



AML & CFT Risk Assessment

Internal Document

Version 1.0

March 2025

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DOCUMENT CONTROL

Version Control

Date	Version	Version History	Author
2025-03-21	1.0	Initial Draft	ML

Approved By

Designation	Name	Signature	Date
Compliance Manager	Marios Loukas		2025-03-22

INTRODUCTION

This document outlines the Customer Risk Assessment Policy for YAO Entertainment NV ("the Company"), a licensed sports betting firm. This policy details how we identify, assess, and mitigate money laundering (ML) and terrorist financing (TF) risks associated with our customer base.

You Are On is a trading name of YAO Entertainment NV. All references to 'You Are On' within this policy refer to YAO Entertainment NV.

PURPOSE

This policy sets out the framework for assessing and mitigating the risks of money laundering (ML) and terrorist financing (TF) in compliance with the Curacao Gambling Commission's Conditions. You Are On is committed to identifying, assessing, and managing risks associated with ML and TF across our business operations.

This policy evaluates risks based on four key areas:

- Country or Geographic Risk
- Customer Risk
- Transaction Risk
- Product Risk

Each identified risk is assigned a risk score based on the likelihood and impact of the threat materialising. The risk matrix below determines the overall risk rating:

- Likelihood (L) (1-5): Probability of occurrence, where 1 = rare, 5 = almost certain.
- Impact (I) (1-5): Severity of consequences, where 1 = negligible, 5 = severe.
- Risk Score (R) = $L \times I$ (Overall rating: Low (1-6), Medium (7-12), High (13-25))

RISK FACTORS

The Company has identified the following risk factors that may influence the ML/TF risk associated with customers:

- Customer Risk:
 - Jurisdiction of residence (high-risk countries).
 - Source of wealth and funds.
 - Occupation and business activities.
 - Politically Exposed Persons (PEPs).
 - Beneficial ownership.
- Transaction Risk:
 - Size and frequency of deposits and withdrawals.
 - Unusual or complex transactions.
 - Use of multiple accounts or payment methods.
 - Rapid changes in betting patterns
 - Use of anonymous payment methods.
- Product and Service Risks:
 - High-stake betting products.
 - Products with high anonymity features.
 - Rapid transaction settlement.
 - Cross border transactions
- Delivery Channel Risks:
 - Online platforms with limited face-to-face interaction.
 - Third party intermediaries.

By continuously monitoring these risk factors, You Are On ensures that effective controls and mitigation measures are in place to prevent and detect potential ML/TF threats.

COUNTRY AND GEOGRAPHIC RISK

- High-Risk Jurisdictions: Customers attempting to place bets from, or transfer funds to/from, jurisdictions with weak AML controls.
- Cross-Border Transactions: Customers using offshore bank accounts, cryptocurrencies, or international payment processors to obscure the source of funds.
- Sanctioned Entities or Individuals: Ensuring compliance with sanctions lists to prevent transactions involving designated persons or entities.

Risk Factor	Likelihood (L)	Impact (I)	Risk Score (R)	Risk Rating	Mitigation Measures
High-risk jurisdictions (sanctioned or weak AML controls)	3	5	15	High	Block Transactions from high-risk countries, conduct EDD on relevant customers
Cross-border transactions from unknown sources	4	4	16	High	Restrict use of offshore accounts, flag transactions from high risk jurisdictions for review.
Sanctioned individuals /entities attempting to use services	2	5	10	Medium	Screen Customers against sanction lists, conduct ongoing monitoring.

CUSTOMER RISK

Certain types of customers present a higher risk of ML and TF, including:

- High-Net-Worth Individuals (HNWIs): Large, unexplained deposits or bets from customers with no clear source of wealth.
- Politically Exposed Persons (PEPs): Customers holding prominent public positions, who may be subject to bribery or corruption.
- Customers Using Third Parties: Accounts funded by individuals other than the account holder, indicating potential proxy betting or layering.
- Customers from High-Risk Sectors: Individuals with links to industries susceptible to financial crime, such as cryptocurrency trading, cash-intensive businesses, or foreign political involvement.

Risk Factor	Likelihood (L)	Impact (I)	Risk Score (R)	Risk Rating	Mitigation Measures
High-Net Worth Individuals (HNWIs) with unclear sources of wealth	3	4	12	Medium	Request proof of source of funds for large deposits, monitor transaction patterns
Politically Exposed Persons (PEPs)	2	5	10	Medium	Apply EDD, monitor betting activity closely.
Third party funded accounts	4	5	20	High	Restrict deposits from third-party payment sources, investigate unusual deposit patterns.
Customers from high-risk sectors (e.g. cryptocurrency traders, cash-	3	4	12	Medium	Required verification of income and business ownership

intensive businesses)					
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TRANSACTION RISK

Transactions can be manipulated to launder money or finance terrorism. We assess risks related to:

- High-Value Deposits and Withdrawals: Large, irregular transactions that do not align with a customer's typical betting activity.
- Rapid Betting and Cash-Outs: Customers placing high-stake bets with minimal risk (e.g., betting on both outcomes of an event) and cashing out quickly.
- Use of Multiple Accounts: Customers attempting to spread transactions across several accounts to avoid detection.
- Unusual Funding Methods: Use of prepaid cards, cryptocurrency, or e-wallets that obscure the source of funds.

Risk Factor	Likelihood (L)	Impact (I)	Risk Score (R)	Risk Rating	Mitigation Measures
Large, unexplained deposits and withdrawals	4	5	20	High	Flag for review, require source of funds verification.
Rapid betting and cash-outs	4	4	16	High	Monitor and flag patterns indicative of layering.
Use of multiple accounts to circumvent limits	3	5	15	High	Implement strict multi-account detection systems.
Unusual funding methods	4	4	16	High	Restrict deposits from high-risk payment methods.

(prepaid cards, cryptocurrency)					
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PRODUCT RISK

Certain sports betting products present a greater ML and TF risk due to their nature, including:

- In-Play Betting: Higher risk due to the speed of transactions, making monitoring more challenging.
- Fixed-Odds Betting: Potential for individuals to engage in match-fixing or suspicious betting patterns.
- High-Stakes Betting: Greater risk of money laundering due to high transaction values and increased anonymity.
- Promotions and Bonuses: Risk of abuse where criminals exploit welcome offers to cycle illicit funds.

Risk Factor	Likelihood (L)	Impact (I)	Risk Score (R)	Risk Rating	Mitigation Measures
In-Play betting (high transaction volume, rapid play)	3	4	12	Medium	Implement real-time monitoring for suspicious patterns.
Fixed-odds betting (risk of match-fixing, fraud)	3	5	15	High	Monitor betting trends for anomalies, report suspicious activity.
VIP and high-stakes betting (higher ML risk)	4	5	20	High	Conduct EDD on all VIP customers, monitor transactions for consistency.

Promotions and bonuses (risk of abuse)	3	3	9	Medium	Set limits on bonus use and require verification for high-value redemption.
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RISK MITIGATION MEASURES

To manage and mitigate these risks, the firm will implement the following controls:

6.1 Customer Due Diligence (CDD) and Enhanced Due Diligence (EDD)

- Verify customer identities using reliable, independent sources.
- Apply EDD for PEPs, HNWI, and high-risk customers.
- Require proof of source of funds for large transactions.

6.2 Transaction Monitoring

- Implement transaction monitoring procedures to flag unusual patterns.
- Review high-value deposits and withdrawals for legitimacy.
- Monitor bet frequency, size, and type for suspicious activity.

6.3 Staff Training and Awareness

- Train employees on AML/CTF risks and red flags.
- Ensure staff can identify and report suspicious activity.

6.4 Reporting and Record-Keeping

- Submit Suspicious Activity Reports (SARs) to the FIU when necessary.
- Maintain records of all transactions, customer due diligence, and risk assessments for a minimum of five years.

6.5 Risk-Based Approach

- Conduct regular risk assessments to adapt to evolving threats.
- Review and update this policy annually or when significant regulatory changes occur.