



Sixth Casino License Review
(Victorian Commission for Gambling and Liquor Regulation)

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Financial Counselling Australia (FCA) is the peak body
for financial counsellors in Australia.

About Financial Counselling Australia

FCA is the peak body for financial counsellors in Australia. We support financial counsellors and provide a voice on national issues. We advocate on behalf of the clients of financial counsellors for a fairer marketplace that will prevent financial problems in the first place.

What Financial Counsellors Do

Financial counsellors provide information, support and advocacy to people experiencing financial difficulty including people impacted by gambling. Working in community organisations, their services are free, independent and confidential. Financial counsellors are required to hold, or to obtain, a Diploma in Financial Counselling. They need knowledge of a wide range of areas of law and policy, including consumer credit law, debt enforcement practices, the bankruptcy regime, industry hardship policies and government concession frameworks.

Financial counsellors also document their experiences and highlight issues that have a negative impact on their clients. Either individually, or through FCA, they consult with industry, government and other stakeholders to encourage practices that prevent financial and consumer problems in the first place.

The main causes of financial difficulty are unemployment, illness and relationship breakdown. Financial counsellors also assist many people trying to make ends meet on very low incomes.

There are also specialist gambling financial counsellors, who work with:

1. Clients who gamble, and
2. Concerned family members/partners. Some of this group are experiencing financial harm, including financial abuse, as a consequence of their partner's or family member's gambling.

About This Submission

This submission is largely informed by gambling financial counsellors and their clients. We directly interviewed the lead case study. Financial Counselling Australia has worked intensively in the gambling policy space for a few years and has been involved in the Federal Government's development of the new National Online Gambling Consumer Protection Framework.

In 2015, we published the report, [Duds, Mugs and the A-List: the impact of uncontrolled sports betting](#). This report was the catalyst for subsequent government reviews and ultimately the development of a consumer protection framework in online gambling.

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TABLE OF CONTENTS

Executive Summary	i
1 Peter’s Crown Casino suicide attempt illustrates serious deficiencies	1
2 Where Crown Casino failed in their commitment to responsible gambling.....	3
3 Where the Code itself fails to be best practice.....	3
4 Responsible gambling regulation compares poorly to responsible provision of alcohol regulation 5 The <i>Liquor Control Reform Act 1998</i> is much stronger than Crown’s voluntary code.	5
5 Loan sharks operating at casino and within proximity.....	5
6 Casino giving credit despite prohibition	7
7 Conclusion.....	8

Executive Summary

If Crown Casino is not acting on flagrant cases of extreme and harmful gambling, then how likely is it to be proactive with problem gamblers who are deliberately flying below the radar?

In May this year a man with a deep-seated pokies addiction flew from Perth to Crown Melbourne to end his life in the casino. In his mind, if he dug himself into a deep financial hole, he would have given himself no choice but to suicide. He borrowed \$90,000, added this to his own funds of \$30,000, and aimed to lose it all, not to win. He went to a VIP room at Crown, where his ID was checked and was told **'you didn't tell us you had self-excluded at Perth Crown' but we'll still let you gamble here, just not in the VIP rooms.** He was on a bender, buying and taking drugs within Crown, and he told us he was even snorting lines of cocaine on the top of poker machines. He was in the casino daily for three weeks, losing heavily until he had nothing left. He had saved 40 ecstasy tablets for his suicide, getting massively high, before collapsing outside Crown when security then called an ambulance. The full facts are truly shocking – see our full case study in this submission.

Crown Casino holds itself out as an operator 'renowned for excellence ...' Its [Responsible Gambling Code of Conduct](#)¹, 'it is our objective to ensure that Crown remains a world leader in responsible gaming practices ...'

Being a world leader in responsible gaming practices requires a degree of proactivity. It requires more than talk, leaflets and a logo.

The self-regulatory code of conduct is insufficient in both its scope and application, and consequently Crown Casino is failing in its commitment to provide safe and responsible gambling. There are no penalties for breaches, and clearly no incentives to 'get it right'.

Nationally, the Federal Government has been working with the State and Territory gambling ministers to construct a [National Consumer Protection Framework](#). The standards are being raised, and Crown Casino's blind-eye approach to patron harm is at odds with the national expectations of both the Federal and national gambling ministers. Crown's online gambling business, including Crownbet is linked to its casino business via its loyalty program, and the standards need to be harmonized to provide consumer protection.

Crown Casino has fallen short in a number of areas. This submission highlights specific areas:

¹ See 'Crown's Commitment to Responsible Gambling', [Crown Melbourne Limited Responsible Gambling Code of](#)

- General failure to proactively restrict or assist gamblers who are clearly gambling harmfully
- Inadequate self-exclusion, including across State boundaries
- Loan sharks (and drug runners) being allowed to operate within and around the casino, preying on those who have lost a lot of money
- Crown Casino appears to be offering gamblers credit, despite this being prohibited under the Victorian legislation.

We are calling for an in-depth review of the Code from a harm minimisation perspective, and for the Victorian Government to move from self-regulation to an industry code with enforcement powers, penalties for breaches and independent code monitoring.

1 Peter's Crown Casino suicide attempt illustrates serious deficiencies

Our experience working with people who gamble harmfully is that there are typically layers of adverse events and experiences shaping their lives. We call these the “and then” factors. For example, someone close to the person dies, *and then* a job is lost or a business goes through a hard patch, *and then* a partner admits infidelity, *and then*

There are many combinations and permutations as everyone's lives and stories are different. Lives are complex, addictions are complex, and the 'and then' factors can happen randomly and in succession. Many people are at times extremely vulnerable, and it is for this reason that responsibility for protecting people from self-harm needs to be shared.

The companies that make their money from gambling have a duty to provide their services in a responsible manner, particularly as the harm from gambling can be severe.

Peter's Story* (real person, happened May-June 2017, name changed)

Peter and his wife moved interstate to try to escape poker machines. They knew Peter had a serious addiction, and in Sydney the pokies were everywhere. Their logic was that in Perth, the Perth Casino was the only place where pokies were permitted. The couple's strategy was to control the harm, by Peter signing up to Crown's self-exclusion register. Moving to Perth meant starting again socially, which was challenging. He got a good job in the mining industry.

Eighteen months ago, their marriage broke down, and Peter's life spiraled out of control. He started using drugs and the following year, he was made redundant. He applied to his bank for \$90,000 credit – this was approved and involved a bank personal loan and higher credit card limits. Peter then flew to Melbourne's for the sole purpose of going to Crown Melbourne, gambling and then committing suicide.

I flew to Melbourne because I was self-excluded in Perth. I was trying to make things so bad for me ... to make it easy for suicide. I never had any attempt at winning. I just wanted to lose as much as I could as quickly as I could.'

At the casino, I got cash out. I had about \$15,000 cash in my bank account, and a few days later I got a \$12,000 redundancy payout. Then I had credit cards with \$2,000 daily limits. I had four credit cards, and I'd walk in and out of the casino to the ATMs. The security guards would see the same person going, then coming back in 2 minutes later, sometimes eight times in and out. I spent over \$120,000 in total in the three weeks. I only played cash. I gambled on poker machines.

I was losing a lot. They noticed. The public liaison officer came up to me and offered me a pass to go into one of Crown's VIP rooms. He checked my ID, and came back and said 'you didn't tell me that you were self-excluded in Perth. ... But, it's all good as it doesn't apply in Melbourne.' I wasn't allowed into the VIP room but I could gamble in the main casino.

He asked how long I was staying in Melbourne. I said 'a few days'. I saw him another few times over the next three weeks. Two weeks later he saw me and said 'what are you still doing here?'

They offer you free rooms at the hotel if you're spending big. For me, it was important to be able to smoke, and get entry into the Mahogany room.

When I ran out of money I started selling things, my iPad, Macbook and iPhone. I posted the ads on Gumtree while I was playing the pokies, and within an hour there would be a reply and someone would come and meet me there. I'd also buy drugs. I'd reply to an ad online and someone would come meet me there within an hour. I'd meet them in Crown's food court. One Friday night I bought drugs inside the casino itself. A drug runner, a kid of about 20 years sat next to me and said 'do you want to buy drugs?' He passed it along to me. Some of it was meth and ecstasy.

By the third week I was 'racking up lines' on top of the poker machines. I did this a fair few times. Did they see me? There are so many cameras in there, they had to have seen the drugs.

In that third week, I met a guy who was friendly. He signed me into the VIP rooms as his guest. He had access to all the high roller rooms and took me to each of the rooms. They check your license when you go in, but I went in as his guest. There were \$500 a spin poker machines.

No-one from the Casino ever approached me [to offer help]. I was spending big, sometimes \$10,000 a day. All cash.

My plan was when I ran out of money, I was going to suicide. I'd saved a large quantity of drugs to OD on. I had 40 ecstasy tablets saved. I'd lost my last dollar on the Saturday, and took the tablets. I walked out and sat next to the river. I was hallucinating and freezing cold, so I went back into Crown and hid in the toilet for hours. The noise was driving me crazy, with the hallucinations, so I walked out, bumping into people in the casino. It was busy. I didn't know what I was doing. I then walked down to the casino's basement car park and lay down for a few hours in a carpeted area with lockers. Some young patrons tried to help me. Later, a security guard said 'you can't sleep here, you have to move on'. I think that there is a disjoint between security guards doing their security role and picking up problems. I moved back to the casino food court, but I was still really high. I went outside, but fell over at the main Crown entrance and couldn't get up.

It had become daylight. Someone called a security guard. I ended up in an ambulance and in hospital. The doctors said I should have been dead. A few hours later, I walked out of the hospital, climbed a crane and tried to jump. But I couldn't. I was doing everything I could to stare death in the face. But I couldn't do it.

I change as a person when I'm around pokies machines. I'm reckless and I don't care. I leave absolutely disgusted with myself, but then I'll go a week later and do it all again.

I interviewed this man at length for this submission, as it clearly seems unbelievable to outsiders that there was no intervention. I also spoke to the financial counsellor who is assisting him. Peter is

seeing a gambling financial counsellor. He has debts of \$90,000 owed to the banks that gave him a loan, and increased credit card limits to gamble. He is unemployed.

Peter called a friend to borrow money to catch a flight back to Perth, and spent a few weeks in hospital in Perth getting help. He is now clean, and is working on improving his mental health with psychiatric treatment, and rebuilding his life. He is very worried about the bank debt.

2. Where Crown Casino failed in their commitment to responsible gambling

All of the below relate to the recent May/June 2017 example above.

- Crown actually identified this man as someone who was self-excluded in Perth, then let him gamble at Crown Melbourne, only excluding him from the VIP room initially
- Failure to consistently check ID for those entering the VIP rooms with high bet minimum amounts (patron signed in by someone else with ID not checked)
- Failure to prevent drug runners from selling drugs within the casino and broader Crown complex
- Failure to intervene in any way when a patron was clearly gambling harmfully and recklessly, spending \$120,000+ in just over three weeks, despite his behavior being an additional flag (high on drugs).
- Failure to intervene when a patron was consuming lines of cocaine on top of the poker machines
- Failure to integrate security information with responsible gambling obligations – the security guards would have seen the same person going in and out repeatedly to the ATM machines, a sign of likely harmful gambling. The security guard seeing the hallucinating patron in the process of trying to suicide on Crown premises, failed to do anything other than remove him.
- Failure to do anything positive to intervene, despite having a patron playing only on the pokies in its casino daily, for long periods each day, for three weeks.

Even if a person is bent on self-destruction, and the old argument is given “that a determined gambler will always find a way”, this recent and real experience still demonstrates that even basic interventions are not being implemented.

3. Where the Code itself fails to be best practice

Crown’s Code of Conduct is self-developed. It does not include a positive obligation that staff will intervene (or it is not articulated in a way where there are incentives to make this happen in practice, for example penalties for non-compliance). This is a major flaw.

The following items are insufficient to discharge Crown's duty to provide a responsible and safe gambling environment:

1. A voluntary opt-in mechanism to set limits. The new National Online Gambling Consumer Protection Framework, will have opt-out pre-commitment. This means this is the default setting applying to everyone. This is informed by behavioral economics. Crown's voluntary opt-in pre-commitment has very low take-up, and is the least effective method of people controlling their spending.

The regulator could have a target sign-up level for Crown to achieve, with independent third party auditing. Currently there are multiple disjointed, minimal efforts to have people set either time or monetary limits, e.g YourPlay, Play Safe limits. The automated table games are treated differently to electronic gaming machines. From a human centered design perspective, people go to a casino and can mix their gambling between all the offerings, and therefore need to have a protective tool that covers all forms of gambling.

2. Loyalty program information is proactively provided to all members. Information about this is bizarrely under the Responsible Gambling Code of Conduct. There should not be a loyalty reward based on someone's losses, where the behavioral incentive aligns losses with loyalty point rewards. At the least, those racking up the most loyalty points should put Crown on notice that there may be a serious problem, and increase its positive duty to act. A better option is to not permit loyalty programs. The more people lose, the more they are rewarded ... this is not consistent with the responsible provision of gambling services or harm minimization.
3. Self-exclusion being treated as a limited State-based restriction. It is not best practice for Crown to acknowledge that its sister business in WA has self-exclusion in place, and then say 'it doesn't apply because we're under Victorian regulation'. This willful blindness is unethical and shocking.
 - a. There should be a national casino/self-exclusion program
 - b. All Crown businesses, including sharing of online self-exclusion registers, need to be part of the same operational process. If someone self-excludes from *everything* at Crown, this needs to include online and venue-based Crown owned gambling. Turning a blind eye to someone's attempt to help themselves is harming people, and is not consistent with the responsible provision of gambling services.
4. Chaplaincy support services – the regulator should satisfy itself that this has an evidence base in relation to the efficacy of this service to warrant its inclusion as a harm prevention measure.

5. It is clearly not sufficient to provide brochures to at risk gamblers – behavioral economists in a financial decision making context have demonstrated repeatedly that these measures have little efficacy in banking and credit contexts.

4. Responsible gambling regulation compares poorly to responsible provision of alcohol regulation

The *Liquor Control Reform Act 1998* is much stronger than Crown's voluntary code.

Alcohol is a legal product. Gambling in casinos is legal too. However, the regulatory framework around the responsible service of alcohol is much stronger than the voluntary code of conduct applicable to Crown.

Comparative observations:

It is an offence under s 108(4)(a) for an alcohol licensee to supply liquor to a person who is in a state of intoxication and under s 108(4)(b) the licensee must not permit a drunken or disorderly person to be on the premises. This has a penalty attached to it.

There is no offence or penalty, or even a consequence for Crown to allow out of control gamblers to deplete their entire financial resources.

We need proper legislation to achieve responsible provision of gambling in practice. A voluntary code is too weak.

5. Loan sharks operating at casino and within proximity

Is it conceivable that Crown Casino is turning a blind-eye to loan sharks operating within the casino?

Financial counsellors have told us that they are seeing people with debts to loan sharks. Some loan sharks befriend or approach gamblers whom they see someone gambling heavily within the Casino. Some of these loan sharks are working inside Crown casino, and others just outside the Casino's doors.

Particular ethnic communities are impacted heavily. For example, some financial counsellors work with Vietnamese woman who are in prison for drug charges. When they (or their spouses) cannot pay back the loans, they are threatened and coerced into becoming drug mules or otherwise involved in illegal drugs, and when caught go to prison.

This has been corroborated by a study of 35 Vietnamese women imprisoned for drug crimes in Melbourne. The author writes 'specifically, problem gambling in Melbourne's casino provided both the main motivation and the necessary network brokerage for drug-related crime'².

Of the 35 participants in the overall study, more than half (18) were driven into the drug trade to resolve debts incurred through casino gambling. When asked how they ended up in prison, these participants unequivocally explained 'it's because I got involved in gambling at the casino Further, they distinguished themselves from other drug trafficking offenders, suggesting that gambling had damaged their usual judgement. Participants themselves remarked on the disproportionate influence of gambling. Tuyan, for example, declared: 'In my view, 80 per cent of women in [prison], who were involved in drug trafficking, are here because they lost at the casino'. (pg 8)

In some communities, these lenders are not seen as loan sharks, but as trusted kinsmen who help each other out.

Once participants lost money, they obtained loans from other Vietnamese patrons at the casino. Three participants had themselves worked as 'casino lenders' before becoming gamblers – two of them using funds from their legitimate businesses, the other as a 'middleperson'. The media frames these lenders as 'loan sharks' who 'target' unsuspecting problem gamblers (The Age, 27 July 2009), but participants framed the loans as being akin to the informal Vietnamese lending practice known as *cho'i hu_i*, or 'the game of borrowing'. (page 9)

It is not legal for Crown Casino to give people credit to gamble. The *Interactive Gambling Act 2017*³ has recently been amended to prohibit online gambling operators from providing credit or *facilitating credit via intermediaries*. There are criminal and civil penalties for breaching this provision. It is unacceptable for Crown to turn a blind-eye to loan sharks operating in its casino, and it is credit facilitation by indirect means.

² Roselyn Le and Michael Gilding, 'Gambling and drugs: The role of gambling among Vietnamese women incarcerated for drug crimes in Australia', *Australian and New Zealand Journal of Criminology*, 2014.

³ [Interactive Gambling Amendment Act 2017](#), 15C Credit not to be provided to customers of certain interactive wagering services

Case study – from a financial counsellor

This Chinese client had a loan shark 'help' her husband by providing funds to meet his Crown casino gambling losses. His casino gambling debts got so bad that he committed suicide. His financially inexperienced widow was trying to pick up the financial pieces and meet her husband's casino gambling debt obligations. She also gambled at the casino to try and pay off the gambling debts. She remembered he had spoken about people who were 'so helpful' to him, and she approached them for help ... the loan sharks. When she couldn't repay the money in the time frame, they trapped her with threats against her family overseas and here. She was essentially told to be a drug mule to pay them back. At that point she found her way to a financial counsellor.

6. Casino giving credit despite prohibition

[Casino Control Act 1991](#), S 68 Credit etc.

(2) Except to the extent that this section otherwise allows, a casino operator must not, and an agent of the operator or a casino employee must not, in connection with any gaming or betting in the casino—

- (a) accept a wager made otherwise than by means of money or chips; or
- (b) lend money or any valuable thing; or
- (c) provide money or chips as part of a transaction involving a credit card or a debit card; or
- (d) extend any other form of credit; or
- (e) except with the approval of the Commission, wholly or partly release or discharge a debt.

Nationally, online gambling operators are now prohibited from providing credit, under the recently enacted reforms to the [Interactive Gambling Act 2017](#)⁴. In Victoria, under the [Casino Control Act 1991](#), (S 68 Credit etc) there is a clear prohibition on the Casino providing credit to its Australian patrons.

Financial counsellors are still seeing clients present who have been offered credit by Crown Casino, as the following case studies demonstrate. Clearly there needs to be investigation into how this is happening, despite the legislation, and despite media attention raising this issue in 2014⁵.

⁴ Schedule 2-Prohibition of credit betting. Credit is defined broadly in section 11A of the Interactive Amendment Gambling Act, more broadly than under the National Credit Code, see s 3,4,5.

⁵ '[Crown Casino exploits loophole to create secret bank for high rollers](#)', The Age, August 24 2014.

Case studies – from a financial counsellor⁶

Crown Rewards has five tiers of membership, and according to the Crown website, only level four (Platinum Tier) and level 5, (Black Tier) provides access to the high roller's Mahogany Room. To achieve Platinum Tier requires 100 status credits, with 500 casino and Crownbet points achieving 1 status credit point, i.e. 50,000 casino points within a six-months period.

Single parent on pension offered \$10,000 credit

A woman was invited to the prestigious VIP Mahogany Room. She wasn't your typical stereotype of a high roller, as she was on a single parents' pension. To retain membership of the Mahogany Room, patrons typically have to meet the spend thresholds over a six month period. The financial counsellor asked her how she had met the thresholds for high roller membership, and the woman explained that Crown offered her \$10,000 credit to maintain her gambling balances. She accepted these offers of credit.

Family man who had lost life savings offered \$10,000 credit

A man presented at a financial counsellor. He had lost the family home, family business and their life savings. He was a member of the Mahogany Room. At one point, he mentioned to the Crown cashier that he had no ready funds to gamble, and was offered \$10,000 credit, which he accepted and gambled.

7. Conclusion

This submission highlights substantial harm from current practices within Crown Casino. If Crown employees are failing to step in when there is obvious harmful gambling, then it is probable that they're failing also with less visible situations.

We are calling for an in-depth review of the Code from a harm minimisation perspective, and for the Victorian Government to move from self-regulation to an industry code with enforcement powers, penalties for breaches and independent code monitoring. Further, we are calling for self-exclusion and other consumer protections to have national application, so people trying to avoid harm do not fall between the regulatory gaps.

⁶ See submission provided to the Victorian Commission for Gambling and Liquor Regulation by Maria Turnbull, Odyssey House Victoria (21 Sept. 2017)

Finally, the issue of the Casino providing patrons with credit to gamble needs to be seriously addressed, so that it can't and doesn't happen. The casino appears to be breaching the legislative prohibition on credit. However, if somehow, it is finding a loophole ... the State legislation needs to change and fall into line with the new national legislation.

Postscript: the case study interviewee would probably be amenable to further discussing his experience with the VCGR commissioners.

