

Comments on new Remote Gambling Bill and current policy of prohibition

BRIEF BACKGROUND OF PERSONAL INTEREST IN THE SECTOR

- * Practising attorney in the sector
- * 2003- 2011 Piggs
- * 2004 Act committee participation/report to Minister
- * 2009 Stakeholders meeting (following amendments 08)
- * 2010 GRC hearings and report
- * 2010 NGB trips

More research?

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KEY OBJECTIONS BY DTI

* Prohibition: enforcement is more effective than regulation

* Enforcement emphasised because it is the *de jure* position of the past 11 years during which online gambling has grown from strength to strength in SA

* Remote gambling will exploit the impoverished and the unemployed

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ENFORCEMENT – BRIEF ANALYSIS OF COMPLETE FAILURE IN THE USA

- * Online gambling has never been legal federally – UIGEA not new
- * 1961 *Wire Act*
- * Attention grew in big way in 1997 – *Kyl bil* – amend Wire Act to remove uncertainty
- * 2002/3/4 DOJ pressures intermediaries ISP's, media houses, financial institutions
- * 2006 UIGEA – step up pressure on financial institutions

2011 – 5 years after UIGEA

* **FULL TILT POKER indictment by FBI/DOJ – most sophisticated LE agency in the world took 5 years...**

* **Online golf supplies and florist**

* **Uncoded transactions**

* **Alternative payment methods**

* **Offshore bank accounts**

* **Cash collection**

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RUDIMENTARY ENFORCEMENT AGAINST PLAYERS (THAT CAN BE CAUGHT)

- * Reserve Bank fines and penalties
- * Possible criminal sanctions 10 years // R10 million fine
- * Completely unpalatable // bad policy
- * Allowing the vendors to display and sell wares with impunity but punishing the purchaser

UNEMPLOYMENT & IMPOVERISHMENT

- * There are higher 'barriers to entry' for remote gambling than any other gambling activity e.g. walk straight onto a casino slots floor
- * Personal computer or smartphone required
- * Some kind of banking instrument required but definitely a banking account
- * Sophisticated age verification and 'exclusion' technologies

PROBLEM GAMBLING

- * Worldwide has not impacted overall addiction percentages. The pathologically addicted, remain the pathologically addicted regardless of the mode.
- * FACTSHEET available at www.egba.eu - consolidated research from around Europe

*“Online gaming and betting is a popular form of entertainment that is enjoyed by the vast majority of consumers. Typically, the rate of problem gaming in Europe lies at **around 0.5 to 3%**. The growth of the Internet has also not led in an increase in the incidence of problem gaming”*

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CONFUSION SURROUNDING THE ROLE OF NGB

- * Currently an oversight body even in circumstances of national licensing
- * PLA's carry out practical and administrative functions
- * Nothing changes with regards to the proposed interactive regime

WHY REGULATION?

- * Standards: SANS 17814/Test labs
- * Monitoring and compliance
- * Funding for enforcement
- * But most importantly: Players will vote with their feet. A licensed entity will always trump and unlicensed one in player choice.