Implement multi-factor authentication (MFA) for player accounts to add an additional layer of security for all crypto-related transactions in the near future.
- Use secure wallet storage solutions, such as cold wallets for large sums of funds and encrypted hot wallets for operational liquidity, to protect crypto assets from theft.
- We employ encryption for all transactions to ensure that sensitive data, including wallet addresses and transaction details, is secure and protected from unauthorized access.
- Regularly conduct security audits and penetration testing to identify and address vulnerabilities in the platform.

5. Risk: Crypto Mixing

Allowing cryptocurrency to be converted to other cryptocurrencies on the platform increases the complexity and risk of speculative trading, crypto mixing, and potentially laundering illicit funds. Without restrictions, players could use the platform for activities outside the intended use of gaming and betting.

Mitigation:

- EZY Gaming operates a closed-loop system, meaning that cryptocurrencies deposited on the platform cannot be converted into other cryptocurrencies. This policy significantly reduces the risk of speculative trading or the mixing of illicit crypto funds.
- Players are restricted from exchanging or transferring crypto assets between various crypto types, which prevents the platform from being used for purposes unrelated to gaming, such as crypto mixing.
- The closed-loop policy ensures that crypto transactions are processed for their intended use—depositing and withdrawing funds for gameplay—thereby maintaining the integrity of the platform and minimizing the risks associated with speculative crypto activities.

3. Crypto Transaction Monitoring

To detect suspicious activity, EZY Gaming will employ a robust transaction monitoring system specifically designed for cryptocurrency transactions. This system will continuously monitor both deposits and withdrawals, flagging potential risks and irregular activities.

Key Monitoring Criteria:

- **Transaction Size:** Flagging large or unusual transactions that may indicate suspicious activity.
- **Transaction Frequency:** Identifying rapid deposits and withdrawals, often referred to as “churning.”
- **Geographic Location:** Monitoring the location of the player’s IP address and comparing it with the location of the crypto wallet.
- **Known Risk Wallets:** Use blockchain analytics to identify transactions involving addresses tied to illegal activities, such as darknet markets or sanctioned entities.

- **Unusual Patterns:** Anomalies such as players withdrawing funds soon after making a deposit, or rapid crypto movement between wallets.

4. Know-Your-Customer for Crypto Deposits & Withdrawals

EZY Gaming will enforce strict KYC requirements for customers making crypto deposits and withdrawals to ensure compliance with AML/CTF regulations.

KYC Process for Crypto:

1. **Customer Identification:** All players making crypto deposits or withdrawals must pass through a KYC process before completing their first withdrawal in accordance with our general AML policy. This includes the submission of government-issued identification, proof of address, and any other verifications necessary.
2. **Enhanced Due Diligence (EDD):** For high-risk players, including those from high-risk jurisdictions or with high transaction volumes, enhanced due diligence (EDD) will be applied. This includes additional identity verification checks and further analysis of the player's activity.
3. **Crypto Address Verification:** When players deposit cryptocurrency, the addresses used will be verified to ensure that they do not originate from risky or blacklisted sources. Similarly, the withdrawal addresses will be flagged and monitored to avoid potential fraud.
4. **Ongoing Monitoring:** Ongoing monitoring of player accounts will be conducted to ensure that the crypto transaction history aligns with the player's profile and activity within the casino. Players found involved in suspicious activities will be flagged for further investigation.

5. Risk-Based Approach for Crypto Withdrawals

Given that crypto withdrawals can pose heightened risks, EZY Gaming implements a risk-based approach for processing crypto withdrawals:

1. **Withdrawal Limits:**

Players are subject to withdrawal limits based on their account activity, risk profile, and KYC status. Higher withdrawal limits will only be approved after a thorough review and approval from the compliance team.

2. **Cooling-Off Period for Large Withdrawals:**

To mitigate the risk of rapid funds movement (often associated with fraud or money laundering), a cooling-off period will be enforced for large withdrawals. This ensures that suspicious activity can be flagged and reviewed before the transaction is completed.

3. **Crypto Wallet Address Whitelisting:**

Players will be allowed to whitelist crypto wallet addresses for withdrawals. Any withdrawal request to a non-whitelisted address will require additional verification and approval from the player.

6. Compliance with Regulations

The AML/CTF Business-Wide Risk Assessment will be reviewed annually or when significant changes occur in operations, regulatory requirements, or risk exposure. Monitoring activities include:

EZY Gaming ensures compliance with the following regulatory frameworks and standards for crypto transactions:

1. **AML/CTF Regulations:**

The company will comply with all applicable AML and CTF regulations, including FATF guidelines, EU, and other national laws concerning crypto transactions as stated in our AML policy.

2. **Transaction Reporting:**

Any transactions deemed suspicious, including those involving cryptocurrencies, will be reported to the relevant Financial Intelligence Unit (FIU) in accordance with regulatory conditions.

3. **Sanctions and Restricted Countries:**

EZY Gaming will maintain a list of restricted countries and individuals subject to sanctions. Players from these regions will be blocked from making crypto deposits or withdrawals.

7. Employee Training and Awareness

All employees, particularly those working in compliance, fraud prevention, and customer support, will undergo regular training to stay informed about the latest trends in cryptocurrency risk management. This training will cover:

- How to identify and flag suspicious crypto transactions.
- The process for conducting enhanced due diligence on high-risk players.
- Understanding regulatory requirements and the legal framework surrounding crypto transactions.

8. Technology and Security

To ensure the security of crypto transactions, EZY Gaming employs industry-leading technologies:

1. **Multi-Factor Authentication (MFA) - To be integrated:**

Players are required to enable MFA on their accounts, adding an additional layer of protection for crypto deposits and withdrawals.

2. **Cold and Hot Wallet Segregation:**

A portion of player funds is held in cold storage (offline), while a smaller portion is held in hot wallets (online) for operational liquidity. This reduces exposure to hacks while maintaining transaction efficiency.

3. **Blockchain Analytics Tools:**

Advanced blockchain analytics tools provided by **Coinspaid** will be used to track crypto transactions and ensure the legitimacy of crypto addresses and the source of funds.

9. Review and Continuous Improvement

EZY Gaming Group will regularly review and update its crypto risk management policies to reflect changes in the regulatory landscape, advances in technology, and emerging risks in the crypto space. The policy will be updated annually or as needed to ensure continued compliance and operational efficiency.