



FarUp Entertainment N.V Crypto risk management Policy

Introduction to FarUp Entertainment NV

FarUp Entertainment NV is a fiat-based online casino, committed to providing a secure and enjoyable gaming experience for our customers. While our core operations are centered around traditional fiat currency transactions, we have adapted to the growing global popularity of cryptocurrencies. As part of this we offer crypto-to-fiat transactions as a payment option. However, it is important to note that these transactions represent **less than 2%** of our total transaction volume.

1. Risks Associated with Crypto Payment Methods

Crypto payment methods allow customers to register gaming accounts and conduct transactions without providing personal information about the wallet's beneficial owner. This approach facilitates anonymity throughout the business relationship, as crypto wallets do not have registered beneficial owners and lack the audit trails typically used to establish the source of wealth or funds in traditional financial products.

Crypto methods are more susceptible to misuse by organized crime and terrorist groups for money laundering (ML) and terrorist financing (TF) due to their flexibility in disguising illegitimate funds as legitimate. A study by the European Parliament highlights that cryptocurrencies possess characteristics that pose risks of facilitating criminal activities, including ML and TF.

The borderless, peer-to-peer (P2P) nature of certain cryptocurrencies enables terrorist actors to transfer funds outside the regulated financial sector, beyond the reach of anti-money laundering and countering the financing of terrorism (AML/CFT) authorities. Additionally, cryptocurrencies offer varying levels of anonymity and pseudonymity, which can conceal illicit activities. While instances of illicit crypto use in cybercrime and Dark Web marketplaces are well-documented, there are relatively few publicly confirmed cases of TF involving cryptocurrencies.

Currently, at prevailing adoption levels, cryptocurrencies do not provide terrorist actors with significant advantages over traditional funding and financing methods. Nevertheless, crypto is treated as a high-risk product, significantly increasing customer risk when used.

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2. Business Controls to Mitigate ML/TF Risks in Crypto Solutions

Approximately 2% of transactions on our platform involve crypto transfers. Although these are not the primary focus of our product, the business acknowledges the inherent risks of offering crypto payment solutions and has implemented controls to mitigate ML/TF risks.

Customer Due Diligence (CDD):

- Customers can transfer funds via crypto without verifying the beneficial owner; however, they must complete simplified due diligence (SDD) during account registration. This includes providing legitimate personal and residential details, verified through physical documents as per Curaçao's AML regulations.
- Verification is mandatory when cumulative deposits or withdrawals exceed the 4,000 Naf threshold or earlier if customer information raises ML/TF concerns.

Enhanced Due Diligence (EDD):

- Applied to high-risk customers identified through internal thresholds or behavioral red flags.
- Involves collecting documentation to verify the source of funds and assess their legitimacy.
- No fixed criteria automatically trigger an ML/TF risk designation, but high-volume transactions prompt manual reviews by designated employees.
- High-risk cases are escalated to the Money Laundering Reporting Officer (MLRO) for further assessment.

Account Restrictions:

- Customers under pending due diligence reviews face account restrictions, preventing outgoing transactions.
- If provided documents do not sufficiently mitigate the risk to an acceptable level, the business relationship is terminated, and the case is reported to the Financial Intelligence Unit (FIU) based on the MLRO's internal assessment.

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3. Residual Risk Summary

Deposits via crypto payment methods cannot be entirely de-risked and are inherently considered high-risk. However, customers cannot register gaming accounts, conduct high-volume transactions, or remain anonymous without ongoing monitoring. Based on their risk profile, they must provide due diligence documentation to verify their identity, thereby reducing the risk of using illegitimate funds for gambling activities.

Source:

- [https://www.europarl.europa.eu/RegData/etudes/STUD/2018/604970/IPOL_STU\(2018\)604970_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2018/604970/IPOL_STU(2018)604970_EN.pdf) - Virtual Currencies and terrorist financing : assessing the risks and evaluating responses