



NOTICE OF MEETING AND AGENDA

Pursuant to the Massachusetts Open Meeting Law (G.L. c. 30A, §§ 18-25), St. 2022, c. 107, and St. 2023, c. 2, notice is hereby given of a public meeting of the **Massachusetts Gaming Commission**. The meeting will take place:

Wednesday | September 11, 2024 | 10:00 a.m.
VIA REMOTE ACCESS: 1-646-741-5292
MEETING ID/ PARTICIPANT CODE: 111 420 5901
All meetings are streamed live at www.massgaming.com.

Please note that the Commission will conduct this public meeting remotely utilizing collaboration technology. Use of this technology is intended to ensure an adequate, alternative means of public access to the Commission's deliberations for any interested member of the public. If there is any technical problem with the Commission's remote connection, an alternative conference line will be noticed immediately on www.massgaming.com.

All documents and presentations related to this agenda will be available for your review on the morning of the meeting date by visiting our website and clicking on the News header, under the Meeting Archives drop-down.

PUBLIC MEETING - #530

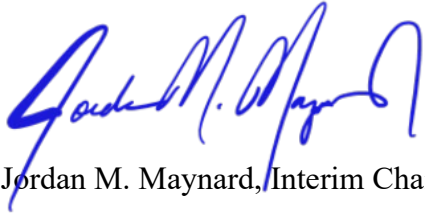
1. Call to Order – Jordan Maynard, Interim Chair
2. Opening remarks and overview of discussion to follow – Jordan Maynard, Interim Chair
3. Discussion with Sports Wagering Category 1 and Category 3 Operators regarding wager limitations
4. Discussion with representatives of patrons, responsible gaming and alternative sportsbook models regarding wager limitations
5. Other Business - Reserved for matters the Chair did not reasonably anticipate at the time of posting.



Massachusetts Gaming Commission

I certify that this Notice was posted as “Massachusetts Gaming Commission Meeting” at www.massgaming.com and emailed to regs@sec.state.ma.us. Posted to Website: September 9, 2024 | 10:00 a.m. EST

September 9, 2024



Jordan M. Maynard, Interim Chair

*If there are any questions pertaining to accessibility and/or further assistance is needed,
please email Grace.Robinson@massgaming.gov.*



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Wager Limitations Discussion Confirmed Attendees

Operators (10:15AM – 11:15AM)

Ballys:

1. Justin Black, Director of Compliance
2. John Streets, VP of Product
3. Tom Berman, Director of Sportsbook Retention & Operations
4. Olly Lamb, Kambi's SVP of Risk & Compliance

BetMGM:

1. Sarah Brennan, Senior Director, Compliance
2. Jeremy Kolman, Deputy General Counsel
3. Alexander Walder, Senior Manager, Trading Compliance

Caesars:

1. Ken Fuchs, COO & Head of Sports
2. Lisa Rankin, VP, Compliance & Licensing

DraftKings

1. Jake List, Sr. Director, Regulatory Operations
2. Pete Harrington, Sr. Corporate Counsel
3. Stephen Baumohl, VP, Trading

Encore:

1. Jacqui Krum, SVP & General Counsel

Fanatics

2. Alex Smith, VP, Regulatory Affairs
3. Mike Levine, Sr. Regulatory Counsel

FanDuel

1. Cory Fox, VP, Product

MGM

2. Gus Kim, VP and Legal Counsel
3. Daniel Miller, Compliance Director

PPC

1. Adam Kates, Sr. Director of Compliance & Marketing



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2. Samantha Haggerty, Deputy Chief Compliance Officer, Regulatory Affairs Counsel

PSI

1. Adam Kates, Sr. Director of Compliance

Patron and Responsible Gaming Representatives (11:30AM – 12:30AM)

1. Brianne Doura-Schawohl, Founder & CEO – Doura-Schawohl Consulting
2. David Hill, Podcast Host, Columnist, Writer
3. Jeff Edelstein, Freelance Sports Betting Writer
4. Joe Brennan, Executive Chairman – Prime Sports
5. Marlene Warner, CEO – MA Council on Gaming and Health
6. Richard Scheutz, CEO - Bettors Voice



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Wager Limitation Discussion Patron and Responsible Gaming Participant Biographies

Brianne Doura-Schawohl, Founder & CEO – Doura-Schawohl Consulting

Brianne Doura-Schawohl is founder and CEO of Doura-Schawohl Consulting LLC, a boutique global government relations firm that specializes in problem and responsible gambling policy. She most recently served as Vice President of US Policy and Strategic Development for EPIC Risk Management, a global harm prevention consultancy, conducting work in over 24 countries. Prior to her role at EPIC, Brianne served as Legislative Director for the National Council on Problem Gambling (NCPG). Her experience includes over a decade of leadership in advocacy, public policy, government affairs, and communications.

Doura-Schawohl's practice spans a wide range of work with executive and legislative branch officials and private sector stakeholders at the international, federal, state, and local levels of government. She has a history of achievements in State and United States Congressional legislative work, including a diverse portfolio of complex problem gambling policy issues. This continues to be invaluable in her ability to make a difference on behalf of people with gambling problems around the world.

Doura-Schawohl works with Congress and numerous state legislatures and regulators to provide expert advice on gambling policy. She continues to work with stakeholders on both sides of the aisle. Additionally, she has been featured in international, national, state, and local media, including ABC News, Bloomberg, CBS, CNBC, Forbes, ESPN, The Athletic, The Financial Times, The New York Times, The Washington Times, The Washington Post, The Guardian, CBC and others.

Brianne was named one of the top lobbyists in 2023 and 2022 by 'The Hill', named one of the top 100 lobbyists in 2022 and 2021 by the National Institute of Lobbying & Ethics (NILE), was featured as one of the 25 People to Watch in 2022 by Global Gaming Business, an honoree of the 2023 class of 40 under 40 Emerging Leaders in Gaming, is an honoree of the 2023-2024 '10 Women Rising in Gaming' by Global Gaming Women and CDC Gaming Reports and named one of the top 10 most influential women in gaming in 2023 by iGB. In 2019 she was appointed as a member of the Digital Gaming Advisory Group for the State of Hawaii and continues to serve on various coalitions.

In 2020 and 2021 she was a guest faculty member for Seton Hall Law School at their Gaming Law, Compliance, and Integrity Program and continues to be a guest lecturer for the University of Minnesota, Global Institute for Responsible Sport Organizations, and at Bradley University. Doura-Schawohl presents at conferences and other public events on gaming policy across the United States, Europe, Canada, and Australia.

Doura-Schawohl serves on the Board of Directors for Kindbridge Behavioral Health and is a member of the leadership team of the NILE Next Gen Executives committee, a group committed to advancing educational & networking opportunities for the next generation of leaders within the government



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relations profession. She is also a proud member of the Kindbridge Research Institute’s Military Gambling Awareness Committee (MGAC), a groundbreaking initiative dedicated to addressing and mitigating gambling-related harms within the military community.

Mrs. Doura-Schawohl holds a Bachelor of Arts in Political Science from the University of Mary Washington. She is a proud military spouse and resides in Fairfax, Virginia with her family.

David Hill, Podcast Host, Columnist, Writer

David Hill has written and reported on the gambling industry for over a decade for publications like The New York Times, Esquire, The New Yorker, and Rolling Stone. He hosted the Spotify Original podcast “Gamblers,” which documented the lives of professional gamblers of every stripe.

Jeff Edelstein, Freelance Sports Betting Writer

Jeff Edelstein is a longtime journalist who has been covering the sports betting industry since shortly after the repeal of PASPA. Formerly of SportsHandle and most recently at Newsweek, Jeff is currently freelancing in the space. He is also an avid sports bettor and daily fantasy sports player.

Joe Brennan, Executive Chairman – Prime Sports

Joe Brennan Jr. is the executive chairman for Prime Sportsbook and a 2021 inductee into the Sports Betting Hall of Fame.

Prior to Prime, Joe was one of the leaders of New Jersey’s constitutional effort to permit legal sports betting, and passage of the state’s online gaming law. He was a co-founder of Sport AD, which operated the first legal, real-money sports casino games outside of Nevada in 2017. Joe was the original lead plaintiff in 2009, along with NJ Governor Jon Corzine and the NJ state legislature, in New Jersey’s legal challenge to the Federal ban on sports betting.

Joe was educated at John Hopkins University and Marietta College, and lives with his family in Washington DC.

Marlene Warner, CEO – MA Council on Gaming and Health

Marlene has been with the Council since 2001 and she currently serves as CEO. Marlene led the development and implementation of Responsible Gambling (RG) programs for Wynn, Penn National and MGM Casinos. She has worked with the Mass Gaming Commission to launch Voluntary Self-Exclusion programs in the Commonwealth. She has initiated and delivered RG training for sales agents and retailers at US lotteries throughout North American State and Provincial Lotteries Association (NASPL). Marlene is a passionate expert & advocate for problem gambling (PG). She was the previous board president and current advisory board member of the National Council on Problem Gambling. She is a member of the regional NE PG organization and has delivered PG consulting services nationwide. Marlene often advises state lawmakers considering expansions of gaming legislation. She received her M.A. from the George Washington University and B.A. from Gettysburg College. She lives in Salem, MA with her husband and three children.



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Richard Scheutz, CEO - Bettors Voice

Richard Schuetz entered the gaming industry working nights as a blackjack and dice dealer while attending college and has since served in many capacities within the industry, including operations, finance, and marketing. He has held senior executive positions up to and including CEO in jurisdictions across the United States, including the gaming markets of Las Vegas, Atlantic City, Reno/Tahoe, Laughlin, Minnesota, Mississippi, and Louisiana. In addition, he has consulted and taught around the globe and served as a member of the California Gambling Control Commission and Executive Director of the Bermuda Casino Gaming Commission. He also publishes extensively on gaming, gaming regulation, diversity, and gaming history. He is currently the CEO of American Bettors' Voice.



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About Prime Sports

Prime Sportsbook (www.primesports.com)

Prime Sportsbook is an "open sportsbook", offering high stakes and superior service for both serious and recreational bettors.

Guaranteed Max Bet Amounts

At Prime Sports, all players can bet up to the posted maximum wager amount on all of our markets – guaranteed. Whether they are experienced pros or just getting started, our offerings are tailored to meet the needs of serious bettors.

Pregame and Live Betting

With high-stakes pregame matchups and live-betting, we have everything a sharp bettor wants. There are no “pinwheel” delays or reduced stakes when players bet – we guarantee a seamless betting experience for every player.

Fast and Reliable Payouts

When players win, they deserve to cash out quickly. Prime Sports ensures fast and hassle-free payouts, with no unnecessary delays. Player's winnings are just a few clicks away, and our dedicated Member Services team is available around the clock to assist them.

24/7 Customer Support

We know that questions and concerns may arise at any time, so our dedicated call center is always at our players' service, operating 24/7. Whenever player needs assistance, there's always someone ready to solve their issue quickly and ensure their betting experience is top-notch.

OPINION

Schuetz: Data Is King, And Other Free Advice For The Massachusetts Roundtable On Wagering Limits

"It seems that we are gravitating toward a model in the U.S. that is less of a sports betting model and more of a sucker-punching model."

By **Richard Schuetz**

Last updated: May 23, 2024

4 min





I can't make decisions without data.

–Sherlock Holmes



It appears that the Massachusetts Gaming Commission is holding a *Wagering Limitations Roundtable*, this [Tuesday at 11 a.m. ET](#).

I entered the gaming industry in 1971, and over the last few years, I have come to learn that wagering limitation is apparently a thing. Who knew?

Moreover, as I understand it, it is a thing about sports betting. This also surprised me a bit, for I have had oversight responsibility for several Las Vegas books, one of which was the largest in the regulated world, and I did not learn of this notion there.

In spite of being regulated much of my life and submitting over 120 gaming license applications as a casino executive and board member, having researched gaming regulation as a dissertation topic, and having been a senior



Hurry up and hold on to your hat

I call it the let's-open-sports-betting-quickly model. It involves appointing some folks to regulate it who have no experience in betting and then figuring it out along the way.

Since I wasn't invited to the roundtable, I will share my thoughts here. I have found the Massachusetts Gaming Commission to be one of the best in the U.S., and I applaud them for exploring this topic.

I need to mention I am a bit biased about the wagering limits concept, for I have been fortunate to have been involved in a research effort over the last six months focused on the sports betting consumer. A group of us spent a lot of time and resources on this effort, and we had a very large and interesting sample. One of the many questions we asked was: "Have you ever been banned or limited by a sportsbook?"

The answer was very much a surprise and inspired the following two Tweets:

Richard Schuetz 

@Schuetzinc · [Follow](#)

Imagine an art auction where the people who understood art were not allowed to bid. But people with money who could be easily duped about the value of art were sent special invites. Welcome to the modern world of sports betting in the US.

12:02 PM · Feb 3, 2024 

 358  Reply  Share

[Read 37 replies](#)



If the US iGaming firms ran the US educational system, the students who studied, worked hard, and did well would be thrown out of school, and the dumber students would be rewarded.

11:30 AM · May 7, 2024



40



Reply



Share

[Read 8 replies](#)

The research convinced me of several things. One, there must be many more beards in the gaming space than I would have guessed, because limiting certainly encourages this. Also, the domestic industry is doing its best to keep the offshore markets alive and well.

It also appears that lobbyists and regulators are cool with this, for they don't seem to talk much about limiting. Again, I applaud Massachusetts for taking this step to explore the topic.

It seems that we are gravitating toward a model in the United States that is less of a sports betting model and more of a sucker-punching model. This policy is supported by primarily welcoming and encouraging soft play and limiting and discouraging sharp play.

Regarding the roundtable, I have the following recommendation: Many folks will want to keep the sucker-punching model going, so I would guess they will provide misleading testimony and try to talk this topic to death. To avoid this, I would suggest that you immediately get analytical. It's that Data! Data! Data! thing that Sherlock was so fond of. That will provide you with excellent insights and stop a large portion of the nonsense. Handle this like you handled the Stephen Wynn investigation and get enmeshed in the facts. You were quite brilliant then; be brilliant now.

[Also See: The Nevada Gaming Control Board Has Officially Lost Its Way]

As for some transparency...



...how it was in fact, and the reason it was in fact. Oh, and have the guarantee that this type of report will provide you with more insight than will talking about it for days.

If you need some really smart people to help you with this, just get in touch, for I know some really sharp people who can assist you (one of the most important things I learned in the betting business is that the incredibly smart people are on the outside of the counter). If you want to learn about betting, you really need to give voice to the bettors, and I can help you there.

Since I spent way too much of my life in universities studying economics, I was really indoctrinated in the importance of sound analysis. Moreover, my main mentor always preached for me to get down and dirty with the data. I recommend that the MGC follow this guidance.

You will have a very good measure as to how large the limiting is. You will also have a very good baseline. You may even discover the different marketing messages that target the sharps, the not-so-sharps, and people who struggle to maintain any restraint with their betting.

Secondly, I think a good analytic product will teach you that a lot of the talk you are hearing is cheap.

The point is that there is a lot going on under the hood of the modern sports betting systems, and the sooner you get your arms around that reality, the better off all participants in the betting space will be. Moreover, you can make the operators do all of the work. Tell them what you want.

Thank you for letting me share.

We create and maintain a fair, transparent, and participatory process for implementing the expanded gaming law.

Richard Schuetz entered the gaming industry working nights as a blackjack and dice dealer while attending college and has since served in many capacities within the industry, including operations, finance, and marketing. He has held senior executive positions up to and including CEO in jurisdictions across the United States, including the gaming markets of Las Vegas, Atlantic City, Reno/Tahoe, Laughlin, Minnesota, Mississippi, and Louisiana. In addition, he has consulted and taught around the globe and served as a member of the

Sports Betting Companies Weed Out Winners. Gamblers Want to Know Why.

Bettors and regulators seek more clarity on why platforms limit wagers by some successful customers

By [Katherine Sayre](#)

July 13, 2024 9:00 pm ET

Online sports betting companies enlist celebrities, offer free bets and dole out perks to promote a tantalizing possibility: winning.

But some gamblers who manage to beat sportsbooks say they are often shut down when they succeed too much.

Dave Holmes, a sports bettor in Chicago, said that as he started to win more using a math-based wagering strategy, companies including BetMGM, ESPN Bet and Caesars began rejecting his bets. He typically puts down about \$100 per bet. Some companies have offered instead to accept as little as 50 cents.

“I would love to actually be given an answer to why it’s happening, and they refuse to do that,” Holmes said.

Some frequent gamblers search the odds on everything from National Football League and Major League Baseball games to table tennis and darts, seeking weaknesses in [prices set by sportsbooks](#) and making advantageous wagers, much the way hedge funds seek opportunities to pounce on undervalued stocks.

Bettors who have been reined in say the mystery of why and when it happens is frustrating. Some have suggested that sportsbooks be required to offer the same maximum for all bettors or explain why some bettors are subject to different limits within the apps they use regularly.

Earlier this year, the Massachusetts Gaming Commission held a public discussion on wager limits, raising questions and seeking answers on how online sports-betting companies decide how much money to accept from individual customers.

Several sports-betting companies licensed in the state—including [DraftKings](#), FanDuel, BetMGM, Caesars, ESPN Bet and Fanatics—agreed to attend the session but didn’t show up, citing concerns that proprietary business information would be made public, according to the commission. They have since agreed to participate with the commission on discussing the issue. (Fox Corp. has an ownership stake in FanDuel’s parent company, [Flutter Entertainment](#). Fox and Wall Street Journal parent News Corp share common ownership.)

The regulator is digging into wager limits at a time of increased scrutiny on the other side of the sportsbook business: the biggest losers. Companies place big bettors in so-called VIP programs, doling out thousands of dollars in free bets and other perks for their most profitable customers, [The Wall Street Journal reported](#) in February. In response, U.S. Sen. Richard Blumenthal (D., Conn.) sent

letters to online gambling companies questioning how they use player data and other marketing [to target customers](#).

Sports-betting companies don't regularly report how many customers are limited or how many are part of VIP programs. Nakisha Skinner, a Massachusetts Gaming Commission member, said in a March public meeting that she is concerned about transparency and fairness.

"You have a situation where a patron is losing, and being encouraged through outreach by an operator's VIP staff and incentives," Skinner said. "What's the balance when that same patron begins to win?"

Setting limits

Sports-betting executives say bettors who are limited make up a fraction of their customer base and tend to be professional gamblers—unlike most customers, who bet on sports for entertainment. Betting heavily with promotions could get a customer limited, some companies said.

Sportsbooks deploy sophisticated risk-and-trading desks to monitor how money flows through various bets, attempting to minimize losses while offering attractive odds for customers. The companies say they have to manage their risk to operate the business profitably.

Bricks-and-mortar casinos have long maintained the option to block winning players, including at sportsbooks, and many successful bettors have to adopt ways to disguise their bets so that casinos can't track what they are doing. The legendary sports bettor Billy Walters famously employed teams of people to spread out around Las Vegas and place bets for him.

Online gambling companies typically set a maximum amount of money customers can put down for any bet they offer. Some gamblers discover their personal bet allowances are lower when they log on to place a wager.

Michael Holt lives in South Dakota, near the border with Iowa. His home state hasn't legalized sports betting, so he drives to Iowa to make legal wagers online there.

During March Madness, he placed a few \$50 bets on basketball. He won some of them and noticed in the next couple of days that ESPN Bet and Caesars would take only \$5 or \$10 bets from him. So far, he hasn't noticed limits on his bets with DraftKings or FanDuel.

Holt said he has placed a total of \$1,000 in wagers on the ESPN Bet app and won a total of \$1,200 for a \$200 profit.

"The fact that they flagged a \$200-worth of a player is kind of crazy to me," he said.

Up nearly \$50,000

A DraftKings spokesman said the company offers tens of thousands of wagers a day, all with market-specific betting limits. "We restrict less than 1% of players below the market limit based largely on betting behaviors," he said.

[Penn Entertainment](#), which operates ESPN Bet, said in answers submitted to Massachusetts regulators that customers get an on-screen message when a wager exceeds their approved limit,

which is updated in real time, and that customers can ask for those limits to increase. Any law or regulation that would limit or ban operators from setting such guardrails would force it to cut back on its offerings, the company said.

Holmes, the Chicago sports bettor, researched a mathematical approach to gambling, one that he said puts the odds more in bettors' favor, and said he is up nearly \$50,000 since he began.

He said he has been limited by five companies with no explanation. Holmes initially tried to put down \$100 per bet but now can't wager more than \$10, \$25 or \$50 depending on the company and the type of bet he is trying to place.

If the companies were forthright and told gamblers directly that they had won too much and were taking actions to manage the business risks, he said, "I would be very understanding of that."

Write to Katherine Sayre at katherine.sayre@wsj.com

THE WALL STREET JOURNAL.

VIP Programs Offered by Online Gambling Companies Draw Federal Scrutiny

Following a WSJ report, Sen. Richard Blumenthal asks FanDuel, DraftKings and others how they target big spenders and VIPs

By [Katherine Sayre](#)

Updated March 27, 2024 11:48 am ET

Federal lawmakers concerned about gambling addiction are starting to scrutinize online betting companies' targeting of big spenders and VIPs.

Sen. Richard Blumenthal (D., Conn.) sent letters last week to eight online gambling companies, including FanDuel and [DraftKings](#), urging them to stop using player data and other marketing tactics to target customers with gambling problems.

He noted The Wall Street Journal's report last month [profiling a psychiatrist](#) who tried to quit online gambling but lost more than \$400,000 in less than a year, egged on by perks and thousands of dollars in betting credits doled out by VIP hosts.

"Gambling addiction is so pernicious because it is so prevalent and so rampantly denied as a problem," Blumenthal said in an interview.

Meanwhile, Rep. Paul Tonko (D., N.Y.) said he is working on legislation that would impose federal oversight of [online sports betting](#) in any state that has legalized the business.

Seven online gambling companies launched a trade association Wednesday that aims to promote responsible gambling practices, assess the efficacy of industry efforts to avoid problem betting and "promote a new industry-wide best practices charter."

Blumenthal is exploring ways that sports-betting companies encourage gamblers, including people with a problem, to continue playing.

“The bonuses and credits, the promotions and pitches, the VIP hosts. It has to be seen as a whole, and there may be aspects of it that should be prohibited or much more rigorously restricted,” he said.

Online sports betting and casino games have exploded in the U.S. over the past six years, as more states legalized the industry. A total of 38 states and the District of Columbia have legalized [sports wagering](#), while six states allow online casino games such as slots or blackjack.

Gambling companies rely heavily on top spenders to generate revenue. Companies deploy so-called VIP hosts who form personal relationships with the biggest spenders, frequently handing out betting credits to encourage gamblers to deposit more of their money.

The companies collect customers’ betting habits, including gathering data on how much time players spend on the app, how much they gamble, what kind of bets they place and how much they lose. Psychologists who study gambling addiction say that data could be used to identify [customers with a problem](#).

Blumenthal said the companies should use that approach and proactively offer treatment services and self-exclusion, which is an option for gamblers to have themselves banned on the apps.

In his letters to the eight gambling companies, Blumenthal asked more than a dozen questions about their operations, including what customer data is collected and how that information is used. Blumenthal also asked whether the companies would agree to end VIP hosting programs and is seeking a response by April 8.

Blumenthal sent letters to FanDuel, DraftKings, BetMGM, Caesars, Fanatics, ESPN Bet, Betfred and Bet365. The companies either didn’t comment to the Journal on Blumenthal’s letter or referred questions to the American Gaming Association, a gambling-industry lobbying group that has opposed federal regulatory intervention.

Chris Cylke, the AGA’s senior vice president for government relations, said it is concerning that policymakers assume player data is being used to harm customers because the industry has already been discussing how artificial intelligence can improve efforts under way to fight problem gambling.

In January, Blumenthal and Rep. Andrea Salinas, an Oregon Democrat, introduced legislation that would direct half of a federal sports-betting excise tax for gambling addiction treatment and research through the U.S. Department of Health and Human Services. The tax was estimated to bring in about \$250 million in 2023, according to the National Council on Problem Gambling.

In Tonko’s proposal, new rules would include banning advertising during live sports events, banning credit cards as a form of payment and prohibiting companies from using artificial intelligence to track players’ habits.

Gambling is regulated state by state, creating a patchwork of online betting rules. The Journal's profile of psychiatrist Kavita Fischer in part prompted a lawmaker in Pennsylvania, where Fischer lives, to pursue a ban on credit cards for online gambling in that state.

Write to Katherine Sayre at katherine.sayre@wsj.com

The Athletic

The Massachusetts Gaming Commission hosted a roundtable on betting limits. All 10 state sportsbooks opted out

By [Hannah Vanbiber](#) May 21, 2024

The Massachusetts Gaming Commission (MGC) held a long-awaited public roundtable Tuesday to seek more transparency from sportsbooks on how, when and why they set betting limits on some patrons.

"I've been made aware that 10 active operators in the commonwealth, after initially signaling that they would attend and actively participate in this public roundtable, decided not to," said Jordan Maynard, the interim chair of the MGC.

Maynard said the sportsbooks instead requested a private executive session in place of a public roundtable "as they felt that some information would be too sensitive to reveal in public." The MGC, though, is required by Massachusetts law to hold their meetings in an open forum, except in some special circumstances.

According to the MGC, sportsbook operators including BetMGM, DraftKings, FanDuel, Caesars, Fanatics and PENN Entertainment (ESPN BET) informed the commission of their decision to withdraw within 72 hours of the public meeting. Only one sportsbook operator that is not yet live in the state, Bally Bet, sent a representative. Bally Bet will not be available in Massachusetts until June.

In addition to Bally's representative, Justin Black, the meeting was attended by the commission members, their legal counsel, a professional gambler representing the perspective of sportsbook patrons and two gambling industry consultants.

After an hour of conversation, the commissioners expressed frustration at the pointlessness of having the roundtable without the operators present.

"This was not a good use of our time today, given that we didn't have our primary stakeholders as part of the discussion," said Commissioner Nakisha Skinner. "I hope we can work to change that going forward."

Commissioner Brad Hill said he felt "anger" for "not being able to get a lot more information that I thought we would be able to get today to start this conversation."

The Athletic reached out to BetMGM, FanDuel and DraftKings for comment. BetMGM directed us to their public statements on the issue and DraftKings has not responded as of publishing.

A FanDuel spokesperson shared the following, which they also shared with MGC: “We do not believe that we can have a meaningful discussion in a public forum about our wager limits and risk management processes. Risk management, similar to trading (i.e., setting prices) is a core part of our business and our value proposition as a sportsbook, and it is critical for FanDuel to maintain confidentiality over our proprietary systems. We respectfully request the opportunity to meet privately in Executive Session to discuss these matters and provide the level of information necessary to properly understand our approach.”

(Note: The Athletic has a partnership with BetMGM but not FanDuel or DraftKings.)

So what was the meeting about? The issue of player limits is one of transparency. Sportsbooks in Massachusetts are legally allowed to set limits on individual patrons. But the MGC is concerned that there isn’t enough clarity or communication on when and why a player might be limited — and that sportsbooks are limiting players simply because they are winning.

“The MGC was made aware of reports from consumers and media coverage that some operators limit bettors who routinely win,” Maynard said. “Some claim they were not in violation of house rules, state laws or regulations, or other authorized acts when they were limited.”

In short: Are there patrons who are wagering honestly who are being limited? The MGC’s motivation behind the question is whether these betting limits will drive patrons to illegal markets. “If we have operators limiting patrons who are playing by the rules, that limitation will naturally incentivize those players to turn to the illegal market,” Maynard said.

The commission was aiming to have sportsbook operators answer [five guiding questions](#) on the issue of player limits:

1. Please detail how and why a patron may be limited on your platform, including how you may limit patrons on an individual basis.
2. Please explain the experience of a patron once they become limited.
3. What are the responsible gaming implications if patron limits are more heavily regulated?
4. What would be the impacts to the industry if allowing limits on individual patrons was prohibited or limited by law or regulation?
5. What are other jurisdictions and/or other sports books doing?

Jack Andrews, a professional gambler and part of sports betting company Unabated, gave the perspective of sports bettors. He shared how sportsbooks often don’t communicate to players that they have been limited, why they are being limited and how long the ban will last. Unlike at brick-and-mortar casinos, where a player might be limited at one table but not every game, sportsbooks set limits that are “pervasive across the board.”

“The house has the edge, this is gambling, but a lot of users feel that things don’t cut both ways,” Andrews said. “Limiting is just an example of that.”

The commission received [dozens of stories](#) from sportsbook users about similar experiences. In the words of Commissioner Skinner, the MGC sees it as an issue of “fundamental fairness.”

Brianne Doura-Schawohl, a consultant in the problem gambling space, shared a case from Washington, D.C., where a sportsbook claimed a betting limit was placed due to problem gambling, but that turned out to be untrue.

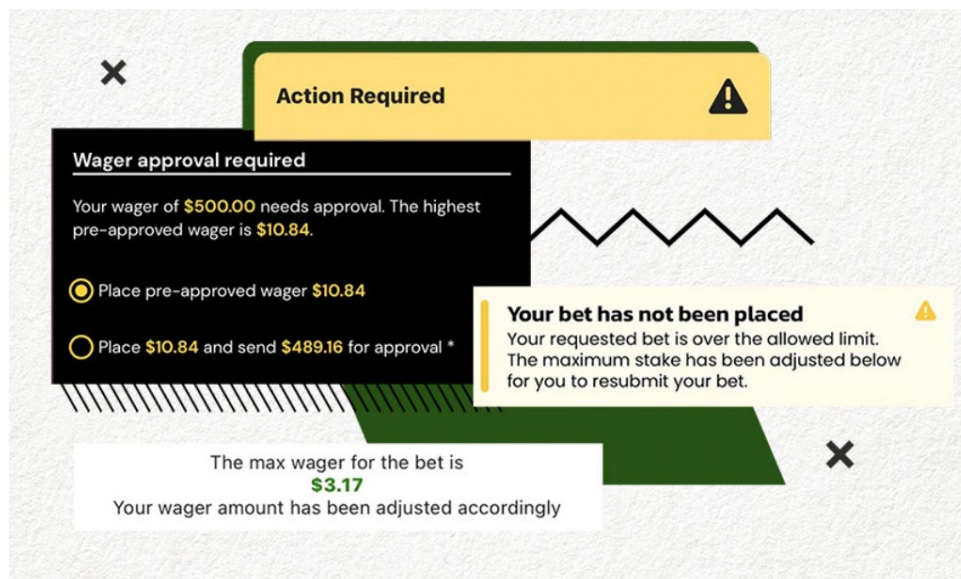
“This is the first time people who are being limited feel like they’re being heard,” said Dustin Gouker of Closing Line Consulting.

The commission ended with a promise to continue the conversation — with sportsbook operators involved.

“This is day one of this conversation for me,” said Commissioner Eileen O’Brien.

The Washington Post

Sportsbooks say you can win big. Then they try to limit winners.



By Danny Funt

November 17, 2022 at 8:00 a.m. EST

Evan Fournier seemed poised for a big night. The New York Knicks guard tends to torch the Boston Celtics, his previous team, and Beau Wagner, an attorney in the Chicago area, couldn't believe DraftKings was giving Fournier 50-to-1 odds of being the top scorer when the Knicks faced the Celtics in January.

A serious sports bettor, Wagner, 42, wagered \$1,000 on Fournier. Stars Jayson Tatum and Julius Randle were the favorites to be the game's top scorer, but in Wagner's eyes Fournier's odds were too good to pass up.

He was right: The Knicks sharpshooter [scored a game-high 41 points](#).

Wagner tweeted a screenshot of his \$50,000 winning ticket, and the official DraftKings account retweeted it with the caption, “BEAU KNOWS BETTING.”

A printout of the tweet hangs on Wagner’s wall. But his appreciation for DraftKings quickly gave way to resentment. A day after his bet, Wagner discovered DraftKings wouldn’t let him wager more than \$100 on an NBA game. A few days later, he tried to place another prop bet through the online sportsbook and wasn’t allowed to put down more than \$3.63.

“The major problem I have is that DraftKings used my ticket to make it seem like you can win big, just like they do in their commercials,” Wagner said. “You promote my tweet, and literally the next morning I’m limited.”

DraftKings isn’t alone. Many U.S. sportsbook operators are seeking to boost profits by weeding out winning customers. Bettors who show signs of savvy are being limited faster and more aggressively than in the past, based on interviews with 20 bookmakers and accomplished bettors. As a result, Americans who are trying to make sports gambling their livelihood — or at least a profitable side hustle — are going to extreme lengths to evade limits: betting through proxies, sprinkling in deliberately dumb bets and wearing team jerseys when betting in person in an effort to pass as a “square.” Some have even returned to unregulated bookies, who don’t limit their action nearly as much.

Although some states, such as New Jersey, prohibit sportsbooks from banning rule-abiding customers simply for winning, imposing different limits on different customers is allowed nationwide. Sophisticated bettors, or “sharps,” point out that if they aren’t allowed to bet more than pocket change, they might as well be banned. Asked about that apparent loophole, a spokesperson for New Jersey’s Division of Gaming Enforcement said, “We are not in a position to evaluate hypotheticals.”

Dan Hartman, director of Colorado’s Division of Gaming, said there is no right to be a professional sports gambler. “It’s a form of entertainment,” he said.

Several leading sportsbooks, including DraftKings, declined or did not respond to interview requests for this story.

FanDuel, the leading U.S. sportsbook, calls itself an entertainment company. DraftKings CEO Jason Robins caused a stir among serious bettors last year [by declaring](#): “This is an entertainment activity. People who are doing this for profit are not the players we want.” The not-so-subtle implication: The company is only interested in losers.

Sports betting can’t exist without some form of limits. “If Warren Buffett came in tonight and wanted a billion dollars on the Bears game, of course we wouldn’t take that,” said Chris Andrews, director of the South Point sportsbook in Las Vegas. But American bookmakers are increasingly adopting what’s known as the European model, Andrews said: ruthlessly “sacking” winning customers. “A friend of mine tried to bet a 30-to-1 future,” Andrews said. “They gave him 35 cents. It’s ridiculous.”

One professional bettor in New Jersey started on a losing streak at BetMGM. “They were rolling out the red carpet, offering me a lot of different promotions,” said the bettor, who, like several people

quoted for this story, spoke on the condition of anonymity because of his desire to not be flagged by other sportsbooks. Once he started winning, his limits were slashed; now BetMGM won't let him bet more than \$10 on some games. "It's hard to tell me that you care about responsible betting when somebody's down six figures and you keep enticing them to bet more," he said, "but once they get close to even, you cut them down drastically."

Life in 'a brand new industry'

Although genuine sharps might make up less than 1 percent of the betting public, bookmakers say, recent limiting policies affect as much as 10 percent of customers. Among pro bettors, DraftKings, BetMGM and PointsBet are frequently cited for imposing the harshest limits. Caesars and WynnBET are praised by some for offering high limits. The sharps' favorite place to bet appears to be Circa Sports, which posts high limits available to all customers, regardless of skill.

Sportsbooks have many ways of identifying sharps. The pros tend to bet as much as possible and generally don't bet close to game time, by which point the market has matured and the lines are sharper. Above all, bookmakers will probably impose limits on customers who consistently get good closing line value. For example, if someone bets on the Washington Commanders early in the week when they are seven-point underdogs and by Sunday the spread has dropped to five, the bettor "got the best of the number," even if the Commanders end up losing by 10.

"I've seen people get limited before that are down thousands of dollars but they're consistently beating the line," said Rob Pizzola, a professional bettor. "It feels like a lot of these sportsbooks are extremely risk averse. If there's even a 75 percent chance you're going to win over time, they would rather just not take your action."

Some experts on the other side of the counter agree. "Too many accounts get limited, and those that get limited are limited too harshly," said Chris Fargis, senior director of trading risk at the sportsbook that Fanatics, the merchandise giant, plans to launch next year. Fargis, who previously ran the DraftKings sportsbook, said large digital operators are forced to make some limiting decisions using automation. Modern software often lacks the "granularity," Fargis said, to limit a certain customer on one type of bet but not another. Even good technology doesn't negate the need for skilled employees, he added. "Some operators just don't choose to staff heavily against that problem."

Nick Bogdanovich, a longtime Las Vegas bookmaker who works at Circa after nearly a decade at William Hill, concurs. "It's a brand new industry" in many states, he said. "It's not like there's hundreds of qualified bookmakers out there. You're training a lot of guys who are green."

But software and staffing explain only so much. The aggressive crackdown on winners highlights a fundamental debate in gambling: Some bettors know how to overcome the house's built-in advantage. Do their strategies amount to taking advantage of the sportsbook or simply playing the game strategically?

One serious sports bettor in Colorado used to get booted from casino blackjack tables for card counting. "Counting cards is definitely not cheating," he said. "You're just using your mind." The same could be said of tactics that get sports bettors limited.

For example, sportsbooks are known to limit customers who bet “steam” — quickly betting outdated lines at books that are slower to adapt to changing markets. On the other hand, line shopping is a basic part of intelligent betting. “If I was in the mall and four different stores have the same pair of sneakers, I’m going to see who’s got the lowest price,” said a New Jersey-based bettor [who goes by Markus Ericson on Twitter](#). “Why do I get punished for doing that with sports lines?”

Sportsbooks are also quick to limit bettors who are winning props — specific, situational wagers — arguing that props are a promotional gimmick to bring in customers, not the bread and butter of betting. Gamblers, meanwhile, say books should take action on any line they’re confident enough to offer.

Traditionally, bookmakers have tolerated sharps because they help steer price discovery — the process of finding the best line. “We found out over the past three decades, it’s best to limit them rather than kick them out,” said Jay Kornegay, executive vice president of operations at SuperBook Sports. “We use their information to make our lines as strong as they can be.”

“The bookmaker/bettor relationship does not have to be antagonistic,” said Rufus Peabody, a pro bettor and co-founder of gambling advice website [Unabated](#). “The problem is that all these books want another book to take the sharp action and then essentially just free ride and copy their lines.”

There is — or at least there was — an etiquette to sports betting. In exchange for a book taking their action, sharps would self-police. If a bookmaker had a so-called fat finger and posted an obvious mistake, “You wouldn’t go and bet it; you would tell the bookmaker that it was wrong,” legendary Las Vegas bookmaker Michael “Roxy” Roxborough said. “Those personal relationships don’t exist anymore in the online world.”

Now, faced with what bettors consider egregious limits, self-restraint goes out the window. “If you feel really screwed over by a book,” Peabody said, “you’re going to be more likely to try to exploit any mistake you can.”

Evading limits with ‘beards’

At some brick-and-mortar sportsbooks, bettors can bet at kiosks in addition to the counter. Although kiosks have lower limits, it’s easier to bet anonymously through them. “It’s become a personal ATM for a lot of professionals,” said New Jersey-based sharp Gadoon “Spanky” Kyrollos.

Kyrollos, who employs 13 people for his betting operation, said because of limits most of his bets are placed through other people, known as “beards.” Sharps dream of “flipping whales” — wealthy bettors with a history of losing who have exceptionally high limits. Ashton Kutcher [once told Esquire](#) he collaborated with a betting syndicate, winning \$750,000 in four weeks of college football.

A former schoolteacher in New Jersey [who goes by Hitman on Twitter](#) said he uses beards to place bets through roughly 25 accounts at one major sportsbook. He works in collaboration with a childhood friend who lives in Las Vegas. The friend is tasked with finding longtime losers who are willing to place bets in exchange for a cut of the winnings.

By helping turn squares into winners, some sharps view themselves as a sort of Robin Hood. “These books are grossing tens of millions of dollars off of people’s mistakes or addictions,” the friend said. “We’re the good guys.”

Even with his network of beards, because of limits, Hitman also bets through dozens of unregulated bookies. “The average local bookie gives me \$200 on props,” he said. “How can BetMGM, a billion-dollar business, give me \$10 and the woman booking out of her bra in Atlantic City is giving me \$200? It just doesn’t make sense.”

By imposing stringent limits, regulated operators are pushing business to illegal bookies and offshore operations. A longtime bettor [who goes by Brock Landers on Twitter](#) said when more than a dozen regulated sportsbooks opened in New Jersey, he was excited to be done with the stressful and, at times, unsafe process of betting illegally. Within months, harsh limits had him back betting through local connections.

“It’s kind of crazy that we thought regulation would clean up all the issues with illegal gambling,” he said. “It’s not like anything has been solved.”

Flipping whales and wearing disguises at sportsbooks might sound like the plot of the next “Ocean’s Eleven” sequel, “but believe me, it’s the biggest pain in the a-- in the world,” Kyrollos said. “The challenge is no longer winning. The challenge is making sure that I’m able to bet enough to make my business sustainable.”

As a result, he encourages people to think twice about pursuing his profession. “If you’re smart enough to be successful in sports betting,” he said, “you can make a lot more money in an industry where you’re not penalized and ostracized and treated like a thief.”

Matthew Metcalf, director of Circa Sports, said he and his colleagues try to have conversations with customers suspected of doing something that could get them limited. “Nine times out of 10,” he said, “guys are friendly and say, ‘Hey, I really appreciate you reaching out.’ ”

He believes the burgeoning industry needs to work to restore the good-faith relationship between sharps and sportsbooks. “You can’t have a business without customers,” Metcalf said, “and you can’t abuse your customers long term.”



Aggressively Limiting Sports Bettors Undermines the Reasons for Legalizing Sports Betting

By cracking down on good bettors, legal sportsbook operators can create demand for illegal sportsbook operators.

[Geoff Zochodne](#) • Senior News Analyst

Jul 12, 2023 • 15:18 ET • 7 min read

Like many other cogs in the industrial content machine, I woke up this morning and checked my email. There, as per usual, was fodder from one of the major [sports betting sites](#) in the U.S., ripe for sharing on social media.

According to the latest from [BetMGM](#), many people are wagering that a team will lose every single game during the upcoming National Football League season. And, again per BetMGM, a lot of people think the Arizona Cardinals are going to lose a lot of games.

Perfect. [A few screenshots and a tweet later](#) and I shared this negativity with the world. However, the only reaction this tweet received (and, yes, I realize this is a very self-centered way to start a column) was the following: “Geoff no one with a pulse is able to bet @BetMGM this insight is absolutely useless.”

Pushing it to the limit

Well, ouch, but I can’t verify for certain if the above is universally true. Maybe the tweet will amuse a guy sitting in a bathroom somewhere or someone will use this factoid in a water-cooler discussion with a fellow employee. Moreover, I have a BetMGM account, and last I checked I do have a pulse because the blood moving through my body is helping me to write this. However, I’m not a sharp bettor. I’m just a guy who bets.

This brings me to the point I’m here to make: overly-aggressive limiting of players will undermine the whole point of [legal sports betting](#). This is an opinion, and maybe you disagree. But, in short, if people can’t make a decent bet through a legal channel, I think they will go somewhere else that is not regulated, licensed, or taxed.

If so, by cracking down on good bettors, legal sportsbook operators can create demand for illegal sportsbook operators. This flies in the face of one of the main reasons to legalize sports betting in the first place, which was to redirect wagering going on in “gray” and “black” markets into totally legal ones.

Like every other business, gambling has supply and demand. Notably, the American Gaming Association and others are urging federal lawmakers to crack down on the suppliers of offshore and non-U.S.-regulated gambling.

“Illegal and unregulated gambling is a scourge on our society, taking advantage of vulnerable consumers, skirting regulatory obligations and robbing communities of critical tax revenue for infrastructure, education and more,” AGA President and CEO Bill Miller said in a press release last November.

Again, though, regulated operators can create demand for offshore and non-U.S.-regulated gambling by refusing to take action from certain players. Going after supply but not considering demand means only addressing half of the problem.

Some data suggests a sizable amount of such demand could be created by limiting. Citing bookmakers, [the Washington Post reported in November](#) that “genuine sharps” may only make up less than 1% of the betting population, but limiting policies could affect as much as 10% of players.

If you can't beat 'em...

What's more, [the AGA report released last year](#) estimated Americans were wagering \$63.8 billion a year with illegal bookies and offshore sites. Meanwhile, around \$100 billion in legal sports betting was projected for this year, findings the AGA said "imply that illegal sportsbook operators are capturing nearly 40 percent of the U.S. sports betting market."

Some illegal wagering is in states without legal sports betting, such as California or Texas. Still, a sizable chunk at least is attributable to states where people continue to use unauthorized operators. Indeed, the AGA report found 49% of sports bettors wagered with an illegal operator over the past year.

So, there is some know-how in wagering with illegal operators. If someone in a legal market can't get a bet down, there's a chance they could return to their old, illegal provider. Yes, that's illegal, but the only other option may be not betting at all, or betting a very small amount, which isn't going to fly with some folks.

Also, if the authorities could snuff out all illegal gambling activity... why haven't they done it already? The ongoing legalization of sports betting is partly a capitulation. States couldn't stop illegal gambling, so they are trying to nudge it under their oversight through regulation.

The business of limiting

And then there are other arguments I could throw at you. For instance, legal bookmakers can benefit from sharp action because it helps them refine their lines and odds. If somebody smart takes Miami -7, an operator may realize the line needs to go to -7.5 or -8. And what about all this Mattress Mack publicity? You let a guy bet millions with you but you won't take \$1,000 from a sharp?

There are also incentives for bookmakers to limit good bettors. Operators such as [DraftKings](#) and [FanDuel](#) are tied to publicly-traded companies that answer to shareholders, and those shareholders want to see profits. As a result, casuals get same-game parlays (because they lose more often than straight bets), while sharps get limited.

"This is an entertainment activity," DraftKings CEO Jason Robins reportedly said in 2021. "People who are doing this for profit are not the players we want."

Yes, there are good reasons why operators limit bettors. If they are bankrupted by whales, they won't exist anymore, obviously, and they need money to pay their costs, such as employee salaries. Still, there has to be a middle ground here. A sustainable sports betting industry needs winners, because, eventually, there will be no more new markets in which new bettors can be rinsed.

All of the above may have been said and written before, so why bring it up again now? To me, anyway, it's becoming clear that limiting, and perhaps overly limiting, is becoming a cornerstone of the modern betting business.

I'll give you an example: The National Football League [announced last week that it has extended a partnership with London-based Genius Sports Ltd.](#), a data and technology company whose website states they can help you limit customers.

“Avoid a one-size-fits-all approach,” Genius [says about its trading services](#) for sportsbooks. “Factor your players as individuals and localize your experience in each market. With a global team and knowledge of the latest betting trends, we cover bet monitoring, limit setting and so much more.”

Timing is another reason to rehash this argument. We are going through a period of regulation and re-regulation in legal sports betting. Most of that, however, is aimed at advertising, and with good reason, because some of the marketing that’s gone on needed to be curbed.

That said, while we’re at it, how about something for the winning bettors out there? While sportsbooks are businesses and should be relatively free to operate as they see fit, a license to take bets is a privilege, not a right, and it comes with conditions. Legalized sports betting was meant to protect consumers — aren't winners consumers, too?

The debate about limiting, or "factoring," is getting traction outside the U.S. In Australia, for example, a parliamentary inquiry into online gambling touched on limiting earlier this year, leading to a clash between one lawmaker and a gaming CEO over a question about whether bettors were restricted from betting because they win too much. And, in 2021, after a barrage of complaints from bettors, [a French gambling regulator warned operators](#) about rejecting or limiting action without a good reason.

[More recently, during a panel at the Canadian Gaming Summit in Toronto last month](#), representatives from three sportsbook operators were asked if it is hypocritical to talk about the importance of educating bettors when sportsbooks are kicking out or limiting winners. The operators defended their practices, but one also noted the importance of keeping users engaged, which they can't do if they are thrown off the platform.

"If there's inside information... you might experience getting factored down," said Jared Beber, CEO at Sports Venture Holdings Inc., the company behind [Bet99](#). "But, if you are simply making good picks, and you are winning as a result of that, fair game. There are winners, and there are losers as part of this game."

At minimum...

So what could be done? State regulators could set and enforce a limit on limits at sportsbooks. That way, even the sharpest of bettors could be guaranteed the right to wager, say, \$50 at a sportsbook, even if they’ve been factored.

It's not a perfect solution, and not everyone will agree, but I think it's worth getting it on the radar of gambling watchdogs and legislators in gaming states. Surely they've heard it before, but the issue may need to hit critical mass politically before anything gets done.

In the meantime, bookmakers may want to think about their current approach. I think a lot about what famous sports bettor Billy Walters [said in an interview before the 2022 Super Bowl on VSiN](#) because I think it sums up the argument against overly-aggressive limiting of players very nicely.

“People are going to win from time to time,” Walters said. “And if you throw everyone out who wins, you're not gonna have many customers left.”



Pro Bettors, Classic Bookmakers Teaming Up To Fight Against 92-Cent Player Prop Limits

Pro bettors and old-school bookmakers lambaste the new sportsbook operators in post-PASPA America

[Jeff Edelstein](#)

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It was the 4th century BC when the first known use of the proverb “the enemy of my enemy is my friend” occurred. It was found in a Sanskrit [treatise](#) on statecraft.

And while Chanakya, the author of this section of the text, was certainly not considering how much someone could get down on the Bears +5.5 at home this week against the Packers, he would probably nod his head knowingly at what’s going on today in the [sports betting industry](#).

Basically, the old way of doing things — Vegas sportsbook and sharp bettor at odds, pushing and pulling at each other — has been upended by a third party, namely the new brand of sportsbooks and their mostly European model of doing business.

And how does this Euro model work? Well, if you’re anything like me — not a pro bettor, which is probably north of 99% of most of us — you’re not going to know the difference. You’ll win some, you’ll lose some, life goes on. But for the pros — or if you show any medium-to-long-term skill at beating the book for big money at the new sportsbooks of the world — you’ll be limited to the point of not being able to get down a buck on an NFL prop.

As a result? A new coalition is emerging, namely the old-school, Las Vegas-style sportsbooks and the sharps, teaming up to alert the upstarts that their business model ain’t kosher by their standards.

Let them bet

“If the pro player bets and beats you, you don’t kick them out,” said Robert Walker, the director of sportsbook operations for [USBookmaking](#), a sports betting service provider based in Las Vegas. “You learn from them, you tighten up your ship, you learn from your mistakes. You ask, ‘Why did he beat us, what can we do better?’ Doing that just makes you a better book. Kicking them out, or limiting them to egregious numbers, that’s not how we do it.”

Walker, who has previously served as sportsbook director for the Mirage and the Stardust, insists he isn’t telling anyone how to run their business. But he knows how he has run his, and that’s allowing bettors to bet and then using their knowledge to get the lines right.

“My opinion is always the same,” he said. “We’re not linemakers, the pros are. We put up the line and the pros put us in our place. They tell us what they think the right number is.”

And Walker believes by limiting pros, sportsbooks are not only [limiting their handle](#), they're also limiting their ability to set the right line. And not only that — they're also limiting their ability to figure out who the actual sharp bettors are.

“If you want to break it down to the simplest elements, it's that we want to get to the right number, and if we kick someone out and someone takes their place, we don't know who they are,” Walker said. “It will take us a couple of weeks to figure out we have a new sharp player. Why not just let the sharps in and allow them to bet accordingly?”

This sentiment is echoed by Brad Feinberg, a professional bettor who was thrilled with the idea of sports betting post-PASPA until ...

“It's the same story you'll hear from all of us,” he said. “You first get welcomed with open arms, and before you know it your limits get cut severely, then cut again, and right now, my limits are basically zero.”

And while Feinberg understands the business side of all this — “I get it, they're trying to make money” — he agrees with Walker that the limits are making the sportsbooks themselves less sharp.

“I think they can still make money and take bets from sharps and use it to their advantage,” he said. “They should [welcome the sharp action and use that information](#) to move the line.”

Limits can be reasonable

Feinberg, in fact, doesn't even think the limits need to be all that high, given the post-PASPA proliferation of sportsbooks.

“They should allow at least \$500 on any bet,” Feinberg said. “If you can't do that, why are your doors open? Don't you want handle, don't you want volume? This can be fixed in such an easy way, but these corporations are scared to show any kind of loss. They want to beat 100 percent of their customers.”

Walker agrees. Enemy of my enemy ...

“I think the pro players' problem is that sometimes they can bet \$500, sometimes they can bet \$300, sometimes they can't bet at all,” he said. “So when you go on your app and you're looking for a number and then you don't know if you'll be able to get a bet down, that's frustrating. And it doesn't have to be a \$10,000 limit — just the knowledge they can get down \$500 or \$1,000 or whatever the number is. That's what's really ticking [the pro bettors] off. If they got \$1,000 everywhere on college football, they'd be fine. At least they know what they're going to get.”

So is there any chance the new entrants into the field who are utilizing this so-called European model — basically, limiting out the winners — will change their tune?

“I don't think so,” Feinberg said. “If anything, it's becoming more prevalent.”

Tax dollars rule the day

Another pro bettor — who goes by the nom de plume “Porter” in the industry — is even less confident.

“It doesn’t make sense to change,” he said. “At the end of the day, the state wants tax dollars. The industry has no incentive to go the other way.”

Porter says successful sports bettors these days need to hone their networking skills in an effort to grow their PPH (pay per head) footprint. That is how Porter said he spends most of his time: collecting a network to be able to get bets down with operations outside of the United States.

“They’re forcing us to go to this market because they’re removing us as customers,” he said. “It doesn’t sound very American, does it? I’m actually surprised Americans are accepting this model. Not very manifest destiny-like, is it?”

Porter goes one step further than Walker and Feinberg — he doesn’t think a bettor even needs to win to end up limited to the omega point. All they need to do is demonstrate they know what they’re doing.

“If the line opens at -7 and you bet it, and it closes at -8.5, you have a theoretical advantage,” he said. “If you consistently get numbers better than closing, that’s all, folks. Listen, at the end of the day, it wouldn’t make financial sense to allow successful bettors to stick around. The state wants tax dollars and they don’t get it if the books aren’t profitable. The states are on the sides of the books. Legalization is the beginning of the end of the golden age of sports betting.”

Not everyone marching to same tune

Of course, not all sportsbooks are subscribing to the Euro model. Circa Sportsbook — based in Vegas, with a [Colorado online presence](#) and plans to expand — sets its limits and [allows all comers](#) to wager. [Sky Ute, a Colorado tribal sportsbook](#) that is operated by Walker at USBookmaking, does the same thing.

Porter calls it “’70s, ’80s style, gambling against the customer.” Feinberg is more direct in his assessment: “It’s phenomenal, it’s outstanding.”

One thing it’s not, however, is common.

And this upsets both the big bettors and the old-school bookmakers greatly. Former nemeses, now fighting together to preserve what they perceive is the right way of doing business.

“Imagine a stock market where you kick people out because they were on the right side of a trade,” Walker said. “That’s unthinkable. Unimaginable. But that’s the kind of thing we’re creating in the sportsbook world. Maybe people like me are going to be labeled dinosaurs, but this is what I believe.”

Feinberg is Tyrannosaurus rex-ing in step with Walker.

“If you’re running your sportsbook properly, you should welcome all business,” he said. “I feel fiercely about that.”



Are Sportsbooks Misusing ‘Problem Gambling’ To Limit Winning Bettors?

Written By [Eli Hershkovich](#) | Last Updated May 21, 2024

In Tuesday’s Massachusetts Gaming Commission (MGC) roundtable discussion, geared toward [limiting sports bettors](#), 10 sportsbooks declined to participate. If that isn’t enough of a concern, another topic remains unanswered — why are limited customers often met with a lack of clarity behind the decision? Meanwhile, some lucky users who have been limited are met with a quick yet bewildering explanation: problem gambling.

the excuse for sports betting limits

Operators tend to deny limiting players. In reality, sportsbook customers generally aren’t privy to why they are limited. In the rare instances they are, the logic is sometimes flawed.

In June 2023, a Poke restaurant in Northwest Washington, D.C., provided customers with two sports betting kiosks run by GambetDC, the District’s government-sponsored sportsbook. That month, one gambler reportedly profited more than \$100,000 through these kiosks after discovering that the oddsmaker used by GambetDC routinely provided odds that varied significantly from more renowned operators.

Weeks later, he received a letter from Peter S. Alvarado, the D.C. Lottery’s Regulation and Oversight Division director. It alerted him that all his bets would be limited until further notice. Following his appeal, the city swiftly restructured its limit guidelines for all D.C. bettors **in the name of public safety** — otherwise known as problem gambling.

Moreover, Alvarado notified the bettor that he was limited to only \$60 per wager and \$1,000 daily at any venue in the District with a sports betting kiosk.

“We have seen (similar) instances in other jurisdictions where responsible problem gambling is a rationale for why someone is being limited,” Brianne Doura-Schawohl, the founder of Doura-Schawohl Consulting LLC, said in the meeting. “Having that very clear distinction about a case being a true problem or [responsible gambling](#) issue **versus a justification that actually may not be authentic or truthful for that rationale, I believe, is very important here.**”

The ‘Problem’ With Problem Gambling

In a perfect world, problem gambling would be thoroughly addressed through state-by-state sports betting revenue. Nevertheless, data points suggest otherwise. In the [first gambling impact study](#) since Connecticut launched sports betting and online casino gaming in Sept. 2021, researchers discovered that 71% of all legal gambling revenue in the state comes from roughly 7% of the population. A slice of this percentage is comprised of at-risk (4.9%) and problem gamblers (1.8%).

Additionally, one-third of Connecticut residents with betting problems were unaware of the state's gambling helpline. Half also claimed to be uninformed of the state's self-exclusion program, a formal process in which customers request that interactive gaming and sportsbook operators prevent them from using their gambling services.

Therefore, how many genuine problem gamblers are limited — when help is necessary? Not often enough. **These numbers indicate that problem gamblers aren't limited at the same rates as winning sports bettors.** However, they're disturbingly relied upon to raise the state's sports betting revenue.

Suppose limits aren't going to be defined — or will continue to fall under the “problem gambling” mantra — for the foreseeable future. In that case, greater emphasis should be placed on operator expansion, state-by-state, for the long haul.

NATIONAL RESOURCES FOR PROBLEM GAMBLING

If you or someone close to you is suffering from problem gambling, there are many paths to receive help. For one, the [National Council on Problem Gambling](#) (NCPG) provides many resources, including links to individual state organizations with various levels of support.

The NCPG also owns the National Problem Gambling Helpline Network. Call the toll-free helpline at 800-522-4700 any day or night, seven days a week. NCPG representatives are even ready to assist via live chat at ncpgambling.org/chat.

Sports News

Spain Might Show What Happens When Sportsbooks Cannot Limit

Written By
Brad Allen

Updated on
August 19, 2022



Limits are a fact of life for sports bettors in every market across the world.

Well, nearly every market.

In **Spain**, operators cannot legally limit accounts simply because they are winning. That precedent was established in a [court ruling](#) against [bet365](#) and [Betfair](#) in **July 2021** and has since been reaffirmed by other courts.

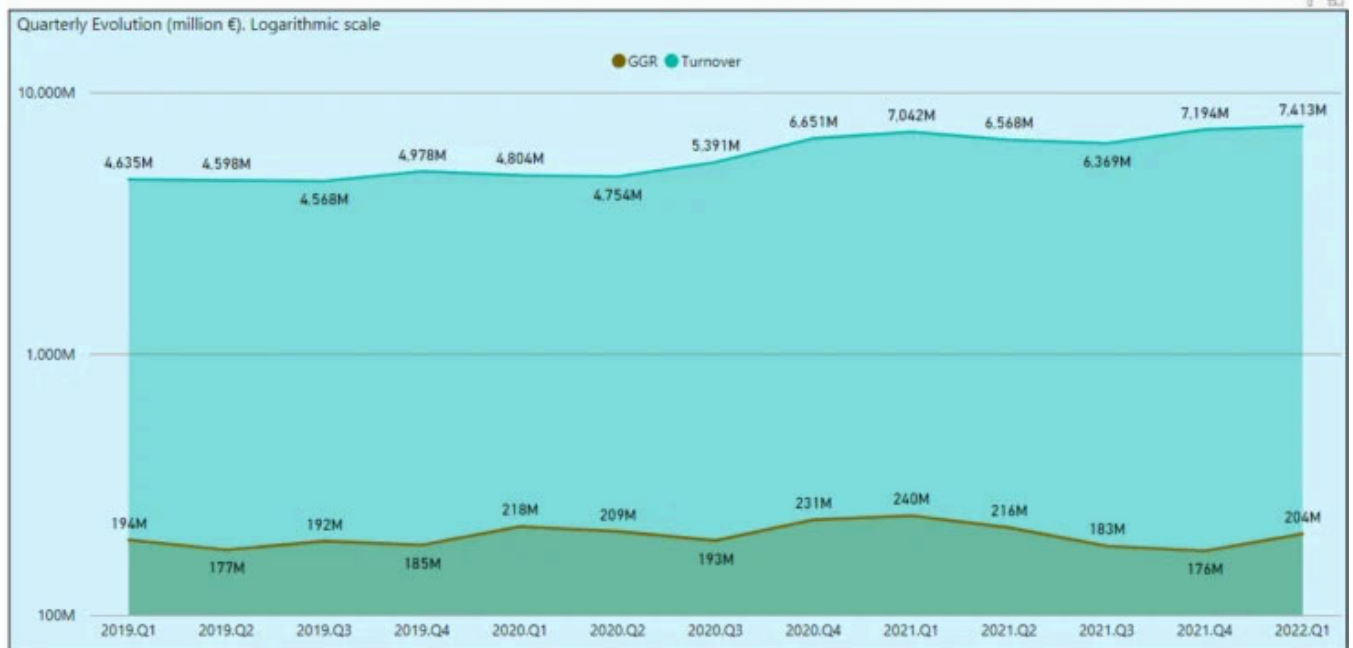
Spanish bookmakers must therefore offer **house limits** to everyone, regardless of their perceived sharpness. The effect has been dramatic and instantaneous.

Where did all the revenue go?

In Q3 2021, Spanish books held 2.8%, per [data](#) from the regulator. In Q4, that fell even farther to 1.4% before bouncing back slightly to 2.7% in Q1 2022.

Revenues, in turn, are getting crushed. Spanish [sports betting](#) revenues were down **58%** year-on-year in Q4, then down **41%** in Q1 this year.

GGR and Turnover evolution by Segment/Game



Concept	19.Q2	2019.Q3	2019.Q4	2020.Q1	2020.Q2	2020.Q3	2020.Q4	2021.Q1	2021.Q2	2021.Q3	2021.Q4	2022.Q1
Turnover	783.282	4.568.093.303	4.977.771.691	4.804.110.477	4.753.791.577	5.390.872.856	6.651.009.338	7.041.651.597	6.567.664.434	6.369.039.492	7.194.081.766	7.413.312.862
GGR	422.279	191.739.928	185.273.167	217.880.521	208.896.443	192.688.182	231.278.169	240.023.229	215.930.046	183.429.105	175.855.251	204.430.654

Spanish sports betting handle keeps rising, but revenues do not. (Source: DGOJ quarterly reports)

There are other things going on in the market, including major **advertising restrictions**. But handle is still growing, suggestion the inability to limit is the major issue.

“I have never seen anything like it in my life,” said one exec from a Spain-facing sportsbook. “We knew the problems we were having but those Q3 numbers showed it was everyone in the market. Everyone can have a bad World Cup, but this is something different.”

Coordinated attacks on sportsbook limits

The exec noted growing problems from linked accounts and ‘beards.’ He said betting syndicates were controlling multiple accounts via **Spanish students**, then hitting niche markets simultaneously.

“These guys are very clever,” the exec said. “They come in and place loads of football bets for €10 a pop, then you suddenly get 5,000 accounts hitting a Spanish second division game for the limit.

“It is industrial-scale bots and arbitrageurs, mostly operated from outside the country. You can see it is fraudulent activity because an account will log in from Madrid, then place bets from Barcelona.”

A Spanish sportsbook account is worth **three to fives times more** than a UK equivalent on the black market, an industry source said.

Cat and mouse

Operators are working on improving their geolocation and other security measures but the Spain-facing exec said it was a “cat and mouse game” where one loophole was closed and another exploited.

“It is a full-on battle with criminal groups,” the source said.

Operators can close accounts if they can prove fraudulent activity, but Spanish courts have generally favored Spanish citizens in these cases over foreign corporate bookmakers.

Clues in Spanish sports betting data

New data from the Spanish regulator (DGOJ) appears to back up the notion of fraudulent activity.

The DGOJ this month released [player data from 2021](#), showing stakes from female gamblers were up a whopping **126%** year-on-year. That is despite the number of female gamblers remaining almost the same.

What's more, female gamblers as an entire cohort were [profitable](#). Around **20%** of all Spanish accounts posted a profit in 2021.

Readthrough for US sports betting

So what are the implications for US sports betting and other markets? For starters, the Spanish experience shows why operators limit in the first place; they need to make money.

In Canada, **Covers'** senior strategist **Adam Chernoff** has been calling for consumer-friendly regulations in the nascent [Ontario sports betting](#) market. That includes:

- A formal feedback system for players to share experiences and thoughts.
- Published limits on all markets.
- Minimum bet liabilities (MBL). E.g. if a books posts a market it must let players bet to win at least \$100.

Fairer sportsbook limits?

Chernoff said earlier this year he was optimistic about consumer-friendly regs in the market.

“This is the third country where I've worked through betting regulation, and this was the first time someone at the regulator level was interested in player advocacy,” Chernoff said.

Books might not like having to lay \$100 on the hundreds of the derivatives they offer, but it should be less of an issue on core sports and markets. One compromise could see books having to lay bets to win \$500 on main sports sides and totals from **10 am** on the day of the game.

“I don’t see that being a bad thing at all,” said one North-America facing sportsbook exec. “Good books have to book those bets.”

Better sportsbook limits for all

Indeed, an MBL might encourage books to invest in risk and trading if they no longer have the easy option of limiting. That may pay off in the long run, especially if US books want to beat out their offshore competitors.

Spain has shown that no limits at all make for an unsustainable market. But there is perhaps a middle ground where books can make money if they can kick out fraudulent players, while also offering a fair bet to genuine customers.



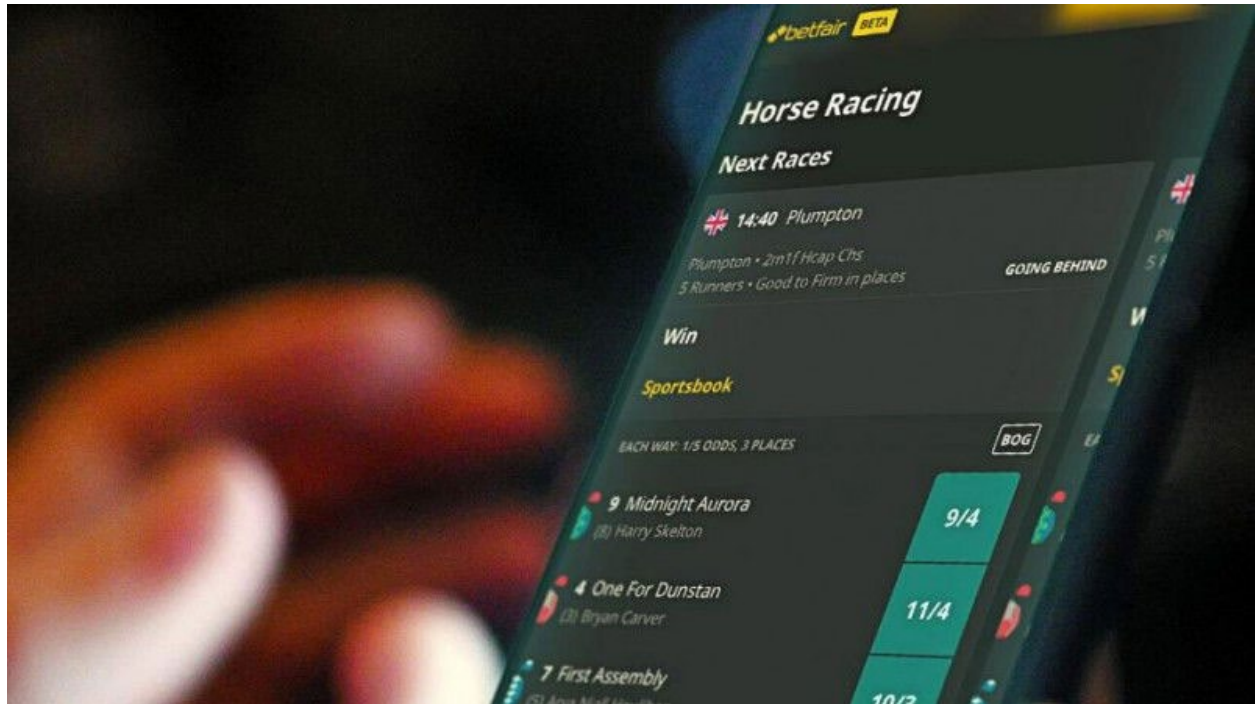
By **Brad Allen**  

Brad has been covering the online gambling industry in Europe and the US for more than four years, most recently as the news editor at EGR Global.

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MORE ARTICLES LIKE THIS

Spain: Courts rule against Betfair and Bet365 for suspending accounts of customers on a streak



The firms can still appeal the decision before the Provincial Court of Asturias. The resolution is one of the first of its kind in all of Spain and the first in the capital of Asturias.

2021-07-30

[Spain](#)

Reading time **1:47 min**

It was for two lawsuits filed by players who had their accounts suspended and were prevented from playing in the areas in which they obtained the most benefits, when all bets are made at the sole discretion and risk of the client. The operators will no longer be able to establish the general subscription conditions as mandatory.

The Courts of First Instance 4 and 11 of Oviedo in Asturias, Spain, ruled in favor of two users of the bookmakers [Betfair](#) and [Bet365](#) respectively, who were harmed by the suspension of their accounts when they were going through a winning streak. As of the ruling, **the companies will lose the right to limit accounts, bet amounts, or prevent continued gambling.**

The firms can still **appeal the decision** before the Provincial Court of Asturias. The resolution is one of the first of its kind in all of Spain and the first in the capital of Asturias.

The ruling against Betfair was issued by the deputy **judge Marcos Carrero Morera** under sentence 149/2021, and Bet365's by the **court judge Susana Fernández de la Parra** in June 10 /2021. In both cases, the right of the companies to mark the general conditions boxes as mandatory for subscription was annulled, through which users are limited in case of fraud and detection of problematic gambling, among other reasons.

Both cases were brought forward by the **partner of Egolegal Lawyers, Nicolás Simó Álvarez, in partnership with Legálitas**. The lawyer alleged before *El Confidencial*, one of Spain's digital newspapers, that **the betting houses turn what are games of chance into a round business for them**, in which either the house always wins or, the few times it loses, they throw the customer out and everything is solved.

The Justice system determined that, **according to the General Law of Consumers and Users**, the plain against Betfair was in a **position of weakness** for the mere fact of being a consumer and they determined that he had been limited to gambling in the areas in which he obtained the most benefits, when **"all bets are made at the sole discretion and risk of the customer"**. This was following an email he received, a year ago, warning him that his operations were being limited.

Although, in theory, these clauses are included to avoid fraud situations, in reality, **they are used to prevent users who earn some money from gambling, from playing again**. That is: Either they are not allowed to participate or they restrict the amount of money that they can be gambled, said Simó Álvarez.

Both clients of the sports betting platforms had their **accounts reactivated**, which had been previously closed, as well as their **status as "no limit bettor" restored**.

Bettors Bill of Rights - [VA Sports Bettors' Bill Of Rights: Good Start, But It Needs Muscle \(sportshandle.com\)](#)

Australia Policy on Limiting Winning Bettors:

Minimum bet limits determine the smallest amount of money a punter can bet to win before a bookmaker can legally refuse their business. For example: if a state's MBL is \$2,000 for a net win and a horse is paying \$5, bookies are obliged to accept bets up to \$500 on that runner.

These laws were introduced to combat the trend of corporate betting operators blocking punters – especially the successful ones – from making large wagers at fixed odds. If a gambler was winning on a regular basis, the bookie would close their account without notice.

That was the norm for years. Something had to change, so Australia's major [horse racing](#) bodies brought in measures to ensure that any eligible punter who wanted to bet at fixed odds could do so. Now, bookies that contravene a state or territory's MBL laws run the risk of losing their gambling licence.

It is important to understand that each state's MBL rules only apply to fixed-odds bets on win, place and each-way markets. In some states, such as NSW, minimum bet limits may cover win-and-place wagers but not place-only wagers.

The laws can apply to multi bets, but only when every leg on the ticket is a fixed-odds racing market and all races are taking place in the same state. For multis which meet that criteria, the MBL applies to the total payout of the combined bets and not to each individual leg. In some states, such as Victoria, MBL rules do not cover multi bets at all.

Most other bet types are exempt from MBL conditions. That includes bonus bets, [free bets](#) and boosted odds promotions, exotics such as exactas, quinellas and trifectas, and derivative products such as best tote. Any bets that do not have a set and determined return before the result will not fall under the umbrella of the MBL.

More information:

"The laws are as follows:

"Approved Australian off-course wagering operators are required to lay the odds displayed for fixed odds bets after 9:00am on race-day for thoroughbred day meetings or 2:00pm on race-day for thoroughbred night meetings to the limits below"

(9am onwards for all meetings in QLD and the ACT)

What are the Minimum Bet Limit Rules

Provided the wagering service provider's annual turnover is over \$5m, bookmakers must not:

- Refuse to accept a fixed odds bet.
- Close a person's account.
- Refuse to open a person's account.
- Place any restrictions on a person's account.
- Refuse to lay a fixed odds bet to any person when those fixed odds are publicly displayed.
- Laying lesser odds to a person than those publicly displayed.
- Perform any other act or refuse to do an act in order to avoid these provisions.

Wagering operators are not to take actions such as closing a punter's accounts, refusing to open a punter's account or placing restrictions on a punter's account solely to avoid complying with the minimum bet limit conditions. However, wagering operators are still able to take such actions for legitimate reasons including undisclosed bowlers (persons betting on behalf of other persons), responsible gambling, fraudulent activity, money-laundering and other integrity related reasons such as the punter being warned off or disqualified.

Wagering operators are required to lay the odds displayed for fixed odds bets to the limits below. The minimum bet limit has been set at levels which are considered to be fair and balanced. Those levels were requested by most punters (although some professional punters requested higher levels) yet are still higher than what was requested by most wagering operators.

For Australian Wagering Operators with Net Assessable Turnover on NSW Thoroughbred races greater than or equal to \$5 million

For Australian Wagering Operators with Net Assessable Turnover on NSW Thoroughbred races greater than or equal to \$5 million

Current Minimum Bet Laws by Australian State

Sunday, 14 January 2024

The Minimum Bet Laws (MBLs) are a blessing for Australian punters, especially the successful ones! Without minimum betting laws, online bookies could pick and choose which wagers they would accept.

Whilst the limits depend on the state or territory, the MBLs guarantees that Australian punters can bet on all races with all Wagering Service Providers (WSPs).

How minimum bet laws are calculated is based on the amount of profit you can make is after the stake is returned to you. This is somewhat like the old days of fractional odds, so for example, if a horse is \$5 and the limit is \$2,000 you can place a \$500 fixed odds bet on that horse to win \$2,500 where \$500 is your original stake and \$2,000 is your profit.

The laws are as follows:

“Approved Australian off-course wagering operators are required to lay the odds displayed for fixed odds bets after 9:00am on race-day for thoroughbred day meetings or 2:00pm on race-day for thoroughbred night meetings to the limits below”

(9am onwards for all meetings in QLD and the ACT)

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- Refuse to open a person’s account.
- Place any restrictions on a person’s account.
- Refuse to lay a fixed odds bet to any person when those fixed odds are publicly displayed.
- Laying lesser odds to a person than those publicly displayed.
- Perform any other act or refuse to do an act in order to avoid these provisions.

Racing NSW Minimum Bet Limits

The key points of the minimum bet limit conditions are as follows:

- Wagering operators are not to take actions such as closing a punter’s accounts, refusing to open a punter’s account or placing restrictions on a punter’s account solely to avoid complying with the minimum bet limit conditions. However, wagering operators are still able to take such actions for legitimate reasons including undisclosed bowlers (persons betting on behalf of other persons), responsible gambling, fraudulent activity, money-laundering and other integrity related reasons such as the punter being warned off or disqualified.
- Wagering operators are required to lay the odds displayed for fixed odds bets to the limits below. The minimum bet limit has been set at levels which are considered to be fair and

balanced. Those levels were requested by most punters (although some professional punters requested higher levels) yet are still higher than what was requested by most wagering operators.

- For Australian Wagering Operators with Net Assessable Turnover on NSW Thoroughbred races greater than or equal to \$5 million

For Australian Wagering Operators with Net Assessable Turnover on NSW Thoroughbred races greater than or equal to \$5 million

Metropolitan NSW Thoroughbred races

- Wagering operator to lose a minimum \$2,000 (*place component \$800)

Non-Metropolitan NSW Thoroughbred races

- Wagering operator to lose a minimum \$1,000 (*place component \$400)

For Australian Wagering Operators with Net Assessable Turnover on NSW Thoroughbred Races less than \$5 million.

All NSW Thoroughbred races

- Wagering operator to lose a minimum \$1,000 (*place component \$400)

For further information, FAQs and complaint processes, visit:

- <https://www.racingsnw.com.au/minimum-bet/>
- <https://www.racingsnw.com.au/wp-content/uploads/2017/09/Frequently-Asked-Questions.pdf>

HARNESS & GREYHOUNDS

- For NSW Harness events, the following minimum bet levels will be applicable for wagers made via account, after 10.00am AEST or AEDT (whichever is applicable) on race-day:

Metropolitan NSW Harness races	\$1,000
Non-Metropolitan NSW Harness races	\$500
Major NSW Harness races*	\$2,000

* For the SKY Carnival of Miracles, the minimum bet limit is \$2,000. This \$2,000 limit applies to all races on the program conducted on: Friday 19 February 2021 (Newcastle Mile); Saturday 20 February 2021 (Chariots of Fire); Saturday 27 February 2021 (Ladyship Mile); and Saturday 6 March 2021 (Miracle Mile).

The \$2,000 limit will also apply to all races on the program at meetings that constitute the 2021 Inter Dominion Championships. This \$2,000 limit applies to all races on the program conducted on: Saturday 27 November 2021 (TABCORP Park Menangle); Wednesday 1 December 2021 (Bathurst); Sunday 5 December 2021 (Newcastle); and Saturday 11 December 2021 (TABCORP Park Menangle).

Harness Racing NSW Minimum Bet Limits

- For New South Wales Greyhound events, the following minimum bet levels will be applicable for wagers made via account, from within two hours prior to the scheduled start time of the opening race of the meeting / race programme:

Metropolitan NSW Greyhound races – Group 1 Final Field Races and Million Dollar Chase Final	\$3,000 (*Place component \$1,000)
Metropolitan NSW Greyhound races – All other races	\$1,500 (*Place component \$375)
Non-metropolitan NSW Greyhound races	\$500 (*Place component \$250)

Racing Victoria Minimum Bet Limits

Racing Victoria (RV) implemented a Minimum Bet Limit (MBL) policy that has applied to approved Wagering Service Providers (WSPs) betting on Victorian thoroughbred races since 1 October 2016. RV announced in May 2016 its intention to implement an MBL before undertaking comprehensive stakeholder consultation to determine the most appropriate framework. Responses were received from 480 stakeholders including punters, WSPs, industry participants, media and regulators.

From Monday, 10 May 2021 punters betting on all Victorian thoroughbred races no longer need to wait until raceday to access the provisions of the MBL.

Wagering Service Providers (WSPs) betting on Victorian thoroughbred racing must now apply the MBL from the time their markets are first published following the declaration of final fields.

For Saturday metropolitan meetings, the first WSPs typically begin publishing their markets on Wednesday afternoon after the final fields are declared. For country race meetings, it is often up to 72 hours prior to the race meeting.

Betting Limits:

Approved WSPs will be required to accept a fixed odds bet at odds which are publicly displayed by the approved WSP for any Victorian thoroughbred race to the maximum amount specified as follows:

Metropolitan Victorian Thoroughbred:

- In any one Win, Win/Place or Each-way bet: to lose \$2000
- In any one Place bet: to lose \$800

Non-metropolitan Victorian Thoroughbred:

- In any one Win, Win/Place or Each-way bet: to lose \$1000
- In any one Place bet: to lose \$400

An approved WSP must not do any act or refuse to do any act to avoid complying with the bet limits, including but not limited to:

- Refusing to accept a fixed odds bet
- Closing a person's account
- Refusing to open a person's account
- Placing any restrictions on a person's account in relation to Victorian thoroughbred racing product
- Refusing to lay fixed odds to any person when those fixed odds are publicly displayed
- Laying lesser odds to a person than those publicly displayed
- Any other act or refusal to do an act in order to avoid these provisions

For further information, FAQs and complaint processes, visit:

- <https://rv.racing.com/wagering/minimum-bet-limit>
- <https://www.racingvictoria.com.au/wagering/minimum-bet-policy-faq>

GREYHOUNDS

METRO: Bet to win \$750

NON-METRO Bet to win \$500

Bet can only be placed within two hours of the first race of the meeting and up until start time of the race.

Read more here: <https://australianracinggreyhound.com/news/vic/victoria-the-first-to-adopt-minimum-bet-limits-on-greyhound-racing/93410/>

[Minimum Bet Limits Victoria Greyhounds](#)

HARNESS

METRO: Bet to win \$1000

NON-METRO Bet to win \$500

Operators must publish fixed odds on Victorian harness racing fields no later than one 1 hour prior to each race.

Read more here: https://www.harness.org.au/media-room/news-article/?news_id=35054

Racing Queensland Minimum Bet Limits

Racing Queensland has implemented Minimum Bet Limits after consultation with wagering operators, stakeholders and other Principal Racing Authorities.

Off-course wagering operators are required to accept a fixed odds bet at odds that are publicly displayed, up to the maximum amounts for the wagering operator to lose. The maximum amounts vary depending on the turnover of the wagering operator and the type of race (e.g. metropolitan or non-metropolitan).

Minimum Bet Limits apply:

- to Queensland Thoroughbred races only;
- to fixed odds bets (i.e., win, place and each way bets);
- from 9am (AEST) on the day of the Thoroughbred race, for a race meeting commencing prior to 5:30pm; and
- from 2pm (AEST) on the day of the Thoroughbred race, for a race meeting commencing after 5:30pm.

Metropolitan Queensland racing:

- In any one Win, Win/Place or Each-way bet: to lose \$2000
- In any one Place bet: to lose \$800

Non-metropolitan Queensland racing:

- In any one Win, Win/Place or Each-way bet: to lose \$1000
- In any one Place bet: to lose \$400

For further information, FAQs and complaint processes, visit:

- www.racingqueensland.com.au
- www.racingqueensland.com.au info

HARNESS & GREYHOUNDS

- In any one Win, Win/Place* or Each-Way bet: to lose \$500 (*Place component \$200)
- In any on Place bet: to lose \$200

Other States Minimum Bet Limits

SOUTH AUSTRALIA

- MBL's start at 9am raceday for daily meets and 2pm for night meets.
- METRO: Bet to win \$2000 (\$800 place component)
- NON-METRO: Bet to win \$1000 (\$400 place component)

<https://www.racing.com/news/2018-07-03/sa-introduces-minimum-bet-limit>

TASMANIA

- MBL's start at 9am raceday for daily meets and 2pm for night meets.
- ALL THOROUGHBRED RACING Bet to win \$1000

<https://tasracing.com.au/minimum-bet-limit-introduced-tasmanian-thoroughbred-racing>

ACT

- MBL's start at 9am raceday for daily meets and 2pm for night meets.
- BLACK OPAL STAKES MEETING: Bet to win \$2,000 (\$800 place component)
- ALL OTHER THOROUGHBRED RACING \$1,000 (\$400 place component)

[ACT Minimum Bet Laws FAQ](#)

WESTERN AUSTRALIA HORSE RACING

For Western Australian Thoroughbred events, the following minimum bet level will be applicable for wagers made via account, after 9.00am WST on race-day for day meetings or 2.00pm WST on race-day where the first race of the meeting is 4.00pm WST or later.

Metropolitan Thoroughbred Races

In any one Win, Win/Place* or Each -way bet: to lose \$2,000

In any one Place bet; to lose \$800

Non-Metropolitan Thoroughbred Races

In any one Win, Win/Place* or Each -way bet: to lose \$1,000

In any one Place bet: to lose \$400

- [WA Minimum Bet Limit](#)

WESTERN AUSTRALIA GREYHOUNDS

Metropolitan Greyhound Races

In any one Win bet: to lose \$750

Non-Metropolitan Greyhound Races

In any one Win bet: to lose \$500

HARNES & GREYHOUNDS

- For South Australia, Tasmania, ACT, no minimum bet law applies currently for Harness or Greyhound Racing



MINIMUM BET LIMITS

Minimum Bet Limits apply to all off-course wagering operators from 1 January 2018 on thoroughbred race meetings. From 1 July 2019, Minimum Bet Limits also apply on harness and greyhound race meetings.

Racing Queensland has implemented Minimum Bet Limits after consultation with wagering operators, stakeholders and other Principal Racing Authorities.

Off-course wagering operators are required to accept a fixed odds bet at odds that are publicly displayed, up to the maximum amounts for the wagering operator to lose, as set out in clause 10.1 of the General Conditions. The maximum amounts vary depending on the turnover of the wagering operator, the racing code and the type of race (e.g. metropolitan or non-metropolitan).

Off-course wagering operators are not required to comply with the Minimum Bet Limits requirements if one of the exclusions in the General Conditions applies at the time of the bet. For example, Minimum Bet Limits do not apply to betting exchange bets, multi-bets or retail betting transactions. For the full list of exclusions, please see clause 10.3 of the General Conditions.

If you believe that an off-course wagering operator has refused your bet in breach of the General Conditions, you should contact the wagering operator directly to discuss your complaint. If you are unable to resolve the issue with the wagering operator, you can lodge a formal complaint with Racing Queensland by completing the online complaint form available [HERE](#).

You have 14 days from the date of the incident to lodge a complaint with Racing Queensland however, this date can be extended if you have contacted the wagering operator and have not received a response.

ON COURSE BETS

For the purposes of BR.11 of the [Local Rules of Racing All Codes – Rules of Betting](#), the following Minimum Betting Limits have been prescribed by Racing Queensland (as at January 25, 2023):

Minimum Betting Limits

Venue Code	Bet Type
At all Thoroughbred racing venues in Queensland and for all venues on which the Bookmaker conducts business	In any one Win, Win/Place* or Each-way bet: to lose \$1,000 (* place component \$400)
	In any one Place bet: to lose \$400
At all Greyhound racing venues in Queensland and for all venues on which the Bookmaker conducts business	In any one Win, Win/Place* or Each-way bet: to lose \$500 (* place component \$200)
	In any one Place bet: to lose \$200
At all Harness racing venues in Queensland and for all venues on which the Bookmaker conducts business	In any one Win, Win/Place* or Each-way bet: to lose \$500 (* place component \$200)
	In any one Place bet: to lose \$200
<p>Dual Code <i>In the event of a dual code race meeting, a venue would be considered the venue of the code of racing which is being conducted at the time the bet is requested (eg: for a thoroughbred/harness dual code race meeting, whilst the thoroughbred race meeting is being conducted the venue will be considered a 'Thoroughbred racing venue' and similarly whilst the harness race meeting is being conducted the venue will be considered a 'Harness racing venue').</i></p>	

9. Conditions about Bet Backs

The Authorised Operator may only place a Bet Back with a Licensed Wagering Operator authorised to use Queensland Race Information pursuant to a current Race Information Authority.

10. Minimum Bet Limits

[The conditions in this clause 10 are imposed under section 135(3)(b) of the Act and section 6(d) of the Regulations.]

10.1 Minimum Bet Limits

- (a) Subject to clause 10.3, the Authorised Operator is required to accept a fixed odds bet in the categories described in clauses 10.1(b) and 10.1(c) at odds that are Publicly Displayed by the Authorised Operator for any Queensland Thoroughbred, Harness or Greyhound Race, up to the maximum amount for the Authorised Operator to lose, as specified in the tables in clauses 10.1(b) and 10.1(c) below (a **Relevant Fixed Odds Bet**).
- (b) Where:
- (i) the Authorised Operator has held a previous Race Information Authority and the Authorised Operator's Aggregate Assessable Turnover exceeded \$100 million on Queensland Races for the previous Financial Year then the amounts specified in the table below apply to the Authorised Operator for the Authority Period; or
 - (ii) the Authorised Operator has not previously held a Race Information Authority, the amounts specified in the table below apply to the Authorised Operator from the month after the Authorised Operator's Aggregate Assessable Turnover on Queensland Races for the current Financial Year exceeds \$100 million for the remainder of the Authority Period.

Queensland Race Type	Bet Type
Metropolitan Thoroughbred Race	In any one Win, Win/Place* or Each-way bet: to lose \$2,000 (* place component \$800)
	In any one Place bet: to lose \$800
Non-metropolitan Thoroughbred Race	In any one Win, Win/Place* or Each-way bet: to lose \$1,000 (* place component \$400)
	In any one Place bet: to lose \$400

General Conditions for the use of Queensland Race Information effective from July 1, 2023



Any Harness Race	In any one Win, Win/Place* or Each-way bet: to lose \$500 (* place component \$200)
	In any one Place bet: to lose \$200
Any Greyhound Race	In any one Win, Win/Place* or Each-way bet: to lose \$500 (* place component \$200)
	In any one Place bet: to lose \$200

(c) Where:

- (i) the Authorised Operator has held a previous Race Information Authority and the Authorised Operator's Aggregate Assessable Turnover was less than or equal to \$100 million on Queensland Races for the previous Financial Year then the amounts specified in the table below apply to the Authorised Operator for the Authority Period; or
- (ii) the Authorised Operator has not previously held a Race Information Authority, the amounts specified in the table below apply to the Authorised Operator until the month the Authorised Operator's Aggregate Assessable Turnover on Queensland Races for the current Financial Year exceeds \$100 million (i.e. while the Authorised Operator's Aggregate Assessable Turnover on Queensland Races for the current Financial Year is less than or equal to \$100 million).

Queensland Race Type	Bet Type
Metropolitan Thoroughbred Race and Non-metropolitan Thoroughbred Race	In any one Win, Win/Place* or Each-way bet: to lose \$1,000 (* place component \$400)
	In any one Place bet: to lose \$400
Any Harness Race	In any one Win, Win/Place* or Each-way bet: to lose \$500 (* place component \$200)
	In any one Place bet: to lose \$200
Any Greyhound Race	In any one Win, Win/Place* or Each-way bet: to lose \$500 (* place component \$200)



Queensland Race Type	Bet Type
	In any one Place bet: to lose \$200

- (d) The Authorised Operator must Publicly Display the Minimum Bet Limits to which they are bound.

10.2 Compliance by an Authorised Operator

The Authorised Operator must not do any act, or refuse to do any act, to avoid complying (whether in whole or in part) with clause 10.1, including but not limited to, by:

- (a) closing a customer's account;
- (b) refusing to open a person's account;
- (c) placing any restrictions on a customer's account in relation to betting on Queensland Thoroughbred, Harness or Greyhound Races;
- (d) refusing to lay a Relevant Fixed Odds Bet to any customer when those fixed odds are Publicly Displayed; or
- (e) laying lesser odds on a Relevant Fixed Odds Bet to a customer than those Publicly Displayed.

10.3 Exclusions

The Authorised Operator is not required to comply with its obligations under clause 10.1 or 10.2 if, at the time of the Betting Transaction in relation to a Relevant Fixed Odds Bet:

- (a) the customer is not domiciled in Australia;
- (b) the Betting Transaction is a Betting Exchange Bet;
- (c) the person has not provided the Authorised Operator with sufficient funds to pay for the Relevant Fixed Odds Bet;
- (d) the bet forms part of a multi-bet placed with the Authorised Operator;
- (e) the bet is a retail cash betting transaction placed in a Retail Outlet;
- (f) the Authorised Operator has already accepted a Relevant Fixed Odds Bet or a number of Relevant Fixed Odds Bets of the same bet type up to the relevant limit in clause 10.1 on that horse or greyhound from the customer;
- (g) where there has been a change in the Official Price or the Authorised Operator's Publicly Displayed price has changed prior to the Relevant

Fixed Odds Bet being submitted by the customer, the Authorised Operator is not compelled to accept a Relevant Fixed Odds Bet at the pre-changed price;

- (h) where a Relevant Fixed Odds Bet is submitted by the customer but has not yet been accepted by the Authorised Operator and prior to being accepted by the Authorised Operator, the price has changed in response to the Authorised Operator accepting a Relevant Fixed Odds Bet submitted by another customer immediately prior to the customer's Relevant Fixed Odds Bet having been submitted, the Authorised Operator is not compelled to accept a Relevant Fixed Odds Bet at the pre-changed price provided the changed price is Publicly Displayed by the Authorised Operator;
- (i) where the customer is acting as an agent or nominee for a third party and the customer placing the bet will not be beneficially entitled to the whole of the proceeds of the Relevant Fixed Odds Bet with the Authorised Operator;
- (j) the Authorised Operator has refused to accept a Relevant Fixed Odds Bet, acted or refused to act due to:
 - (i) the customer being warned off or disqualified under the rules of racing;
 - (ii) the customer having previously engaged in fraudulent activity;
 - (iii) the customer is on a relevant gambling self-exclusion register;
 - (iv) the customer has breached a material condition of his or her agreement with the Authorised Operator during the authority period, unless the dominant purpose of applying such condition is to avoid complying with clause 10.1 or the material condition is determined by Racing Queensland (in its absolute discretion) to be an unreasonable condition;
 - (v) the Authorised Operator being unable to accept any bet (or the Relevant Fixed Odds Bet) from the customer by operation of any laws, including but not limited to the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) or any responsible gambling legislation;
 - (vi) there being systematic multiple identical Relevant Fixed Odds Bets from related or connected parties and/or from the same IP address;
 - (vii) the customer placing a Relevant Fixed Odds Bet from a proxy server or a Relevant Fixed Odds Bet being received from a proxy server;
 - (viii) the Relevant Fixed Odds Bet being a promotional bet, including a bonus bet or free bet (whether whole or in part)

- where the customer has not provided the full payment for the stake;
- (ix) the Authorised Operator reasonably suspecting that the customer placing the Relevant Fixed Odds Bet is not the beneficial owner of the bet, where the suspicion can be reasonably validated by the Authorised Operator through public records, IP address tracking, unique device tracking or some other verifiable process or source;
 - (x) unauthorised scraping of an Authorised Operator's website;
 - (xi) the Relevant Fixed Odds Bet being placed by employees or associates (and/or their associates) of another Authorised Operator where the Authorised Operator has a reasonable belief that the bet is based on betting information (including, but not limited to, betting trends and bets placed with that Authorised Operator) that is not publicly available;
 - (xii) the Relevant Fixed Odds Bet being placed by or on behalf of another Authorised Operator where the Authorised Operator has a reasonable belief that the bet is based on betting information (including, but not limited to, betting trends and bets placed with that Authorised Operator) that is not publicly available and further, that the bet is not a Bet Back;
 - (xiii) the Relevant Fixed Odds Bet being contrary to the rules of racing or any other laws;
 - (xiv) any other reason that in Racing Queensland's opinion raises serious integrity concerns;
 - (xv) the customer having been restricted to betting via a specified platform (e.g. telephone) arising from reasonably held and verifiable concerns by the Authorised Operator as to robotic or systematic use via other platforms/channels during the Authority Period;
 - (xvi) a Relevant Fixed Odds Bet being placed on a market that is not a Final Field Market; or
 - (xvii) any other reason as published by Racing Queensland on <http://www.racingqueensland.com.au/corporate/wagering-licencing/minimum-bet-limits> from time to time.

10.4 Co-operation in investigation and determination of Complaints

- (a) An Authorised Operator must provide Racing Queensland with all information that Racing Queensland requests for the purposes of its investigation and determination of a Complaint.

- (b) The Authorised Operator agrees, subject only to compliance with laws relating to privacy or data protection, to respond promptly and no later than five Business Days after receipt of a request from Racing Queensland under clause 10.4(a).
- (c) Racing Queensland agrees, subject only to compliance with laws relating to privacy or data protection, to provide any relevant information provided to Racing Queensland by the Complainant to the Authorised Operator against whom a Complaint has been made.
- (d) All requests by Racing Queensland under clause 10.4(a) shall be kept strictly confidential and shall not be divulged by Racing Queensland to any third party (other than the Complainant) except:
 - (i) where compelled by law;
 - (ii) where expressly permitted by these conditions;
 - (iii) with the prior written consent of the Authorised Operator and the Complainant; or
 - (iv) where a Complainant has submitted one or more separate Complaints against other Authorised Operators which are consistent with the Complaint, Racing Queensland may provide non-specific information, subject to compliance with laws relating to privacy and data protection, to assist Authorised Operators in responding to the Complainant in a consistent manner.
- (e) Racing Queensland's obligations under clause 10.4(d) do not apply where the confidential information has been made public through no fault of Racing Queensland.

10.5 Determination of non-compliance

- (a) Racing Queensland will provide an Authorised Operator against whom a Complaint has been made written notice giving the Authorised Operator an opportunity to make written submissions to Racing Queensland in relation to the Complaint within 14 days.
- (b) The Authorised Operator agrees that Racing Queensland's determination to uphold any Complaint is final and binding on the Authorised Operator.

10.6 Consequences of non-compliance

- (a) Where, in relation to a Complaint that has been upheld by Racing Queensland and Racing Queensland has determined that the Authorised Operator has failed to comply with its obligations under this clause 10, Racing Queensland may at its discretion:

- (i) notify the Authorised Operator of its Minimum Bet Limit obligations under this clause 10;
 - (ii) reprimand the Authorised Operator;
 - (iii) issue a letter of rectification which may include a direction to the Authorised Operator to rectify any matter giving rise to the Complaint within a specified period of time; and/or
 - (iv) order the Authorised Operator to make financial contribution or restitution of a specified amount to the Complainant with respect to the Complaint that has been upheld by Racing Queensland.
- (b) The rights of Racing Queensland under clause 10.6(a) are in addition to, or without limitation to, the rights of Racing Queensland under these General Conditions and the Race Information Authority.
- (c) Where an Authorised Operator receives a notice, declaration, suspension, revocation or order from Racing Queensland under clause 10.6(a), the Authorised Operator will promptly and no later than five Business Days take all necessary steps to address and comply as is required by Racing Queensland and will keep Racing Queensland informed of its progress.

10.7 Application of Minimum Bet Limits

- (a) This clause 10 applies to off-course wagering.
- (b) Where an Authorised Operator accepts On-Course Bets, the Authorised Operator must comply with the minimum bet limits set out in Local Rule 76 of the Local Rules and displayed at <http://www.racingqueensland.com.au/corporate/wagering-licencing/minimum-bet-limits>.

11. Deductions

11.1 Obligations regarding Deductions

If one or more horses at a Race Meeting are declared a Non-Starter, then the Authorised Operator must:

- (a) Void all fixed odds bets placed on the Non-Starter(s);
- (b) Remove the Non-Starter(s) from the field of available selections for customers;
- (c) Apply the Deductions to all remaining fixed odds bets placed prior to the Approved Operator removing the Non-Starter(s) from the field, subject to clauses 11.3 and 11.4; and

Frequently Asked Questions – Minimum Bet Limits for wagering customers

What are the Minimum Bet Limits?

The Minimum Bet Limits require off-course wagering operators to accept a fixed odds bet at odds that are publicly displayed, up to set maximum amounts. The maximum amounts will vary depending on the turnover of the wagering operator, the code of race and the type of race (e.g. metropolitan or non-metropolitan). For further information on the maximum amounts, please see clause 10.1 of the General Conditions at:

<http://www.racingqueensland.com.au/Corporate/Wagering-Licencing/Race-Information> .

What do the Minimum Bet Limits mean for me?

If you make a fixed odd bet (up to the Minimum Bet Limits) on a Queensland race with an off-course wagering operator, that wagering operator must accept your bet unless an exclusion applies.

The following are examples based on a Minimum Bet Limit of \$1,000:

- a wagering operator must accept a bet of \$100 from a customer on a horse paying \$11 ($\$100 \times \$11 = \$1,100$ including the bet placed); and
- a wagering operator would not be required to accept a bet of \$150 from a customer on a horse paying \$8 ($\$150 \times \$8 = \$1,200$ the including bet placed).

Who has to comply with the Minimum Bet Limits?

All off-course wagering operators that are authorised by Racing Queensland to use Queensland race information.

A list of authorised wagering operators is available at:

<http://www.racingqueensland.com.au/Corporate/Wagering-Licencing/Race-Information> .

What type of bets will the Minimum Bet Limits apply to?

The Minimum Bet Limits will only apply to final field fixed odds bets (i.e. win, place or each way bets) on Queensland races including telephone and internet bets.

From what times will the Minimum Bet Limits apply?

The Minimum Bet Limits will apply from the moment off-course wagering operators release final field markets.

Can I download a copy of the Minimum Bet Limit requirements?

Yes, the Minimum Bet Limit requirements are contained in clause 10 of the General Conditions.

Are there any exclusions to the Minimum Bet Limits?

Yes, off-course wagering operators are not required to comply with the Minimum Bet Limits requirements if one of the exclusions in the General Conditions applies at the time of the bet. For example, Minimum Bet Limits do not apply to betting exchange bets, multi-bets or bets placed in retail outlets (regardless of whether the bet is cash or account betting). For the full list of exclusions, please see clause 10.3 of the General Conditions

What price does a wagering operator have to bet each punter?

All punters are entitled to the price publicly displayed in the wagering operator's latest betting market on their website or app. The only time a changed price can be offered after a punter submits a bet is if the Queensland Official Price (QOP) had just changed or another bet has been laid at the original price and the wagering operator is adjusting the price in response to the other bet, which will flow through to their website or app. Time log records can be checked to confirm this process.

Can I bet more than the Minimum Bet Limits?

Yes, however, the decision to accept the bet in its entirety is at the wagering operator's discretion. The wagering operator is required to partially accept a bet where the total liability is above the Minimum Bet Limits.

Will the same Minimum Bet Limits apply to on-course bookmakers?

No, Queensland wagering operators that accept on-course bets are subject to the Minimum Bet Limits under Local Rule 76 of the Local Rules (Thoroughbred Racing) - see <http://www.racingqueensland.com.au/corporate/wagering-licencing/race-information>.

Is an off-course wagering operator obliged to extend credit to me to make a bet to the Minimum Bet Limit?

No, if you don't have sufficient funds to pay for the bet, the off-course wagering operator is not required to accept your bet.

What should I do if I feel that the Minimum Bet Limit requirements are not being followed by an off-course wagering operator?

If you believe that an off-course wagering operator has not complied with the Minimum Bet Limit requirements in the General Conditions (e.g. by refusing your bet), you should try to discuss your complaint directly with the wagering operator as soon as possible after the incident.

If you have been unable to resolve the matter with the wagering operator and the exclusions listed in clause 10.3 of the General Conditions do not apply, then you may lodge a formal complaint with Racing Queensland. A summary of the formal complaint process can be found at: <http://www.racingqueensland.com.au/corporate/wagering-licencing/minimum-bet-limits>.

How do I lodge a formal complaint with Racing Queensland?

You can lodge a formal complaint with Racing Queensland by completing the online complaint form available at <http://www.racingqueensland.com.au/corporate/wagering-licencing/minimum-bet-limits>.

You have 14 days from the date of the incident (e.g. 14 days from the date your bet was rejected or the date your account was closed) to lodge a formal complaint with Racing Queensland. However, this timeframe can be extended if you have contacted the off-course wagering operator and have not received a response within this time period.

Frequently Asked Questions - Minimum Bet Limits for off-course wagering operators

What are the Minimum Bet Limits and how do they apply to me?

Off-course wagering operators are required to accept a fixed odd bet at odds that are publicly displayed, up to the maximum amounts for the wagering operator to lose, as set out in the tables below:

Turnover of more than \$100 million where:

- the wagering operator has held a previous Race Information Authority and the wagering operator's assessable turnover exceeded \$100 million on Queensland races for the previous financial year then the amounts specified in the table below apply to the wagering operator for the authority period; or
- the wagering operator has not previously held a Race Information Authority, the amounts specified in the table below apply to the wagering operator from the month after the wagering operator's assessable turnover on Queensland races for the current financial year exceeds \$100 million for the remainder of the authority period.

Queensland Race Type	Bet Type
Metropolitan Thoroughbred Race	In any one Win, Win/Place* or Each-way bet: to lose \$2,000 (* place component \$800)
	In any one Place bet: to lose \$800
Non-metropolitan Thoroughbred Race	In any one Win, Win/Place* or Each-way bet: to lose \$1,000 (* place component \$400)
	In any one Place bet: to lose \$400
Any Harness Race	In any one Win, Win/Place* or Each-way bet: to lose \$500 (* place component \$200)
	In any one Place bet: to lose \$200
Any Greyhound Race	In any one Win, Win/Place* or Each-way bet: to lose \$500 (* place component \$200)
	In any one Place bet: to lose \$200

Turnover of less than \$100 million where:

- the wagering operator has held a previous Race Information Authority and the wagering operator's assessable turnover was less than or equal to \$100 million on Queensland races for the previous financial year then the amounts specified in the table below apply to the wagering operator for the authority period; or
- the wagering operator has not previously held a Race Information Authority, the amounts specified in the table below apply to the wagering operator until the month the wagering operator's assessable turnover on Queensland races for the current financial year exceeds \$100 million (i.e. where the wagering operator's assessable turnover on Queensland races for the current financial year is less than or equal to \$100 million).

Queensland Race Type	Bet Type
Any Thoroughbred Race	In any one Win, Win/Place* or Each-way bet: to lose \$1,000 (* place component \$400)
	In any one Place bet: to lose \$400
Any Harness Race	In any one Win, Win/Place* or Each-way bet: to lose \$500 (* place component \$200)
	In any one Place bet: to lose \$200
Any Greyhound Race	In any one Win, Win/Place* or Each-way bet: to lose \$500 (* place component \$200)
	In any one Place bet: to lose \$200

The following are examples based on a Minimum Bet Limit of \$1,000:

- you are required to accept a bet of \$100 from a customer on a horse paying \$11 (\$100 x \$11 = \$1,100 including the bet placed); and
- you are not required to accept a bet of \$150 from a customer on a horse paying \$8 (\$150 x \$8 = \$1,200 including the bet placed).

What type of bets will the Minimum Bet Limits apply to?

The Minimum Bet Limits will only apply to final field fixed odds bets (i.e. win, place or each way bets) on Queensland races including telephone and internet bets.

From what times will the Minimum Bet Limits apply?

The Minimum Bet Limits will apply from the moment you release final field markets.

Are there any exclusions to the Minimum Bet Limits?

Yes, you are not required to comply with the Minimum Bet Limits requirements if one of the exclusions in the General Conditions applies at the time of the bet. For example, Minimum Bet Limits do not apply to betting exchange bets, multi-bets or bets placed in retail outlets (regardless of whether the bet is cash or account betting). For the full list of exclusions, please see clause 10.3 of the General Conditions.

Can I accept a bet more than the Minimum Bet Limits?

Yes, you can accept a bet more than the Minimum Bet Limits at your discretion.

Where the total liability is above the Minimum Bet Limits, the wagering operator will be required to partially accept a bet where the total liability is above the Minimum Bet Limits.

What price does a wagering operator have to bet each punter?

All punters are entitled to the price publicly displayed in the wagering operator's latest betting market on their website or app. The only time a changed price can be offered after a punter submits a bet is if the Queensland Official Price (QOP) had just changed or another bet has been layed at the original price and the wagering operator is adjusting the price in response to the other bet, which will flow through to their website or app. Time log records can be checked to confirm this process.

Will the same Minimum Bet Limits apply to on-course bookmakers?

No, Queensland wagering operators that accept on-course bets are subject to the Minimum Bet Limits under Local Rule 76 of the Local Rules (Thoroughbred Racing) - see <http://www.racingqueensland.com.au/corporate/wagering-licencing/race-information>.

Am I required to extend credit to a customer to make a bet to the Minimum Bet Limits?

No, if the customer does not have sufficient funds to pay for the bet, you are not required to accept the bet.

What happens if a customer has a complaint?

If a customer makes a complaint that you have not complied with the Minimum Bet Limits requirements in the General Conditions, you should try to resolve the complaint with the customer directly.

If you have been unable to resolve the complaint with the customer and the exclusions listed in clause 10.3 of the General Conditions do not apply, then the customer may lodge a formal complaint with Racing Queensland. A summary of the formal complaint process can be found at <http://www.racingqueensland.com.au/corporate/wagering-licencing/race-information>.

How long does a customer have to lodge a formal complaint with Racing Queensland?

A customer must lodge a formal complaint with Racing Queensland within 14 days of the date of the incident (e.g. 14 days from the date the bet was rejected or the date the customer's account was closed) however, this timeframe can be extended if the customer has contacted you and you have not provided a response within this time period.



Australian Government

Australian Institute of Family Studies

Betting restrictions and online wagering in Australia

A review of current knowledge

Report prepared by Jennifer Podesta and Anna Thomas

Australian Gambling Research Centre, Australian Institute of Family Studies

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Glossary of terms	
Key Term	Definition
Betting limits	Betting limits refer to limits on the size of bets. Limits may refer to maximum bets where a cap is placed on the bet size, typically as a harm minimisation or measure. Minimum betting limits can also refer to the minimum wager or winning payout that a bookmaker must accept without restricting or closing a customer's account. (See also Minimum bet limits)
Bonus bets	Bonus bets are free betting credits provided to gamblers as an inducement to commence betting or continue betting with a specific operator. The defining feature of bonus bets is that they are often required to be bet or "played through" before any money can be withdrawn; in other words, the bettor must make additional bets in order to take advantage of the financial incentive. These "play through" requirements may apply to the bonus amount itself, to the bonus amount plus the stake required to attract the bonus, to the winnings obtained through using the bonus amount, or to a combination of these amounts.
Bonus abuse	"Bonus abuse" is a term used to describe when a gambler uses bonuses in a way other than intended to increase or guarantee their chances of winning.
Bookmaker	Bookmakers are persons or organisations who take bets, calculate odds and pay out winnings. Bookmakers are licensed in each jurisdiction. Traditionally, bookmakers have referred to individuals operating at event venues. More recently, corporate bookmakers also operate remotely from the gambler, accepting bets either by telephone or online.
Click-to-call	The "click-to-call" and similar features allow bettors to place in-play bets over their mobile device without speaking to an operator. The Northern Territory Government has recently banned this type of betting and the Commonwealth Government has clarified the existing law to respect the provisions and original intent of the <i>Interactive Gambling Act 2001</i> (IGA) by moving to prohibit "click-to-call" in-play wagering services through amendments to the IGA.
Illegal offshore wagering	In the context of this review, illegal offshore wagering refers to the provision of illegal wagering services by operators based in overseas jurisdictions to Australian residents. Illegal wagering services can include prohibited services under the IGA (such as interactive gaming or in-play betting) or services prohibited under state and territory laws. Under the laws of each Australian state and territory, the provision of wagering services is permitted only when conducted by an operator licensed by the gambling regulator of an Australian State/Territory. Similarly, the totalisator in each Australian state/territory is licensed by the gambling regulator of that Australian State/Territory.
In-play betting	In-play betting refers to betting markets that allow bets to be placed after the commencement of an event such as a sporting match or racing event. The bet might be on the outcome of a match/race or on an event within a match. Typically, the prices available to bettors will change as the match or event progresses. In Australia, in-play betting is permitted on-site or over the telephone for all events, and online for racing events. Also termed "live" or "in-the-run" betting. See also Micro and exotic bets.
Interactive gambling	Interactive gambling (including gaming and wagering) refers to gambling conducted using any of the following interactive mediums: <ul style="list-style-type: none"> • an Internet carriage service; • any other listed carriage service; • a broadcasting service; • a datacasting service; and • any other content service.

Glossary of terms	
Licensed online wagering	<p>In this report, licensed online wagering refers to interactive wagering services provided by operators licensed in an Australian state and territory (excluding external territories such as Norfolk Island) and operating in accordance with all relevant state and Commonwealth laws. At the federal level, the IGA prohibits the provision of an online gambling service to Australian residents; however, online wagering (except for in-play betting on sports events) and lotteries are exempt from this prohibition.</p> <p>In other words, the provision of an online wagering service to Australian residents is permitted under the IGA, provided that the operator does not offer in-play betting on sports events. This position does not affect state and territory laws that apply to online gambling and that contain additional prohibitions.</p>
Micro and exotic bets	<p>Micro bets are a specific category of “in-play” style gambling that involves the placement of bets having the following characteristics and circumstances:</p> <ul style="list-style-type: none"> • The placing, making, receiving or the acceptance of bets on particular events that occur during a session of a match or game. • The betting opportunity is repetitive and of a high frequency (for example, on a per ball basis in a game of cricket or a per point basis in tennis). • A bet is placed on one of a limited number of outcomes, although the number of possible outcomes may be more than two (e.g., whether the next serve will be a fault; whether the next ball will be a no ball). • The time between placing a bet and knowing the outcome is very short (usually less than five minutes, with the exception of appeals, intervals and interruptions). <p>An exotic bet, also commonly known as a prop bet or proposition bet, novelty bet or a special bet, typically refers to bet types that are not related to the final result of an event or match. For instance, betting markets that pay out on the first try scorer or top goal scorer are examples of exotic bets.</p> <p>Some bookmakers offer exotic multiples, which combine one or more single bets and/or parlays. The combinations offered and terms used to describe them can vary from bookmaker to bookmaker. Exotic multiples provide payouts for a low number of winning selections, with the greatest payout achieved if every selection wins.</p> <p>Another type of novelty bet is betting on non-sports/racing events (e.g., when the next royal child will be born or who will win a reality TV contest). While these are not traditional betting events, they are increasing in popularity and are often used as a way to encourage engagement with an operator through promotion and advertising.</p>
Minimum bet limits	<p>Minimum bet limits refer to the minimum wager to lose (win or win/place payout) that a bookmaker must accept without restricting or closing a customer’s account. Minimum bet limits have recently been introduced by Racing NSW, Racing Victoria and soon Queensland.</p>
Point of consumption tax	<p>A point of consumption tax is a tax applied to consumers in the jurisdiction where the transaction occurs. With regards to interactive gambling, a point of consumption tax refers to a tax applied to gambling operators’ product generated from Australian customers, no matter where in the world the operator itself is located.</p>
Product fees	<p>Product fees (and race fields fees) are fees paid by licensed betting operators in Australia to Australian sporting and racing bodies. Typically, under these agreements, product fees paid to sporting bodies are based on “gross revenue” and fees paid to racing bodies are based on turnover. For example, if a wagering operator wishes to take bets on the A-League, they must have an approval from Football Federation Australia (FFA). Under the conditions of this approval, the wagering operator must pay a product fee to the FFA and meet certain integrity obligations. In addition, wagering operators in Australia must seek approval from sporting organisations on the types of bets offered to their clients.</p>
Totes or pari-mutuel betting	<p>A totalisator (“tote”) is an entity that provides gambling services as part of a pari-mutuel betting system, that is, a system where the payouts are automatically determined based on the amount gambled.</p>

Source: O’Farrell, 2015

Abbreviations	
ACMA	Australian Communications and Media Authority
AIFS	Australian Institute of Family Studies
AGRC	Australian Gambling Research Centre
DSS	Department of Social Services
eCOGRA	ecommerce and Online Gaming Regulation and Assurance
IGA	Interactive Gambling Act 2001
NCPF	National Consumer Protection Framework
REA	Rapid Evidence Assessment

Executive summary

Background and rationale for the study

Despite its relatively small population, Australia is estimated to account for 5% of the global interactive or online gambling market (Gainsbury, 2012, p. 10). Further, with a longstanding cultural acceptance of gambling and one of the highest rates of Internet and smartphone usage globally, Australia has seen a seven-fold growth in the licensed onshore wagering market over the past 10 years. Comparatively little is known about the interactive betting behaviours of individuals, including that of online wagerers. This means that creating and implementing appropriate policy and regulation is challenging for legislators.

The current study was commissioned by the Department of Social Services (DSS) as part of the government's response to Recommendation 15 from the O'Farrell *Review into Illegal Offshore Wagering* (O'Farrell Review). The impetus for the recommendation in the O'Farrell Review and the subsequent response from the Commonwealth Government came from anecdotal reports that consumers are experiencing a range of restrictions to online wagering through licenced Australian operators including monetary limits placed on their bets and account closures. These reports suggest that this is often occurring as a result of successful or winning gamblers becoming unprofitable for operators. What is not clear from these anecdotal reports is the extent to which these restrictions might be occurring, the reasons they might be applied and what other contributing factors may be involved. A number of submissions to the O'Farrell Review proposed the implementation of a minimum bet rule similar to those adopted by Racing NSW and Victoria as a means to addressing these restrictions.

Of particular concern are indications that these restrictions imposed by operators and other government-imposed restrictions to online in-play sports betting may be acting as push factors to encourage Australian gamblers to use illegal offshore wagering operators. The government-imposed restriction on in-play sports betting is relevant in the context of the O'Farrell Review, Recommendation 3 that consideration of additional in-play betting products be deferred until such time as a national consumer protection framework (NCPF) is implemented.

Australians using illegal offshore wagering operators is an issue for a number of reasons. First, there are control and protection issues related to under- or un-regulated offshore sites in terms of adequate consumer protections, the potential for fraud, money-laundering and sporting integrity issues (e.g., match-fixing). Second, there is the issue of a loss of revenue to governments and sporting bodies through taxes, license and product fees and to Australian businesses through loss of customers.

This study sought to shed light on these issues to allow for informed policy to be developed. Understanding more about the nature of industry-leveled betting restrictions, the circumstances under which they are applied and how they might be influencing gambling behaviour will provide valuable information to guide decision making for policy makers and regulators.

Study objectives and research questions

This Betting Restriction in Online Wagering in Australia study, sought to identify what is currently known about the occurrence of restrictions in Australian licensed online wagering operators and the impact of these on consumers' behaviour. The research questions were:

- What is the range of restrictions placed on Australian gamblers in an Australia interactive gambling context?
- To what extent do:
 - interactive gambling operators in Australia impose betting restrictions on customers?
 - governments impose betting restrictions on interactive gambling customers?
- What is the impact of these betting restrictions in terms of driving customers to bet through offshore operators?
- What are the broader implications for the community?

Methodology

This report synthesises information gathered using three approaches:

- A rapid evidence assessment (REA) was conducted of current knowledge pertaining to the issues of betting restrictions and account closures in the interactive gambling sector including academic and “grey” literature. To fully inform the study, the REA was supplemented with an examination of relevant industry and consumer websites, media and online articles.
- An environmental scan of the websites of Australian onshore wagering operators examined their terms and conditions to ascertain their consistency with reported practices of account restrictions and closures.
- Interviews were conducted with 17 community respondents and nine consultations with representatives of industry and sporting body stakeholders, and state and federal government bodies selected in consultation with the DSS. It should be noted that the community stakeholders comprised a small sample of gamblers who had previously made submissions to the DSS about the issues of account restrictions and closures, as well as “snowballing” of others who had heard about the study via social media and websites. Most self-identified as astute recreational, semi-professional or professional gamblers. This sample should not be viewed as representative of interactive gamblers generally or the wider gambling population.

Key findings

Rapid Evidence Assessment

The knowledge review revealed a gap in empirical research about the issues of online betting account restrictions and closures. There is an emerging body of literature about interactive gambling more generally that informed the study and guided the research interviews.

The key findings from this literature were:

- the rapidly growing and changing nature of the interactive gambling sector and the challenges this presents for regulators;
- the characteristics of interactive gamblers that sets them apart from the broader gambling population;
- the ways in which access to Internet technology allows this new “cohort” of gamblers to identify and exploit inaccuracies in betting markets;
- consumer concerns about trust and how complaints are handled by industry; and

- the vulnerability of unregulated offshore markets to infiltration by organised crime, money-laundering and match-fixing.

On the issues of most interest to this study, the academic literature was lacking. A review of other knowledge, however, including “grey” literature, consumer and industry websites, revealed the experiences of account restrictions and closures were widespread. One survey from the United Kingdom (UK), for example, highlighted the concerns of the British racing industry about the impacts these were having on their sport. This is particularly relevant as the arrival of UK-based operators into the Australian market was regarded as being partially responsible for the emergence of the practice here in Australia, and this view is supported by the interview data, summarised below.

Environmental scan

The environmental scan of 20 Australian wagering operators revealed that all had clauses within their terms and conditions that referred to their reserved rights to close or restrict accounts. However, these were usually embedded within a lengthy and legally worded document that customers would need to access through a small and not easily found link on the operator’s website homepage. In one case the customer had to sign-up to become a member before they could view the terms and conditions.

Consultation and interview data

Account closures and restrictions

Applying restrictions to the amount customers can wager is a common feature of the risk management practices of Australian licenced onshore wagering operators. The interviews and consultation data suggest they appear to be routinely applied to customers who are winning consistently over a period of time or whose losing margins are simply too low. Industry acknowledges these practices and believes they are justified from a business perspective because, they argue, gambling should be primarily for the purposes of “recreation or entertainment” and not to derive an income.

The terms and conditions of operators do clearly articulate their reserved rights to close or restrict accounts without limit. According to the community respondents, the most common restriction applied was to restrict the monetary amount a customer could place on a bet. In some cases, customers were restricted to placing bet amounts of less than one dollar. Other commonly reported restrictions included being offered different odds than were publicly displayed, not being offered fixed odds and having their account closed.

The community respondents to this study had each opened accounts with all or the majority of Australian onshore operators and after a period of successful gambling had subsequently had their accounts restricted or closed.

Reports from industry stakeholders and former employees of online wagering operators suggest that customers are profiled by operators in terms of commercial risk: “Low risk” being high-value losing gamblers (often referred to as VIP customers) who are reported to be routinely offered bonuses or promotions and incentivised to gamble in ever larger amounts; “high risk” being winning or low-margin gamblers who increase the liability for the operators and who may therefore be targeted for betting restrictions or refusals.

The extent of restrictions

The community respondents to this study had opened accounts with multiple Australian online wagering operators and had experienced restrictions or closures to all of their accounts with the exception of those with the betting exchange Betfair.

Account closures were reported to be less common than restrictions and, according to both community and industry stakeholders, likely impact on less than 1% of (or approximately 10,000) accounts. This includes accounts that are closed for reasons of fraud, irregular or illegal betting practices, bonus and promotion abuse and identity concerns as well as those closed for commercial reasons. Based on community respondent interviews and data from other studies, it is likely that account restrictions are more common. The study design prevented us from obtaining any clear estimate of the extent to which betting restrictions are imposed by industry.

Reasons for operator-imposed restrictions

Several commercial reasons were offered by respondents from all groups for why they believed account restrictions had become more common in recent years, including:

- the advent of corporate bookmakers from the UK, where these practises are common even with on-course bookmakers. This has also led to consolidation and increased competition as the industry has become more profit-driven and beholden to shareholders;
- high operational costs including taxation, licensing and, in particular, the increase in product fees charged by sports and racing bodies;
- the rise of a more astute gambler who uses Internet technology, computer modelling and access to data to exploit opportunities and weaknesses in markets exposes operators to greater commercial risk; and
- the consumer driven demand for more products across an ever-increasing range of sports markets but often with very little liquidity (only small pools of money wagered) exposes operators to greater liability.

A number of non-commercial reasons were also given by operators for why accounts might be restricted or suspended. These included bonus abuse and “collusion” by customers to use promotions in ways they were not intended or that guaranteed a win; insider knowledge; trying to place multiple bets on one event and using identity fraud or betting through other customers’ accounts (bowlers); suspicion of using automated “bots” to identify and exploit inaccuracies in the market pricing; and problem gambling concerns.

Implications of the restrictions

With one exception, all of the community respondents in this study had at least one account with an illegal offshore operator and most had three or four. The primary reason provided for operating these accounts was because they were unable to place bets in the monetary amounts they wished to with their onshore accounts. Some also used their offshore accounts for the convenience of in-play sports betting or to access better odds than were available with Australian operators.

The extent of lost revenue from taxation and product fees as a result of customers moving offshore could not be accurately calculated from this limited, exploratory study with a small number of community representatives. However, it is of note that many of these respondents reported individual annual turnovers of well over one million Australian dollars and in some

cases as high as seven million Australian dollars. This did not appear to be uncommon in this group of astute gamblers as several spoke of knowing other Australian online wagers who had far higher turnovers. Most community respondents in this study reported average profit margins of 3–4% per annum.

The restrictions on in-play sports betting also appear to be a push factor driving consumers offshore. It was generally agreed by respondents from all community and stakeholder groups in this study that in-play betting was now an integral part of sports wagering and had mass appeal. While all acknowledged that there were some concerns around the risk posed by in-play betting for problem gambling, they argued that a blanket restriction of these products online appeared to be against the global trend in the gambling market and was coming at some financial cost to Australian operators and sporting bodies.

Concerns expressed by regulators about the lack of consumer protections for customers moving to offshore operators were not echoed by community respondents who discussed using “reputable” offshore operators who were generally regulated in another jurisdiction. This study was not able to ascertain to what degree other groups of online wagers are at risk from under- or un-regulated operators. However, lack of transparency and the potential for Australians to be involved in fraud, money-laundering and match-fixing are clearly emerging issues. Issues of sporting integrity are increased for Australian sporting bodies if illegal offshore markets on Australian sports gain increased liquidity and become more attractive to organised crime.

Another implication for the wider gambling community that was raised in community interviews and by one smaller operator was that restricting the bets of more astute gamblers may disadvantage the average gambler by keeping odds low more generally on more popular outcomes (i.e. if the majority of the money has been bet on one team the odds for a win will generally be quite low. If, however, even a few large bets are placed on the other team by a few astute gamblers (the “smart” money), it may act to raise the odds on the popular team).

Finally, there also appears to be a degree of reputational damage to industry and sporting bodies as a result of the restrictions with community respondents feeling the current arrangements are unfair and exploitative. The recent decision by several Australian state horseracing bodies to introduce minimum bet limits was described by a stakeholder representative as largely a response to reputational damage to the racing industry due to bet restrictions.

Options and further research

The report offers a range of options and recommendations for further research to inform evidence-based regulatory change. It is strongly recommended that changes are not made in isolation of other considerations; for example, decision making with regard to liberalisation of other online products; regulations for the marketing of particular products; the potential for harm if the product is combined with other products (e.g., inducements); the need for transparency in gambling transactions; clarity of terms and conditions and the testing of other consumer protection measures under a new NCPF.

Account restrictions imposed by Australian onshore wagering operators

All of the options to address the account restrictions and closures imposed by onshore operators can be put in place concurrently with other options.

Option 1: Further research to fully understand the extent of the issues

There remains a need for greater knowledge regarding the practice of account restrictions and closures, including the extent to which restrictions are imposed by Australian licensed wagering operators across all groups of wagerers and why this happens (e.g., the reasons, type of products, amounts of betting). The most conservative approach would be to conduct this research before taking any further regulatory action.

Option 2: Research to understand effect of product fees and other costs

Further research is required to fully understand the specific effects of product fees and other costs (e.g., taxation) on industry actions and, through these, on consumer behaviour. Industry stakeholders in this study and in earlier submissions to the O'Farrell Review raised concerns about the impact of product fees and taxation on their businesses' profitability and their resulting inability to compete with offshore operators. Determining the full effects of these costs was outside the scope of this study; however, the findings suggested that product fees are one factor affecting operator's profitability and risk management decisions and as such may contribute to push and pull factors that drive gamblers to illegal offshore operators.

Option 3: Require greater transparency by operators about the circumstances under which an account would be restricted

The study found that operators provide terms and conditions regarding account restrictions but that they are difficult to find and opaque in regards to when they may apply. A mitigation for this that may increase consumer protections would be to require more transparency and clarity by operators about when and why restrictions may occur. This would include the requirement for clauses pertaining to restrictions to be clearly displayed as part of a new member's sign-up process as well as within the larger terms and conditions documents. It would also be appropriate as a requirement of the marketing of gambling products and the process of placing a bet that these terms and conditions are clearly displayed to inform consumers' betting decisions.

Option 4: Implementation of nationally harmonised minimum bet limits across racing and sports with cost-effectiveness evaluation

This option relates to the implementation of minimum bet limits at a national level across both sporting and racing codes. These would be similar to those currently imposed by Racing Victoria and Racing NSW (and soon to be introduced in Queensland). This option would include provisions that prevent an operator from closing or restricting a customer's account or refusing to open an account to avoid the provisions of the minimum bet limits or refusing to offer odds or fixed-odds that are publicly displayed.

While this measure could be introduced immediately, government may wish to undertake research such as described in Options 1 and 2 to ensure the potential effects of this measure on consumers and the market are well understood given the limited and exploratory nature of this current research project. Consideration should be given to (a) implementing a tiered arrangement that takes into account the variation in market liquidity in sports, and (b) an incremental approach.

It is also recommended that the implementation of this option include a cost-effectiveness evaluation covering, but not be limited to, the effect on consumers, increases in harmful gambling and the effect on migration to illegal offshore wagering operators; the costs to operators taking into account variances in market liquidity and other operational costs such as product fees; effects on sporting bodies and any unintended consequences.

In-play sports-betting restrictions imposed by government

We suggest an evidence-based approach to in-play sports betting. It is consistent with Recommendation 3 from the O’Farrell Review that any consideration of online in-play betting products be deferred until a stronger consumer protection framework is in place (e.g., the NCPF) and tested for effectiveness. It also emphasises the critical need for further research to examine the effects of these types of bets on gambling behaviour prior to any regulatory change.

Option 1: There is a critical need for further research to fully understand the effect of various types of in-play sports betting on different groups of consumers. This includes further investigation to better understand casual links, how different factors intersect and the implications for harm minimisation efforts. For example, does the relationship differ according to gambling platform, various types of in-play bets (e.g., micro bets), marketing strategies, inducements, and/or gambler characteristics.

Option 2: Consideration of online in-play sports betting within a frame of consumer protection, research evidence and evaluated trials.

The limited nature of this exploratory study does not allow us to make any recommendations with regard to a more liberalised approach. However, we would recommend that **IF** such considerations were to take place they occur after the NCPF is in place and tested for effectiveness in strengthening consumer protections and, importantly, these considerations are fully informed by the findings of future research with regard to risk of gambling problems resulting from factors associated with in-play betting.

We further recommend that **IF** a subsequent decision was made to move towards liberalisation of this market an initial trial is undertaken and fully evaluated to determine the effect of any liberalisation before it is fully rolled out. It would be expected that any such trials would be informed and guided by the results of emergent research findings and in consultation with stakeholders including researchers, individual sporting organisations and government bodies with responsibility for integrity issues. It should be noted, however, that increased liberalisation of the market even in this context may be hard to reverse at a later date. It is recommended that if this option were to proceed at any point, a full cost-effectiveness evaluation is conducted on the initial trial period and used to inform decision-making.

Limitations of the study and need for further research

This small exploratory study has allowed us to gain a better understanding of the range of restrictions that are applied to accounts by Australian operators and the impact these restrictions have as a push factor for driving customers to use illegal offshore wagering operators. However, the sample was small and not representative of the wider population of online wagerers. As such, it does not allow for any clarity about the actual extent of the issues discussed.

The unwillingness of operators to contribute to the project until very late in the process also meant that we were unable to follow up on data that emerged from the consultations with industry stakeholders within the interviews with community respondents (e.g., the claims that gamblers that were restricted were, in the main, professionals, had insider knowledge, were “bowlers” for bigger operators, abused bonuses, and/or wanted to place large wagers in small obscure markets).

Research is needed to fully understand the extent to which restrictions and closures occur and to offer more clarity about why/when restrictions are imposed initially from both the consumer and

operator perspectives. Further research is also needed to offer insights about the relative importance of various push and pull factors that drive gamblers to offshore operators (e.g., better odds, markets and products not available onshore and anonymity). Research in this field would ideally:

- be informed by the exploratory findings from this study in respect to areas needing further clarification;
- encompass a much larger, more representative sample of the online wagering population to allow for generalisability of results;
- incorporate a mixture of research methods; and
- seek more transparency and access to data from operators about these issues so as policy can be informed by actuality.

1 Background and project scope

1.1 Review context

The Australian Institute of Family Studies (AIFS) was commissioned by the Department of Social Services (DSS) to conduct this study into the nature of alleged betting restrictions and account closures by Australian licensed online wagering operators. This included an examination of their impacts on gambling behaviour as well as the impacts of current governmental restrictions to in-play sports betting in Australia. There was a particular focus on whether and how these restrictions lead people to migrate to illegal offshore wagering. The aim of this study was to discover more about the current environment in relation to these issues, to locate relevant existing knowledge and empirical research and to identify the gaps in the knowledge. The Australian Gambling Research Centre (AGRC), which is housed at AIFS, undertook this work.

The O'Farrell Review of the Impact of Illegal Offshore Wagering was provided to the Assistant Minister for Social Services and the Minister for Communications in December 2015. On 28 April 2016, the Commonwealth Government released its response, agreeing in principle to 18 of the 19 recommendations. The Response committed to the development of a national consumer protection framework (NCPF) in addition to strengthening a number of areas of the *Interactive Gambling Act 2001*.

Recommendation 15 of the O'Farrell Review stated:

Further research should be undertaken on the impact of betting restrictions on illegal offshore wagering and the identification of options to improve the situation.

The response committed the government to examine the existing literature base on betting account restrictions and closures, to commission further research, undertake further consultations and explore options to address the impact of betting restrictions imposed by Australian licensed bookmakers and their influence in prompting gamblers to bet with offshore operators.

Further to the recommendations from the review, an e-petition to Federal Parliament on the Australian Parliament website requested research into the impact of betting restrictions with over 300 signatures. The DSS has also received around 20 letters from community members who were gamblers themselves expressing concern about this issue since December 2016.

Themes in this correspondence included but were not limited to:

- calls for the implementation of minimum bet limits for interactive wagering (similar to the minimum bet limits that have been imposed by several state racing authorities in Australia¹);
- concerns that licensed onshore operators were unfairly reducing consumers' bets or preventing particular consumers from holding betting accounts; and
- reports from more than half of the correspondents that these practices had led them to consider using or already be using illegal offshore wagering operators.

This study and associated report by the AGRC responds to Recommendation 15 of the O'Farrell Review. The study was conducted in three sections:

1. It examined evidence from Australian and international research literature, regulators, academics and government officials as well as a range of other "grey" literature such as is located on government, consumer advocacy or industry websites. It also identified areas where there appears to be significant gaps in the knowledge base.
2. It conducted an environmental scan of the "terms and conditions" of the interactive gambling operators currently licensed in Australia to identify and analyse their consistency with the anecdotal evidence and the interview findings in terms of betting restrictions and account closures.
3. It collected data from qualitative interviews and email questionnaires conducted with 17 community volunteers and consultations with representatives of nine industry and professional stakeholder groups. These interviews and consultations sought to understand the nature and range of the alleged betting restrictions by Australian operators; how, when and why they might be implemented; and what effects, if any, they have on consumer behaviour. A particular interest for this aspect of the study is whether these account restrictions and the recent closing of the loophole around "click-to-call" in-play sports betting are prompts that encourage gamblers to use illegal offshore operators.

This report aims to provide a balanced analysis of the issues across a range of perspectives and to provide recommendations and options for policy based on the findings.

1.2 The general background to this issue

Despite its relatively small population Australia is estimated to account for 5% of the global interactive gambling market (Gainsbury, 2012, p. 10). A longstanding cultural acceptance of gambling and one of the highest rates of Internet and smartphone usage globally have contributed to a rapid increase in the number of Australians participating in interactive gambling—with expenditure more than doubling between 2004 and 2014 to 2.4 billion AUD (Gainsbury et al., 2015, p. 2; O'Farrell Review, 2015, p. 44).

Driven by access to cheap high-speed Internet, the liberalisation of international markets, Internet-enabled mobile phones and wireless devices, and widespread marketing from gambling operators, there has been a seven-fold growth in the licensed Australian wagering market over the past 10 years. One study conducted in 2013 estimated that 21% of Australian gamblers participated in some form of interactive gambling over that year (Morgan, 2014). The number of

¹ Racing Victoria, Racing NSW and soon Racing Queensland have all imposed minimum bet limits. These set a minimum amount that a wagering operator must accept to lose on a single win and/or each way bet. Conditions also prohibit the bookmaker from restricting or closing a gamblers account to avoid complying with the minimum bet limit.

active online wagering accounts increased four times from 2004–2014 to 800,000 with many people holding more than one account (O'Farrell Review, 2015).

The rapid increase in interactive gambling has raised a range of concerns including the impact on vulnerable populations, the potential for fraud and money-laundering, the need to safe-guard the integrity of sporting bodies against match-fixing and the ability to effectively regulate across state borders (Gainsbury et al., 2015; McMullan & Rege, 2012). Comparatively little is known about the interactive betting behaviours of individuals. This means that creating and implementing appropriate policy and regulation is challenging for legislators. Indeed, it is possible that:

the prohibition of certain types of wagering or placement of strict restrictions on operators may have unintended consequences such as stimulating illegal or offshore gambling sites. (Gainsbury & Russell, 2015, p. 18)

Concerns have also been raised in the media and on a range of consumer (gambling) websites in Australia, as well as in other international betting markets, about the practices of online wagering operators in restricting and closing customer accounts and placing limits on bet amounts (GamblingSites.com, 2017; Mazella, 2016; Skene, 2007).

The likelihood that these restrictions could act as a trigger for gamblers to turn from regulated to illegal offshore wagering operators has raised concerns on a number of fronts. This includes consumer protections, fraud, money-laundering and sporting integrity issues on what are largely unregulated sites, as well as the impacts of a loss of revenue to governments and sporting bodies through taxes, license and product fees.

Understanding more about the nature of betting restrictions, the circumstances under which they are applied and how they might be influencing gambling behaviour will provide valuable information to guide decision-making for policy makers and regulators. As such it may also be important to understand more about the prevailing characteristics of interactive gamblers and how they may differ from the general gambling population in their preferences and practices. This may have implications for how gambling operators engage with those customers, as well as the nature of online gambling markets more generally.

1.3 Project objectives and research questions

Objectives

The objective of this study was to gather and articulate current knowledge (and gaps in knowledge) about the nature of betting account restrictions imposed by operators and governments in the online gambling environment and the impacts of these restrictions on gambling consumers. In particular, it sought to examine knowledge about the extent to which online wagering operators and governments in Australia impose betting restrictions on customers and how these may change gamblers' behaviours—specifically if this is driving customers to bet with offshore operators. The study was conducted in response to the need for better knowledge about these issues in order to inform future policy.

The analysis is based on:

- a knowledge review of relevant research in areas of gambling, e-commerce and public policy, including online and “grey” literature;

- an environmental scan of the websites and the terms and conditions of major online wagering operators licenced in Australia as they relate to account restrictions and closures.
- information gathered from interviews and consultations with key government, consumer advocacy and industry stakeholders in Australia and internationally; and
- interviews with community stakeholders who had previously expressed concerns in writing to the minister about the issue of betting account restrictions and some “snowballing”.

Research questions

The report addresses the following key questions related to the nature and impacts of betting account restrictions:

- What is the range of restrictions placed on Australian gamblers in an Australian interactive gambling context?
- To what extent do:
 - online wagering operators in Australia impose betting restrictors on customers?
 - governments impose betting restrictions on interactive gambling customers?
- What is the impact of these betting restrictions in terms of driving customers to bet through offshore operators?
- What are the broader implications for the community?

1.4 Summary of methodology

Literature review

A rapid evidence assessment (REA) was performed to provide an overview of existing research knowledge that addresses the issues of account closures and restrictions. An REA, rather than a systematic review, was conducted in response to the time frame specified in the project brief. An REA aims to be rigorous and explicit in method and remains systematic, but makes concessions on the breadth of the process by limiting particular aspects of the systematic review process (Government Social Research Service, 2009). The search process used by the research team is outlined in Figure 1.1.

Stage 1	
Identify sources/legislation to be searched Identify and pilot search terms	Identified electronic databases that had facilities to search academic, legislative and/or “grey” literature. Identified specialist websites to search. Defined combinations of search terms specific to each research question.
Stage 2	
Conduct initial search and create initial database of references	Entered search terms systematically into the databases. Created Endnote database of all hits.
Stage 3	
Remove duplicates, apply inclusion/exclusion criteria	Removed duplicate hits. Applied the inclusion/exclusion criteria by reading title and abstract.
Stage 4	
Group hits by research question, and revise and apply inclusion/exclusion criteria	Redefined and applied inclusion/exclusion criteria specific to the research questions, based on developing understanding of scope of literature and to ensure manageable number of hits.
Stage 5	
Read and extract data and/or relevant themes	Extracted information and applicable themes and terms relevant to research questions from each source using a data extraction template.
Stage 6	
Manual search and follow-up of references	Supplemented the systematic search by manually searching contents and bibliographies of key sources, conducting Internet searches of terms related to the themes and following-up leads, reviewing correspondence from the DSS for key themes.
Stage 7	
Quality assessment	Different strengths and weaknesses of each study were described and tabled. Studies and literature of greatest strength and relevance were identified.

Figure 1.1 Overview of rapid evidence assessment method

To fully inform the study, the REA was supplemented by an examination of relevant consumer and industry websites, media and online articles. These were sourced by conducting online searches of key words and themes identified in the empirical literature, reading and analysis of the hits to locate potentially related themes and sources, and in two cases making personal contact by email with the authors of online material for further clarification.

Environmental scan

An environmental scan was conducted firstly by identifying the current licenced onshore wagering operators in Australia. The lead researcher then accessed the website landing (home) pages of each of the licensed operators and followed the links provided on each site to view their terms and conditions. A review of the terms and conditions was then conducted of each site identifying the clauses relating to the practice of betting restrictions and account closures. The processes that a typical customer might follow to join or “become a member” when registering to open an account were also examined to discover the details of that process.

Stakeholder consultations and community interviews

Following the granting of ethics approval, stakeholder representatives and community members were invited to participate in the study.

Stakeholder consultations

Stakeholder consultations were conducted with representatives of Australian and state government bodies ($n=2$), and representatives of industry ($n=4$), regulatory ($n=1$) and sport and racing bodies ($n=2$) who, in consultation with the DSS, were identified as having expertise or knowledge relevant for the study. They were contacted by the lead researcher by email and invited to make an appointment to participate in a telephone interview. They also received information about the study and their rights to privacy, confidentiality and informed consent. Follow-up phone calls were made when required. The aim was to gain a range of perspectives about the issues so as to best inform policy. Eight stakeholder telephone interviews were conducted and one response to questions was provided by way of a written submission.

Community respondents

Telephone interviews were conducted with a convenience sample of 14 community members. Responses were also received by email from a further three respondents bringing the total number of community members to 17. These respondents were recruited by way of an email invitation sent by the DSS on behalf of the AGRC to 16 community members who had previously sent written submissions to the Minister about betting restrictions and account closures. These email invitations included information about the study, their rights to privacy, confidentiality and informed consent. They were invited to contact the AGRC to take part in the study. A designated password secure email and phone line was set up for this purpose. Five community members contacted the AGRC following the email.

The remainder of respondents resulted through “snowballing” via word of mouth from the originally invited sample, and through conversations on social media and gambling websites. Several of the respondents knew each other through their gambling practice and as such could be regarded as a cohort of like-minded individuals. The nature of recruitment means that the sample cannot be taken to be representative of the overall gambling population or even the gambling population who have experienced betting restrictions. Nonetheless it did offer a diverse range of characteristics within the sample, across age, modes of gambling and preferred gambling markets, as well a range of backgrounds including several former employees of bookmakers and the former owner of a small online wagering operation in the UK.

The interviews and consultations were semi-structured and primarily took place over the telephone for approximately half an hour. This type of interview allowed for the central themes of the study to be investigated using guiding questions but also left scope for individuals to provide additional information on matters about which they had expertise or that they felt were important. It also allowed the interviewer to adapt lines of enquiry to verify or clarify issues as they emerged in subsequent interviews. Further probing and follow-up questions were also asked. The community and stakeholder respondents who chose to provide data in written form were provided with a list of questions based on the semi-structured interview questions. These respondents were also given the opportunity to provide any additional information of interest. The qualitative data collected from the interviews and consultations revealed the explanations and interpretations of respondents about their experiences, knowledge and practices in relation to the central themes of the study.

With the participants' permission, the interviews were recorded and then de-identified and confidentially transcribed. Analysis and coding was based on themes that had emerged from the literature and that were relevant to answering the research questions.

1.5 Structure of the report

Chapter 2 of this report provides an overview of the current interactive gambling landscape in Australia including recent reviews and proposed legislative changes to the *Interactive Gambling Act 2001* and shifts in the industry more broadly. Chapter 3 reviews the available literature in relation to account restrictions and closures and provides some relevant insights into the prevailing characteristics of interactive gamblers, concerns about trust and consumer protection and the challenges for regulators. The chapter concludes with findings from a recent survey commissioned by the British Horseracing Association and conducted by the Horserace Bettors Forum (UKHBF, 2016) about the issues of betting restrictions and account closures in the interactive gambling market in the UK. Although limited in empirical rigour with respondents all self-selecting, this large survey suggests some similarities and possible implications for the Australian market. Chapter 4 provides a review of the findings from the environmental scan that looked at the terms and conditions and sign-up processes of interactive gambling websites. Chapter 5 summarises the data from the consultations with government and industry stakeholders and interviews with community gamblers. Chapter 6 draws the various data together, offering insights, options and conclusions to the report.

2 Interactive gambling in Australia

2.1 Interactive Gambling Act 2001 and recent developments

In 2001, the *Interactive Gambling Act* (the Act) in Australia prohibited provision of all interactive gambling, with the exceptions of licenced wagering—racing and sports betting—and lotteries. Operators holding licenses in one Australian state or territory are permitted to offer services to Australian residents in all states so long as they comply with the Act². The Act currently exempts online in-play wagering on horseracing events but not online in-play wagering on sports (this is still permitted at land-based venues or by telephone).

Since the introduction of the Act over 15 years ago, the online environment, advances in technology and the rapid increases in access to mobile and Internet services have allowed online wagering to develop into the fastest growing sector of the gambling industry, giving Australian consumers access to a wide array of domestic and offshore services (O'Farrell Review, 2015, p. 24). The Act created a partially legalised interactive gambling market in Australia, but left over 2,800 offshore gambling and wagering operators servicing Australian consumers in contravention to federal laws (Casino City, 2013; Gainsbury & Wood, 2011, p. 312).

Importantly, the Act does not criminalise betting at an illegal offshore online casino or with an illegal offshore wagering operator and Australian consumers cannot be charged for doing so under the Act. Rather it makes it illegal for offshore online wagering operators to advertise or offer services to, or accept business from Australian customers. Most offshore operators are licensed in at least one jurisdiction; however, these do not necessarily offer robust regulatory or consumer protection frameworks and they do not pay product fees, taxation or licencing fees in Australia (O'Farrell Review, 2015, pp. 30-31).

² The exception to this is lotteries, which need to be licensed in the state in which services are provided.

In recognising the inadequacies of many aspects of the existing Act in addressing the challenges of regulating this rapidly changing market, the recent O'Farrell Review (2015) brought forward 19 regulatory and legislative recommendations of which 14 have been accepted in full and four in principle by the government. On 21 June 2017, *The Interactive Gambling Amendment Bill 2016* (the Bill), was passed by the Lower House of Parliament. Its key elements are to:

- clarify the services to which the Act applies by recognising prohibited interactive gambling services and regulated interactive gambling services;
- prohibit a person providing regulated interactive gambling services to Australians unless the person holds a licence under the law of an Australian state and territory;
- introduce a civil penalty regime to be enforced by the Australian Communications and Media Authority (ACMA);
- prohibit “click-to-call” in-play sports betting services;
- streamline complaints handling and investigation processes;
- ban lines of credit being offered by online wagering operators and prohibit links between online wagering operators and payday lenders;
- establish a register of eligible regulated interactive gambling services to be published on the ACMA website;
- enable the Minister to determine by legislative instrument that a specific thing is, or is not, a sporting event for the purposes of the Act;
- make consequential amendments to the *Australian Communications and Media Authority Act 2005* to enable the ACMA to disclose certain information to foreign regulators and the Department of Immigration and Border Protection.

The Bill also provides a new definition of the “place-based betting service” stating that electronic betting terminals can be provided in places where the provider is licensed (e.g., TABs, clubs and casinos).

The government's commitment to prohibiting “click-to-call” in-play sports betting services as part of these amendments brought about a request from the Northern Territory Government for licensed operators in its jurisdiction to cease providing these services. This saw a cessation of “click-to-call” services that had previously been provided.

Some concerns have been raised by industry and sporting bodies about the prohibition of in-play sports betting, particularly in relation to platform neutrality. The continuation of in-premise (e.g., a TAB, hotel or club) in-play sports betting using tablets and smartphones provided by venue operators and covered under their licence, is regarded as creating an unfair playing field for operators (CoA, 2017, p. 27; IGA, 2016).

Concerns have also been raised about how restricting access to in-play sports betting for Australian operators may contribute to consumers migrating to using illegal offshore sites that offer these services, and the implications this may have for sporting integrity issues; for example, match-fixing. However, unease about the latter at present remains purely speculative without evidence to establish any empirical support for this claim. Current estimates of the amount gambled on in-play sports betting by Australians with illegal offshore operators fall between \$120-220 million per annum and this is expected to grow to \$600 million by 2020 (O'Farrell Review, 2015, p. 51). The O'Farrell Review identified the need for further knowledge about the

impacts of betting restrictions more broadly and how they may be influencing gambling behaviours. This includes bans on in-play sports betting.

A further recommendation from the review was a commitment from the government to establish a strong national consumer protection framework including but not limited to: self-exclusion and pre-commitment measures; the prohibition of lines of credit and discouraging links to payday lenders; operator activity statements; and standardised nationwide approaches to counselling, research and advertising (CoA, 2016).

Other recently flagged changes in the sector include the possible introduction of a federal “point of consumption” taxation (Mather, 2017). The flux within the industry, driven by both government and operators, highlights the need for policy makers to know as much as possible about how potential changes to legislation and regulation may impact consumer behaviours and practices. Further, there is the potential for policy makers to be informed by the impacts of regulation that already exists in other environments; in particular, the introduction in recent years of minimum bet limits on racing in NSW, Victoria and soon Queensland.

In Australia, there are currently around 20³ licenced corporate interactive gambling operators. This number does not include on-course bookmakers who can also provide online and telephone wagering services. A number of these have international roots (bet365, Ladbrokes and William Hill) and several have merged with or bought controlling stakes in smaller Australian companies. Some operate with more than one linking website and name (see Chapter 5 for further details), often using the same customer interface but providing a range of different page banners. Maintaining multiple sites allows operators to have a greater web-presence and for customer loyalty to be preserved when operators merge (Williams, Wood, & Parke, 2012, p. 5). It also allows operators to offer varying products and terms on different sites in order to appeal to a range of customer groups⁴. Betfair, for example, is a betting exchange⁵ and Crownbet is an online bookmaker. They are both owned jointly by Crown Resorts Pty Ltd (James Packer) and each offers different odds and betting services. Likewise, Centrebet, owned by William Hill, is positioning itself as a “high stakes” service for the “serious punter” that does not limit bets for winners (SportsBetting, 2017). The fact that they are using this as a point of difference and a marketing tool might be taken to suggest that placing limits on winning gamblers is a common, if unacknowledged, practice among operators.

³ The exact number changes regularly with new start-ups and mergers ongoing.

⁴ Centrebet, owned by William Hill, advertises that they do not restrict bets or close accounts.

⁵ Betfair is the only Australian online wagering operator that is a betting exchange. Betting exchanges differ from bookmakers in that bettors place wagers against odds set by other bettors not against a bookmaker’s odds. The exchange takes a commission (Williams, Wood, & Parker, 2012, p. 4).

Figure 2.1 Online wagering operators licenced in Australia reviewed in environmental scan⁶

Online wagering operator	Parent company	State licenced	Merged with or takeover of
bet365	bet365	NT	
Betstar	Ladbrokes UK	NT	
Betting Club		NT	
Betfair*	Crown Resorts	NT	
Bluebet		NSW	
Bookmaker.com	Ladbrokes	NT	
Centrebet	William Hill	NT	
Crownbet	Crown Resorts	NT	Betfair
Classibet		NT	
Ladbrokes	Ladbrokes, UK	NT	Betstar, Bookmaker.com,
Luxbet	Tabcorp Holdings	NT	
Madbookie		NT	
Palmerbet		NSW	
Sportsbet	Paddy Power UK	NT	
TAB.com.au	Tabcorp Holdings	ACT	
TABTouch	Tabcorp Holdings	WA	
Topbetta		NT	
TopSport		NSW	
Unibet		NT	
Ubet	Tatts Group	NT	
William Hill	William Hill UK	NT	Tom Waterhouse, Sportingbet, Centrebet

Note: *Betfair is a Betting Exchange

⁶ This table was compiled from a range of online gambling websites and by accessing the operator's websites

3 Knowledge review

The Rapid Evidence Assessment (REA) revealed a scarcity of literature in relation to interactive gambling generally and an absence of any rigorous empirical evidence relating to the impacts of account restrictions and closures that are the focus of this study. Hence, to fully inform this review of the knowledge, we drew on academic and “grey” literature, as well as a range of consumer and industry websites, media and online articles.

Literature in the gambling field appears to focus primarily on issues of harm minimisation and problem gambling behaviours. As leading scholars in the field argue, there seems to be a substantial knowledge gap regarding the “who, what, where, how and why in relation to consumer participation” and the fair, honest and responsible provision of interactive gambling (Parke, Parke, Rigbye, Suhonen, & Vaughan-Williams, 2012, p. 140). However, the broader gambling literature does provide some useful insights for policy makers seeking to understand and respond to the behaviours of interactive gambling consumers in what is a rapidly changing landscape.

What has also emerged is the extent to which the interests of sporting bodies, wagering operators and governments are increasingly enmeshed in an interdependent relationship that involves product fees, taxation and advertising revenue: what Hing and colleagues (Hing, Russell, Vitartas, & Lamont, 2015) have described as:

the “gambification of sport” and the “sportification of gambling” where sports fans are encouraged to gamble as an extension of their interest in sport and betting is promoted as a healthy harmless activity akin to playing sport.

Researchers argue the need for a better understanding about the prevailing characteristics of interactive gamblers and how they feel about issues of trust, fairness and consumer protections. Also of relevance are the ways in which new Internet technologies provide prospects for astute gamblers to use these technologies to exploit opportunities in the interactive gambling market and to shift the balance of risk in their favour. It may be that this shift is in part responsible for prompting bookmakers to act in their own interests in order to remain profitable by placing betting restrictions on “winning” gamblers.

3.1 Interactive gamblers: an emerging cohort?

Generally, interactive gamblers appear to have particular qualities that set them apart from the broader gambling population. This may represent an emerging cohort that engages differently with interactive gambling markets (compared to other groups of gamblers) and potentially challenges the profitability of online gambling operators. For example, interactive gamblers are more likely to be male, tertiary educated and have more disposable income; they tend to be more systematic and strategic in their betting than land-based gamblers and are more likely to self-identify as “professional”. They tend to bet across a range of sports or game platforms in a more competitive and less social manner (Gainsbury, Wood, Russell, Hing, & Blaszczynski, 2012, pp. 1395-1396). They are also up to four times more likely to experience problems with their gambling than are land-based gamblers (Williams, Wood, & Parke, 2012, p. 352). This may be particularly relevant when considering the implications of policy, as those experiencing problems are also more likely to use offshore interactive gambling operators (Parke et al., 2012, p. 21). A recent Australian study found interactive gamblers are also generally younger and likely to spend

more money on gambling and that the majority had only started gambling online within the last five years (Gainsbury et al., 2015). This suggests that the impacts of this shift are yet to be fully understood.

The attractions of interactive gambling are broad and include convenience, privacy and accessibility. Gainsbury et al. (2012) argue that another part of the appeal is that novice bettors feel better informed about betting practices and gather tips and statistics to guide their betting. Some operators have sign-up offers that match initial deposits, which are also appealing despite the fact that the matched amounts often have to be played through⁷ several times before they can be withdrawn (Gainsbury et al., 2012, p. 1389). However, the research suggests that these incentives are less important to online gamblers than issues of trust, safety and consumer protection which are key factors influencing the choice of the majority of online gamblers to continue to use Australian licenced operators (Gainsbury et al., 2015, p. 3; Gainsbury et al., 2012, p. 1396). The same study found that other advantages offered by online gambling, such as improved game interface, variety of betting options and higher payouts, were less important to gamblers overall but concluded that there was a proportion of self-identified “professional” interactive gamblers for whom these factors were likely to be important.

The improved access to gambling data, information and betting software now available on the Internet allows for the rise of the “professional” or astute online bettor (Forrest, 2012, pp. 35, 42). These “advantage players” employ the legal use of gambling technology to analyse and compare odds across a range of sites and use wagering strategies to substantially reduce or remove the risk inherent in the betting transaction (Banks, 2013, p. 171). Some very astute online gamblers also engage in arbitrage betting⁸.

Astute gamblers are increasingly able to use technology or other means to exploit opportunities in online gambling markets, and in doing so make the market less profitable for operators. Markets will inevitably seek ways to address that unprofitability by limiting their exposure to loss (Constantinou & Fenton, 2013, p. 42). There are anecdotal reports, for example, of online operators using sophisticated software to monitor and profile customers and to analyse their profits and losses (Skene, 2007) in order to restrict the accounts of customers who are determined to be “too successful”.

Another interesting feature of the interactive gambling landscape is the number of websites designed to provide information and advice to gamblers about gambling practice and bookmaker reviews⁹. These often also have blogs attached to them where gamblers ask questions of “experts” but also of other gamblers. Many of these sites include information about betting account restrictions and the circumstances under which they might occur. One site includes information for Australian gamblers about legal onshore operators and illegal offshore operators without partiality¹⁰. They also provide advice to gamblers about how to avoid having their accounts restricted or closed: for example, “don’t abuse bonuses or promotions; don’t place

⁷ A customer has to re-wager the original bonus amount and sometimes also their winnings several times before they can withdraw their winnings.

⁸ A bet whereby profit is guaranteed on the basis of a negative profit margin that result from combining the published odds of multiple bookmakers (Constantinou & Fenton, 2013, p. 44).

⁹ See <www.trackdata.com.au>; <www.ausspotsbetting.com>.

¹⁰ See <www.aussportsbetting.com/betting-agencies/bookmaker-reviews/>.

strange bet sizes; use multiple sites; and place occasional sucker bets” (GamblingSites.com, 2017).

Another site¹¹, articulates in considerable detail the changes in the market that they believe are partly responsible for account restrictions and closures. These include:

- lack of market tolerance for low margin horse-racing turnover;
- disloyal punters looking for best odds;
- high cost of running an online bookmaking business;
- traders being replaced by accountants in decision making;
- traders being less astute and more risk averse;
- betting exchanges damaging the market; and
- competition for turnover favouring punters.

An author on one site believes that:

The modern punter has to adapt, accept that he will be factored [restricted] and closed on a regular basis, and find other avenues to secure the price which he desires. It is pointless moaning about it; indeed some pro’s almost take pleasure in telling the world about it in an ego-boosting way (Mazella, 2016).

In sum, it may be that the resources and technologies now available through the Internet are allowing for the emergence of a new cohort of gamblers who are younger, more educated and technologically sophisticated, with more income to spend and a greater propensity to have gambling problems (Gainsbury et al., 2015, p. 3). This access to technology appears to be facilitating a shift in the balance of the traditional risk relationship between gamblers and bookmakers from both sides. The characteristics of this emerging cohort and the influence of emerging technologies may require a more nuanced and adaptable approach to policy and regulation that accounts for this quickly changing and rapidly expanding market.

3.2 Lack of trust

A large international study of over 10,000 interactive gamblers commissioned by e-Commerce and Interactive Gaming Regulation and Assurance¹² (eCOGRA), found over one-third of participants reported feeling dissatisfied, concerned about fairness and unhappy with the complaints process (Parke et al., 2012, p. 140). In contrast, research in the Australian context published in 2012, found a relatively high level of trust in interactive gambling operators with only a minority concerned about the security of deposits and payouts, fairness of games and cheating by operators (Gainsbury et al., 2012). However, this study was conducted prior to the advent of large corporate operators in Australia, and a lack of concern about issues of trust and security could arguably mean customers are less likely to be vigilant about their consumer rights; for example, by not reading terms and conditions thoroughly.

¹¹ See <www.bettingexpert.com/how-to/bookmakers/avoid-betting-account-restrictions>.

¹² Established in 2003 and based in the United Kingdom, eCOGRA is an independent and internationally approved testing agency, specialising in the certification of online gaming software and systems. It is a not-for-profit organisation.

Further, a market that is embedded within the rapidly changing environment of Internet technology means that new issues of trust and customer dissatisfaction may emerge over time as licensing, product fees and other challenges to profitability put pressure on operators to find new strategies to manage risk. Customer concerns that have emerged more recently in relation to betting and account restrictions are one such example. The rapidly changing market means that lags in knowledge and research in this field are an inevitable problem for policy makers and regulators (Forrest, 2012; Gainsbury & Wood, 2011; McMullan & Rege, 2012; Parke et al., 2012).

3.3 Regulating the interactive market

There is general agreement among scholars that interactive gambling markets are inherently difficult to regulate and that they are characterised by unfair or irresponsible businesses with poor complaints processes (Forrest, 2012; Gainsbury & Wood, 2011; McMullan & Rege, 2012; Parke et al., 2012). Gainsbury et al. (2012) argue that with growing consumer demand and recognition for player rights and protection, the regulation of interactive gambling markets is likely to become increasingly liberalised (Gainsbury et al., 2012, p. 1389). Like other forms of Internet commerce, interactive gambling is not immune to criminal exploitation and there is a growing body of literature exploring the links between the two (Banks, 2017; McMullan & Rege, 2010). McMullan and Rege (2010, p. 72) suggest “what is beyond doubt is that the cases that come to the attention of the industry, regulatory authorities, consumers and academic researchers are likely to be the tip of the iceberg”.

The pending changes to the IGA include the tightening of the in-play sports betting restrictions, banning “click-to-call” technology, moves to further regulate access to illegal offshore wagering sites, banning lines of credit being offered by online wagering operators, and prohibiting the links between online wagering operators and payday lenders. These changes, together with a range of measures to be implemented through a NCPF for online wagering, signal attempts by the Australian Government and regulators to increase protections for Australian consumers. There have been a number of speculations made (IGA, 2016), however, that increases in regulation, in particular around in-play sports betting, will increase the likelihood of consumers accessing the same products through illegal offshore operators.

The lack of robust regulation for the majority of these offshore sites is argued to be a risk to consumers who may be unaware that they are betting on unlicensed sites with limited legal recourse (O’Farrell Review, 2015, pp. 116, 119). At present, however, there is little in the way of empirical evidence offered to support these claims. This coupled with a lack of consensus about the scale and exact nature of the issue suggests a need for more rigorous research to understand where the real risks are, how various restrictions impact on consumers’ decision-making and what the push and pull factors are for consumers to move to offshore operators.

The Australian Government in its response to the O’Farrell Review (CoA, 2016, p. 6), has indicated that it does not intend to expand the online gambling market by legalising online in-play sports betting. Regulating the availability of in-play sports betting in Australia responds to concerns that this type of product comes with the risk of increased problem gambling (Hing et al., 2015). Research by Hing and colleagues suggests that these concerns may be well-founded, as correlates between in-play sports betting and problem gambling have been found. What is less clear from that study is whether or not these links are causal (i.e., does online in-play betting *cause* an increase in problem gambling or are people with gambling problems simply more

interested in these products?), and how do other factors contribute to gambling problems (e.g., marketing, inducements, gambler characteristics, gambling platform)? The findings of Hing and colleagues (Hing et al., 2015) also suggest it is important to understand more about the appeal and impact of particular types of in-play betting (e.g., micro bets or exotic bets) and whether some may be more or less attractive or related to harm than others.

Parke et al. (2012) point to the need for a particular research focus on neglected areas including trust, disputes and customer service (Parke et al., 2012, p. 140). Their findings from a major international study concluded two manifest challenges. First, players' concerns need to be addressed in a real way through developing and maintaining high industry standards in player protection and fair play. Second, and perhaps more crucially, the study found that the Internet gambling industry is trying to deal with disputes, many of which may be unfounded. It argues that better explanation, greater transparency and more efficient communication is needed to provide players with clearer information to allow them to make more informed decisions, including in terms of site selection and decision-making during game play (Parke et al., 2012, p. 156). This would have an added benefit of reducing mistrust and disputes, particularly in cases without any basis.

3.4 Evidence from British and Australian surveys

Despite the gap in the academic literature about the restrictions and closures of accounts, the existence of these issues is strongly supported in anecdotal reports from a wide range of domestic and international sources, including blog sites, newspaper reports, websites and social media (see attached Appendices). The high level of public concern raised in recent years about these same issues in the United Kingdom prompted the British Horseracing Authority to establish a Horserace Bettors Forum (HBF) in 2015. The feedback from the forum led the HBF to commission an online survey over four weeks in early 2016, which registered 878 participants (UKHBF, 2016). This survey was dedicated solely to the issues of betting restrictions and account closures imposed by online wagering operators (see HBF [survey questions](#))

It should be noted that this survey was taken from a self-selected and likely biased sample, as it seems probable that respondents chose to participate because they had experienced account restrictions or closures¹³. As such it does not provide empirical or peer-reviewed evidence of the prevalence of these issues, simply an articulation of their presence.

Despite the limitations of the sample, the following key findings that were publicly reported may have implications for the Australian market and sports and racing industries:

- Seventy-five per cent of respondents had accounts restricted in the previous six months.
- Half of the respondents reported having at least one account closed.
- Account closures and restrictions were not just limited to horserace betting with 46% reporting restrictions on other sports.
- Fifty-nine per cent reported that the restrictions had reduced their interest in betting on horseracing.
- Ninety-five per cent had been given no reason for restrictions or were told it was a “trading decision”.

¹³ It should be noted that the same limitations apply to the community members who participated in the current study.

- A small number of accounts were closed before even striking a bet, but most commonly accounts were closed after between 20 and 100 bets.

Further enquiries with the lead researcher who conducted the survey revealed some additional findings that were not included in the published results. First, based on the data and on information collected from informal conversations with bookmakers as part of the study, they have estimated that approximately 20,000 accounts had been closed or restricted over a six-month period. They believe that, given that almost 60% of respondents in the survey reported that betting restrictions had made them less interested in horserace betting, it could be argued that this represented a potential loss of over 12,000 customers. The probable loss of revenue to the racing industry as a consequence was a primary concern for the HBF.

The respondents were largely regular gamblers who could be regarded as “astute” bettors with around 5% being arbitrage bettors or what is referred to in the industry as “arbers”. The study found that the main factors that respondents believed increased their risk of account closures were:

- winning over an extended period;
- betting on “sharp” markets (for example each-way betting in races with odds on favourites);
- betting on horses that subsequently had odds shortened; and
- appearing to follow or actually following other punters or tipsters.

Confidential discussions with bookmakers conducted as part of the survey revealed a range of other gambling behaviours that might lead to account restrictions or closures. Many bookmakers offer one-off bonus credit to new customers and bonus “abuse” was reported to be a major issue¹⁴. There were reports from bookmakers of gamblers paying students £50 to open new accounts in their name in order to exploit sign-up bonuses. One individual reportedly “ran” 2,500 of these accounts. Gamblers would also have accounts closed if they won more than £3,000 over 18 months. The lead researcher for this survey also confirmed that many bookmakers reported having automated systems to detect these types of “abuses”. He said he believed that ordinary gamblers are often also caught up in them, although he noted that the bookmakers apparently deny that it happens.

In a smaller but similar survey conducted by Champion Bets, a leading Australian tipping website¹⁵, 266 of their members were surveyed about their betting practices. The survey included one question related to betting restrictions. This survey offers a clearer sense of the scale of the impact as although it was a smaller sample size and all were members of this tipping website, unlike the UK study, it was not specifically related to betting restrictions. The Australian survey found that of the gamblers that had placed bets at the six most popular bookmakers (those used at least once by between 69–85% of their clients) on average 40% had accounts restricted or closed. The survey did not offer any insights into why accounts were closed.

In sum, it is clear from the literature that the interactive gambling environment provides some new and very specific challenges for operators and that the online consumer appears to be engaging with gambling in ways that are perhaps challenging the profitability of gambling

¹⁴ Taking advantage of bonuses in ways that guarantee returns; for example, using a \$50 bonus to stake \$50 each on two players in a tennis match.

¹⁵ Champion Bets <www.championbets.com.au/blog/featured/survey-results-2/>.

markets in ways that have not occurred in the past. There is, however, almost no empirical research specifically related to the issues of account restrictions and closures. Although the data we have is quite limited in rigour due to the source of the survey samples, it suggests that the restrictions are widespread and occur in other jurisdictions as well as in Australia. It also indicates that restrictions are practiced by most operators and as such may have a range of impacts on consumers.

4 Environmental scan

4.1 Australian operator websites

The environmental scan revealed an Australian online wagering sector that is now characterised by a number of large internationally based players (e.g., Ladbrokes, William Hill and bet365) that have moved into the Australian market and in some cases, have bought controlling shares or taken over existing smaller Australian operators (e.g., Tom Waterhouse, Sportingbet and Centrebet are all owned by William Hill). Most operators are now licensed in the Northern Territory due to more beneficial taxation arrangements. There are still some minor independent operators—some quite new to the market. The state of play seems fluid with mergers and takeovers ongoing.

In some cases, a separate web presence is maintained in the name of the original smaller operator (often no more than a page banner) even though they are now owned by a larger parent company. This may be to maintain customers loyal to the original operators. In at least one case (William Hill and Centrebet), this separate online presence allowed the operator to offer different terms to its customers through the different sites.

4.2 Accessing terms and conditions

A review of 20 Australian licensed wagering operators currently operating, identified through online searches of industry and consumer websites, found that all had a link to terms and conditions (also, T&Cs) or similarly worded “rules of play” in very small font at the bottom of the homepage, available on both desktop and mobile devices (see Figure 4.1). These could be accessed in full from the homepage in all but one case.

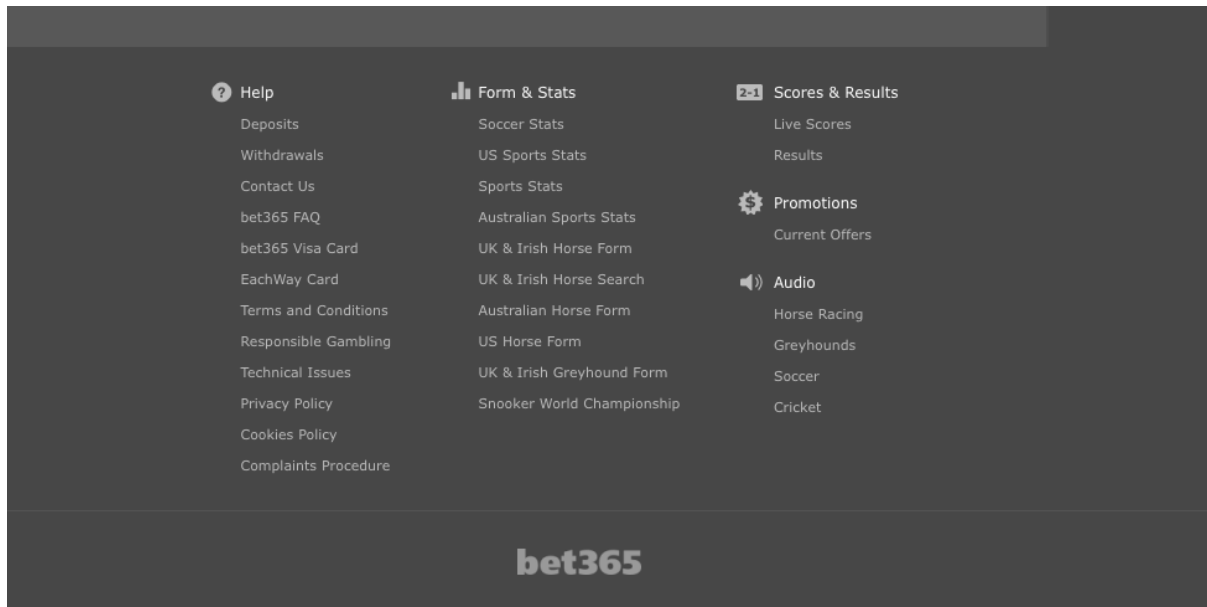


Figure 4.1 Link to terms and conditions at the bottom of bet365 homepage

The exception (Classicbet) required the customer to sign-up as a member, giving full personal details and contact information before being granted access to view these rules (Figure 4.2).

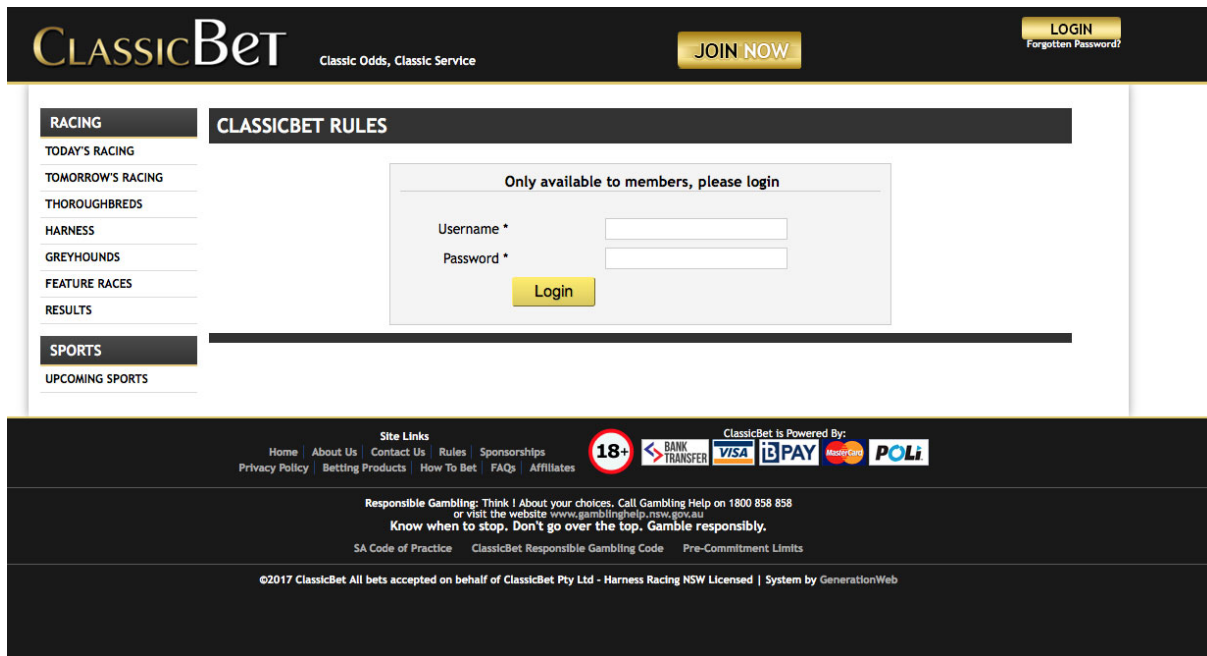


Figure 4.2 ClassicBet terms and conditions only available to members

When opening a new account all other operators provided the customer with an optional link to terms and conditions with a required check-box for the new customer to acknowledge that they had read and accepted those terms and conditions (Figure 4.3). It should be noted, however, that customers were not required to have accessed the link to the terms and conditions in order to check the box. The requirement to accept terms and conditions usually appeared on the first registration page before any personal information was required. The exception to this was

Ladbrokes and their affiliates, where the customer's name and email address were required before the check box and the link to the terms and conditions appeared.

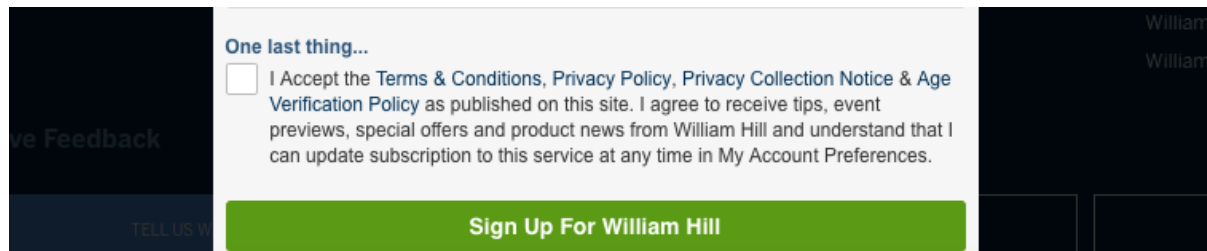


Figure 4.3 Check-box agreeing to terms and conditions with William Hill

This may seem like a minor difference; however, providing any personal contact information online can allow operators to market directly to customers, even if they decide not to proceed with joining at the time. As an example of this, in conducting the environmental scan, one of the authors followed the registration process of one operator, but did not complete the full process of “joining up”. The author now routinely receives advertising material from that operator attached to other completely unrelated websites.

4.3 Terms and conditions related to bet restrictions

When clicking on hyperlinks from the operator's homepage to terms and conditions or rules, the customer is directed to what are, in most cases, extremely lengthy and legally worded documents.

All of the terms and conditions that were accessed in this study did state that the online wagering operator reserved the right to close or restrict accounts, limit wagers and change odds at their discretion without need to provide justification. Most also provided some additional circumstances under which this may occur but with the caveat that they were not limited by those. The following examples are representative:

bet365 reserves the right to decline all, or part, of any bet/wager requested at its sole and absolute discretion. All bets/wagers are placed at your own risk and discretion.

bet365 reserves the right to close or suspend your account at any time and for any reason. Without limiting the preceding sentence bet365 shall be entitled to close or suspend your account if:

- you become bankrupt;
- bet365 considers that you have used the website in a fraudulent manner for illegal and/or unlawful purposes;
- bet365 considers that you have used the website in an unfair manner or have deliberately cheated or taken unfair advantage of bet365 or any of its customers;
- bet365 is requested to do so by the police, any regulatory authority or court;
- bet365 considers that any of the events referred to in a) to c) above may have occurred or are likely to occur; or

- your account is deemed dormant and its balance is, or reaches zero in accordance with paragraph B.5.1 below.¹⁶

Unibet reserves the right to refuse any wager. Without limiting this paragraph, Unibet reserves the right to refuse any wager or part of a wager without giving a reason at any time if any one or more of the following occur ...

Unibet reserves the right to close a Clients Betting Account and refund the balance of the Betting Account without further explanation.¹⁷

These types of clauses were usually deeply embedded within the terms and conditions, such that the potential consumer would need to carefully read the full document or be looking for that particular information to find it. The clauses that pertained to account limits and restrictions did have headings that clearly identified what they were pertaining to. For example:

BetFair: “Cancellation, Termination and Suspension”

Unibet: “Unibet’s Reserved Rights”

Luxbet: “Closure, Suspension or Restriction of a Luxbet Account”

4.4 Bonus bets

In this study, one feature of online wagering that has emerged as a trigger for accounts to be closed is “bonus abuse”. Bonuses and other promotional offers are designed to attract and persuade individuals to participate in gambling; however, as Hing and colleagues found, they were most effective with gamblers who were already struggling with problem-gambling and addiction (Hing, Cherney, Blaszczynski, Gainsbury, & Lubman, 2014). Promotions act to extend gambling time through free bets and deposits and require recipients to play through bonus money several times before they can claim winnings. This is thought to encourage further consumption among existing users (Hing et al., 2014, p. 397). However, the terms and conditions of operators indicate they have little tolerance for gamblers who seek to turn these bonuses to their own advantage.

A number of sites have separate T&Cs that apply to bonuses, how they can be used and the penalties for “abuse”, although these seem rather arbitrary.

This Offer is only open to bona fide account holders, who act at all times in good faith, with integrity, who place bets with Sportsbet for the purpose of recreation and entertainment ... Professional gamblers or other gamblers considered by Sportsbet management to be abusing this Offer may have their right to participate in the Offer revoked.¹⁸

Clients considered to be abusing Bonus Promotions by any means (or breaching the Rules of the terms and conditions for a promotion) may have Promotional Bonuses and any winnings resulting from such Promotional Bonuses cancelled or revoked.¹⁹

¹⁶ From <www.bet365.com.au>

¹⁷ From <www.unibet.com.au>

¹⁸ From <www.sportsbet.com.au>

¹⁹ From <www.williamhill.com.au/betting/help/bonus-bets/>

4.5 Transparency and clarity

Given the lack of prominence of the hyperlinks to terms and conditions on the website homepages and the size and complexity of documents themselves, it would seem very unlikely that many potential new customers would take the time to read them in detail. All operators have a similar digital sign-up process with a box, which once checked, represents a contractual agreement between the customer and the operator.

I've read, completely understand and accept the terms and conditions and privacy policy.²⁰

Further, when applying for membership or to become a customer with any of the online wagering operators viewed in this study, it appears that while the customer is required to check a box confirming that they have read the terms and conditions they are not required to have actually accessed these documents in order to read them. In an analysis of account restrictions in the Spanish online gambling sector, Agustinoy (2017, pp. 1-2) argues that from a legal standpoint, "the relationship that exists between operators and players is primarily regulated through the terms and conditions players are required to accept when registering". He further contends that if licensed operators are complying with the minimum required contents defined in the applicable regulations then the issue is essentially of a contractual rather than a regulatory nature.

The Northern Territory Code of Practice for Responsible Online Gambling 2016 stipulates that:

Online gambling operators must ensure their terms and conditions are easily located on their website, with a link to them on each page. Terms and conditions must be clear with regards to how betting is managed, particularly where maximum payout limits exist. Staff should also be appropriately trained to ensure client questions regarding terms and conditions are answered correctly, readily and clearly.

Nettleton and Chong (2013, p. 2) contend that it is well settled in Australian law that gamblers are not owed a duty of care by the person with whom bets are placed. While this would undoubtedly clear operators of any legal liability, it may be that, in the interests of consumer protection and on ethical grounds, a more transparent process and increased clarity regarding these types of restrictions, and the conditions under which they may apply, would be an improvement to industry practice.

The environmental scan has revealed that despite the growing number of international and corporate bookmakers now operating in Australia there is relative homogeneity in the terms and conditions of Australian onshore wagering operators. They are all very clear about their reserved rights to limit bets and close accounts without limits; however, the onus is very much on the customer to seek out and read the terms and conditions before signing up. The processes by which customers become members or sign-up with an operator are detailed and require the declaration of a significant amount of personally identifying data. This would suggest that a tighter consumer protection framework may be called for, particularly in relation to transparency and clarity about customers rights and account restrictions.

²⁰ From new customer registration page at www.madbookie.com.au

5 Consultation and interview data

The study sought to offer a wide range of perspectives by including the voices of community members who had themselves experienced these restrictions, as well as government regulators, representatives of sports and racing bodies, and independent and corporate industry. Community interviews and stakeholder consultations were conducted as part of this study to gain an understanding about the range of account restrictions that are being imposed on consumers, the reasons they might be occurring and the impacts for community, gamblers, industry and sporting bodies. In particular, the data collected helps clarify the role these restrictions might play in driving gamblers to use illegal offshore wagering operators.

In total, nine stakeholder consultations were conducted with state and federal regulators, industry, sports and racing representatives. In addition, interviews were conducted with 17 community members. A detailed discussion of their characteristics can be found below followed by a discussion of findings from the combined data.

5.1 Gambling characteristics of the community respondents

The 17 community respondents to the study come from a narrow group of online gamblers who all reported experiencing betting account restrictions. Therefore, it must be acknowledged that the findings presented here are not generalisable to the wider online gambling population. Nonetheless, the sample provided a wide range of gambling experiences and perspectives about the issues of interest to the study. Within the sample, there was diversity in age, gambling habits and the types of markets they preferred, their gambling turnover and background. All of the respondents reported being current active bettors and included individuals that had previously worked in the UK and Australian online wagering sector as traders or as business owners themselves. One respondent had a blog for gamblers and a tipping business and another operated a sports integrity consultancy. As such they were able to articulate on the issue with some inside knowledge. Many respondents were knowledgeable about aspects of the gambling industry more broadly, including the proposed changes to the IGA and were able to offer insights into how the industry and the gambling experience had changed over the past decade, with a particular focus on changes over the past four to five years. Several said that while they recognised the need for bookmakers to be profitable there was a need for transparency and fairness in the industry.

All of the respondents currently or had previously held accounts with most or all of the Australian online wagering operators. All had had their accounts limited in various ways by these operators and in some cases accounts had also been closed (with the exception of the betting exchange, Betfair²¹). The range of ways in which accounts were restricted and the reported reasons and timelines are discussed in detail in the following section.

Several respondents reported that when they first started gambling, they were largely unsuccessful, but that over a number of years, operators had offered them a range of promotions, bonuses and incentives to gamble in increasingly large amounts. Respondents recounted (and in one case provided email evidence) that operators that had been willing to accept and even encouraged large bets, offering to match deposits or provide other incentives such as tickets to sporting events. A number of these respondents felt there was an element of unfairness and even

²¹ Betfair is a betting exchange and operates differently to bookmakers. For the purposes of this report, Betfair will not be included in the findings about online wagering operators who are bookmakers.

predatory behaviour by operators who were happy to take large wagers when gamblers were regularly losing, but not once they started winning.

The respondents were asked about any betting practices that may have been deemed as warranting account sanctions; for example, using false identities to open multiple accounts with an operator, or other fraudulent actions, bonus abuse or arbitraging. Two respondents reported they had opened accounts in friends or relatives' names, but only after they had already had accounts closed or restricted. All respondents said that once they had become more successful they were no longer offered bonuses. Some had adopted strategies to “disguise” their winning accounts, which are discussed further in this chapter.

The majority of the respondents self-identified or described their betting characteristics in ways that implied they were either semi-professional or astute recreational gamblers²², with two overtly claiming to be professional gamblers. Most had preferred betting markets, having acquired a level of expertise in those markets, and did not routinely venture to place bets on other markets: for example, some gambled almost entirely on horseracing, others on a small selection of sports (AFL, cricket and NRL were common) and racing, and others only on a select range of sports. Most reported that they were strategic about their gambling, looked to place bets where they believed the bookmakers had set the odds too high, kept detailed records of their gambling activity and viewed their success over the long-term rather than in isolated bets. Several regularly used tipping sites, data management software and other computer-based modelling and analytic tools.

Of those that declared their annual gambling turnover, the amounts ranged from \$100,000 to \$7 million per annum over a number of years. More than one respondent reported that much larger amounts were not uncommon among other gamblers. Of those that reported their profit margins, 3-4% per annum was around the average. None reported overall losses.

Only one of the respondents in the study did not have offshore accounts. All of the others had at least one and in most cases three or four offshore accounts. Pinnacle (which was considered by the respondents to be the most reputable of the offshore operators) was the most commonly used, with Matchbook, SBOBet, 5Dimes and Citibet also popular.

Respondents reported that they had opened offshore accounts for a range of reasons. A number of respondents also gambled on casino games and, in particular, online poker, and had already established offshore accounts for this purpose. However, the most common reason for opening an offshore account was because they could no longer place bets of more than a few dollars and in some case of any size through any of their Australian accounts. Those that wanted to place sports bets in-play also preferred to do that through offshore accounts rather than via the telephone or at land-based sites with Australian operators. Not all of the respondents used in-play sports betting although the majority of those who preferred sports betting did so. Respondents said another reason that they preferred to use offshore sites was because they generally offered better odds than Australian operators. Most also said that if they could place in-play sports bets and bets for the amounts they wished to with Australian licensed operators they would generally

²² Professional gambler (defined as “gambling is your main occupation/source of income”), semi-professional gambler (“gambling forms part of your main occupation/source of income”), or amateur or recreational gambler (“gambling is an entertainment activity/pastime”) (Hing et al., 2015, p. 1803).

prefer to do so, even with lower odds. Customer experiences and views about gambling with offshore operators will be discussed further in the section.

5.2 Betting restrictions placed on Australian gamblers in an online wagering context: the range, extent and reasons

The range of restrictions imposed by operators

All of the respondents in the study had experienced having all of their accounts with licensed onshore wagering operators restricted in some way or closed. While the practice of restrictions and closures was reported to be in place with all operators, some operators were reported to be more likely to impose restrictions, or to do so more quickly once a customer began winning.

Limits to bet amount

The most commonly reported restriction by community respondents was having bets declined or limited in amount. In some cases, respondents said they were offered bet limits of just a few cents. Several said that they were restricted in some markets where they were winning but could still place bets into other markets. Many of the respondents said they routinely bet amounts over \$1,000 and in some cases substantially more. Operators had previously accepted these amounts but once a customer began to win routinely, and in some cases after only one or two successes, bets were restricted or refused.

The quickest being [name removed], who reduced my limits from \$8,000 to \$4,000 to \$10 over a period of three weekends of AFL betting. [name removed] were similarly fast. I think it took them about three to four weeks of accepting bets in the \$1–2k range, before restricting my bets to win \$50. (Community Respondent A12)

Consultations with professional and industry stakeholders revealed that account restrictions are a routine part of all online wagering operators' risk management strategies although they provided very little clarity around how common the practice was. Corporate bookmakers explained that bet restrictions were put in place based on what they described as "market liability limits". In some cases, even losing or what are termed "low-margin" customers are restricted. Commercial reasons for bet restrictions given by operators included lack of liquidity in some sporting markets (e.g., in less popular sports or minor leagues where the betting pool is small), "razor-thin" profit margins as a result of product fees and taxation, and timing—where a market may have already reached a point where an operator cannot accept any further risk. It was also reported by operators and former traders that customers were profiled into risk rating categories and that this had some bearing on which bets they might be able to place. Operators also reported using automated risk management software and that there was a chance of what was described as "collateral damage", as a result of automated processes, whereby customers who had perhaps just had a lucky run, might have their accounts restricted inadvertently. Operators who used a more manual oversight of this process said this was less likely to happen. It should be noted that restrictions in terms of bet limits are only likely to be imposed on fixed-odds betting. Bet limits do not appear to be imposed in pari-mutuel or "totes" betting, as operators are able to manage the risk through price variation.

A number of non-commercial reasons were also given by operators for why accounts might be restricted. These included bonus abuse and "collusion" by customers to use promotions in ways they were not intended or that guaranteed a win; insider knowledge; failure to complete identity

verification; involvement in match fixing or organised criminal syndicates; trying to place multiple bets on one event and using identity fraud or betting through other customers' accounts (bowlers); suspicion of using automated "bots" to identify and exploit inaccuracies in the market pricing; and problem gambling concerns. These issues might also lead to accounts being suspended or closed.

Account closures

In a number of cases respondents had accounts closed, although this was much less common than account restrictions. Most had only had one or two of their accounts closed and respondent reports indicated there were operators who were more inclined to close accounts than others.

Most corporate bookmakers will usually not close your accounts, but restrict you to the point that you can't get anything near the bet we want on, you know, which forces you to look at other options; for example, overseas bookmakers. (Community Respondent A6)

Lower odds than those publicly displayed

Several community respondents said that it was not uncommon to be offered lower odds once they had logged into their account (compared to those displayed on the operator's home screen). While short-term market fluctuations could account for this, it was widely reported by the community respondents in this study, which suggests it may be a more systemic issue.

And then the other option is you have places like [name removed] who, advertise—and this is a really disgusting thing that they do, they'll advertise one price when you access the website. So, let's say that you wanted to bet on something and they're advertising it is \$1.90, when I log in that will only be \$1.75 for me—just for me. So, you know, to me like that's—that's like—that's like the equivalent of you know a shop advertising, come and buy this TV for \$999 and then you go in there and because of prejudice, you have to pay \$1500 for it. It's just not—it's totally wrong, it's just completely wrong. (Community Respondent A3)

Industry and non-industry stakeholders also confirmed these reports of what they termed "differential pricing", although this does not appear to be done consistently as one industry operator reported that they had made a strategic decision not to do this. It should be noted that the provisions of the minimum bet limits recently imposed by Racing Victoria stipulate that "laying lesser odds to a person than is publicly displayed" contravenes those provisions. This again suggests that this might not be an uncommon industry practice.

To what extent do wagering operators impose restrictions?

The qualitative data from this study cannot offer a clear picture of the extent to which these restrictions might be occurring in terms of the number of individuals or the amount of revenue involved. While all of the government, industry and regulatory stakeholders that participated in the study acknowledged that betting restrictions were taking place we were unable to gain a clear sense from operators of how widespread this practice was. There was, however, consensus among community and professional stakeholders that it was acknowledged practice to some degree for all Australian online wagering operators to impose restrictions on winning or low-margin accounts, as well for a range of other non-commercial reasons. Corporate industry stakeholders offered little clarity on the extent to which these restrictions are employed. Interviews with former traders and one smaller independent operator suggest that the practice of

restricting accounts is common but without a larger sample and greater transparency from industry it is difficult to know how common it is.

While we are unable to provide an accurate estimate of the prevalence of account restrictions by Australian operators, we were able to ascertain the following:

- Industry reported account closures affect a very small number of accounts (less than 1% of the total account/customer base) and this includes those closed for non-commercial reasons such as bonus abuse, identity fraud and other irregular gambling practice in addition to commercial reasons.
- Global Betting and Gaming Consultants (GBGC, 2015) reported that in 2015 there were 800,000 active online accounts with licensed operators in Australia. Anticipated growth is around 7% per annum so that number could potentially be as high as one million accounts at the time of writing.
- If account closures occurred at close to 1% that suggests up to 10,000 accounts closed. Given that most of the respondents in this study had more than one account closed the number of individuals affected is likely to be fewer.
- Gamblers interviewed had opened accounts at all or most Australian onshore wagering operators so probably have on average between fifteen and twenty accounts each.
- Most had only had one or two of their accounts closed but all other accounts had been restricted. Based on our interviews and the number of restricted accounts as opposed to closed accounts (a ratio of 8:1 in most cases), the incidence of restricted accounts is likely to be significantly higher than what is suggested by operators.

What are the factors that might be leading to restrictions?

There appeared to be a general consensus from community respondents and regulators that the restrictions and closures of accounts had only become a significant issue over the past three to five years and were essentially an issue of profitability for the bookmakers. Community respondents and other stakeholders pointed to a range of changes that had occurred in the Australian gambling landscape over that time that might be driving operators to impose restrictions in order to protect their profit margins.

Increasingly competitive marketplace

One of the perceived changes is the advent of large international operators, particularly those with roots in the UK, which have led to a more profit-driven market and a gambling culture that was different to that which had previously existed in Australia. There was support for this view from a range of participants, including current industry representatives and community respondents who had previously worked in the industry. The rise of corporate bookmakers who were answerable to shareholders was also seen as another dimension of this with respondents who had previously worked in the industry claiming that the focus was on building up a clientele of gamblers who were more likely to lose than win.

One former trader with a leading Australian online wagering operator explained the changes:

Then a change begun [sic] to occur in the industry and the company decided it would be cheaper and easier to either restrict these smart customers to bet amounts not worth their effort or simply reject their bets all together and just take bets from losing punters. It started gradually with winning punters being restricted to \$3,000, then \$1,000, then \$500

to \$100 to \$50 and some even \$0. Then became the issue of how to handle new accounts. This caused the company to set up a team of analysts whose job is to profile the betting activity of all accounts. Their job is to look for both smart/winning customers and heavy losers ... it isn't even all winning customers that get restricted, those who don't lose at a large enough rate (more than 5% on turnover) to be significantly profitable are also restricted. There would be thousands of accounts that are restricted at this company.

Meanwhile, when they find the heavy losers, they set their limits to massive amounts, tens of thousands to hundreds of thousands, so they don't have any trouble getting bets on. This is done as they don't want these sorts of customers inadvertently having their bets restricted or inconvenienced. These [losing gamblers] are the “VIP customers”. (Community Respondent A15)

The rise of the astute gambler

Respondents from all sectors discussed the rise of the more informed gambler with access to Internet technology and able to draw on a wealth of online data as a group who were making it more difficult for bookmakers to keep their operations profitable. In fact, most of the respondents in this study used a range of Internet tools and modelling as well as tipping websites. There has been a rise in the number of different markets, particularly in sports, both domestically and internationally. Betting opportunities are available over longer time periods including “futures” markets²³. This combined with the wide range of derivatives that can now be wagered on within individual events, makes it increasingly challenging for bookmakers to keep the odds “sharp” on every market. Astute gamblers are in a much better position than they were just a few years ago to exploit any inaccuracies in markets to their advantage.

Relatively small size of Australian market

Another factor that was regarded as impacting on commercial decisions to accept or refuse bets was that Australian markets are often relatively small in all but the major sporting codes (AFL, NRL and cricket). The lack of liquidity (small amounts of money wagered in a pool) compared to those seen in bigger markets makes it more difficult for operators to absorb large losses or even small margins after operating costs are taken into account. This may particularly be the case for smaller non-corporate operators.

Minimum bet limits

The recent introduction of minimum bet limits by Racing Victoria and Racing NSW (and soon Queensland), have addressed the concerns of Australian gamblers who had been experiencing betting restrictions on horseracing according to community respondents and racing stakeholders. One smaller operator, however, argued that this might result in more restrictions in other markets for low-margin gamblers (those who do not lose enough). In having to accept bets from more astute low-margin gamblers as a result of minimum bet limits, operators might look to make-up for losses they incur. This same respondent said they could do this by offering lower odds or limiting bets in other markets such as sports. One corporate industry representative stated that they were not in favour of minimum bet limits in any markets, arguing that they led to lower odds for all customers. He explained that when bookmakers are required to accept minimum bet limits they are exposed to higher risk and as such may lower the odds for all customers to limit that risk.

²³ For example, betting on the outcome of every AFL draw for the year or the Finals before the season begins.

Several of the community respondents reported that they had accounts closed prior to the introduction of minimum bet limits but that operators had re-opened them after the minimum bet limits had been introduced. In some cases this had only happened after the customer threatened to lodge a complaint with the racing body.

They had to reopen them after the NSW minimum bet rule came in and I asked them to reopen them. So, they all reopened but you know, they only give [sic] me really what they have to give me and that is the NSW and now Victorian racing minimum bet rule. They virtually won't let me bet on anything else. (Community Respondent A8)

It should be noted that in the first half of the 2016–17 financial year, a period that corresponds with the introduction of minimum bet limits in Victoria, Racing Victoria reported an overall above average wagering turnover of 6%. The same period saw an increase in fixed-odds wagering turnover of almost 24% at the expense of “totes”²⁴. The product fees (race fields fees) are typically calculated as a percentage of wagering turnover. As such Racing Victoria reaps the benefits of this windfall in the form of increased product fees. When asked, industry and racing representatives interviewed in this study did not concede that there was any link between an increase in fixed-odds wagering activity and the introduction of minimum bet limits despite the above average increases seen over the same period. The racing representatives reported that while the introduction of minimum bet limits appeared to have reduced the number of complaints they had received about bet restrictions, they had “made very little difference” to turnover or revenue, reiterating their view that it was only “a small vocal group” who were impacted by restrictions and as a consequence benefiting from the introduction of minimum bet limits. The same spokesperson for the racing sector stated that they regarded the introduction of minimum bet limits as addressing an issue of reputational damage for the sector.

Product fees

One of the most significant issues identified by industry stakeholders as impacting on the profitability of operators was product fees. While one operator reported that product fees had directly impacted on his ability to accept large bets from winning or low-margin customers, other operators indicated that product fees contribute to their lack of ability to compete with offshore operators in terms of bet amounts and the odds they offered. The importance of this issue and its influence on market liability and commercial decisions to restrict betting was also raised by representatives of sporting bodies and one or two of the community respondents that had previous links to the industry. Australian operators are paying on average 2.5% of turnover or between 20 and 30%²⁵ of Gross Gambling Revenue (GGR) to Australian racing and sporting bodies for the rights to run books on their products, unlike operators in other jurisdictions who do not pay product fees. One smaller operator revealed that the race fields fees (horseracing product fees) for his operation during the Spring Racing Carnival are calculated on a day-by-day basis at 3% of total turnover, or 30% of GGR, whichever is the greater.

Given that online gambling operators generally run with relatively narrow profit margins of around 3–4%, this is a significant impost. The same operator reported that they had had to reduce

²⁴ Racing Victoria: Racing and Performance Overview—First Half of 2016–17 Season.

²⁵ Typically, under these agreements, product fees paid to sporting bodies are based on “gross revenue” and fees paid to racing bodies are based on turnover however they can also be hybrid arrangements.

their racing turnover by approximately 60% in order to remain viable and to do this they had to limit the dollar amount of the wagers they accepted.

These product fees are unique to the Australian jurisdiction and came into force around four years ago. This coincides with the time that many community respondents felt that restrictions on their accounts began to escalate. Several submissions to the O'Farrell Review (O'Farrell Review, 2015) from operators pointed to the increases to product fees as a significant issue. See the below box for some exemplars of the submissions.

CrownBet–O'Farrell Review submission

Further, rapidly increasing product fees charged by racing authorities around Australia are not paid by offshore operators (in addition to avoiding GST and wagering tax). The upshot is that offshore operators can offer significantly better odds and attract larger bets from low-margin customers simply due to having a vastly reduced cost base. Price sensitive customers are offered more attractive options overseas than when betting in Australia and therefore may seek to transfer their wagering activity to these operators.

Bet365–O'Farrell Review submission

The key issue is that a relatively small number of high-spending customers may be attracted to offshore sites because of better customer value. Offshore sites have “inbuilt better value” because they do not pay product fees (wagering tax) to Australian racing bodies. These product fees are high, have increased several times over the past few years, are based on turnover rather than revenue and therefore local operators have to keep their margins relatively high and their customer value lower in order to compensate. bet365 is not arguing against product fees in this submission, though it has to be recognised that no other country in which we operate imposes a similar regime on wagering operators. High racing product fees in Australia are impacting on the customer's value proposition.

Topsport– O'Farrell Review submission

The current Product Fees models are flawed and excessive in the extreme and their escalation in recent months is totally out of control.

While none of the submissions specifically stated that account restrictions acted as push factors for low-margin customers migrating to offshore operators, they do clearly state that product fees make them less competitive in a global marketplace. Although two operators focused on pull factors such as higher odds as being the driver for customers moving offshore, this is not supported by the interviews with most of the community respondents who said they would prefer to bet with Australian operators if their bet amounts were accepted, even if odds were lower.

Government-imposed restrictions

In-play sports betting

Government-imposed restrictions to online in-play sports betting in Australia contributed to some of the community respondents in this study no longer betting with Australian operators in these markets, the interview data shows. While it is still possible to place in-play sports bets by telephone and with land-based operators, the community respondents in this study who did use in-play sports betting moved to place their in-play sports bets online with offshore operators since the “click-to-call” option had been removed.

The vast majority of this type of betting appears to occur in sports. Although online live betting on horseracing is legal in Australia, only one respondent in this study said they placed live or “in-the-run” bets on horseracing. A number of respondents, including racing industry stakeholders, felt that live betting was less popular on horseracing than for sports-betting as the duration of a horse race rarely allowed time for additional bets to be placed. In sports, where

events can last hours, or in some cases days and even weeks (golf or road cycling, for example), the opportunity to place bets on a range of outcomes during play is far greater.

It was widely felt by respondents from all sectors that in-play sports betting is now such a popular and significant feature of contemporary gambling markets that a more liberal approach to legislation in this area would be desirable and help to stem the flow of online wagering to offshore operators. While industry and regulatory stakeholders acknowledged that relaxing this restriction potentially holds risks for problem gambling through increased opportunities to place bets and chase losses, they emphasised that the causal links between problem gambling and in-play sports betting have not yet been empirically supported. Some respondents argued that opportunities to bet in-play allowed them to reposition themselves based on changes in form, progress during games, and other emerging factors such as injury that were not apparent prior to an event or game commencing, thus improving their chance to win. It was also reported by community and other stakeholders that in-play betting added to the enjoyment and level of engagement for audiences of sport.

Consultations with industry and sporting stakeholders indicated that individual sporting bodies have the control to determine what types of bets they will allow in their sports as part of the product fee agreements they have with online wagering operators. For example, they do not allow for betting on negative outcomes (e.g., missing a goal or shot) as this is more likely to lead to match-fixing. Regulatory and sporting stakeholder consultations reported that sports integrity and harm minimisation concerns about particular in-play sports bets such as micro-betting and exotic betting could also be addressed through this process.

Government stakeholders discussed the benefits of Australians gambling with onshore operators as this would allow greater transparency of their betting activity, thus facilitating monitoring in relation to issues such as match-fixing—something that is not possible when people bet with offshore operators who are not regulated by these agreements. All of the representatives of regulatory bodies in this study spoke about the problems that may arise due to an inability to collect data, monitor for criminal activity or irregular betting patterns associated with match-fixing and police for organised crime with offshore sites when Australians bet offshore.

Casino and gaming

The majority of offshore gambling by Australians is in casino games with an estimated 1.3 million casino accounts held in 2013 (O'Farrell Review, 2015, p. 45). Several of the respondents in this study had previously played online poker and already had established access to offshore accounts due to restrictions in Australia in relation to online casino gaming. Extending their activity into online wagering when their Australian accounts were restricted was a natural progression.

Illegal offshore wagering operators

Government legislation that makes it illegal for offshore wagering operators to provide services to Australians had very little impact on the respondents in this study who, with the exception of one, all had at least one account with an illegal offshore operator and in most cases more than one.

Not surprisingly, all industry, sporting and regulatory stakeholders we spoke with were strongly in favour of tighter controls around the policing of and penalties for provision of illegal offshore wagering. When asked where they thought gamblers who had been restricted by Australian

operators could place bets if and when policing of illegal offshore operators occurred, one industry representative suggested this group could still place bets in person at land-based venues, on the “tote” (pari-mutuel betting) where limits are generally not applied, or they could reduce the amounts of their bets. They further suggested this group could spread their bets over multiple operators; however, community respondents in this study said they had already tried this and had already had all their accounts limited to very small amounts.

5.3 What are the impacts of restrictions?

Community respondents reported a range of responses to having their accounts restricted or closed that, as already mentioned, included opening at least one offshore account for all but one of the respondents. Initially, community respondents tried to manage the issue through a variety of strategies.

Strategies employed to try to keep accounts active

Opening multiple accounts

The first response by respondents when they had accounts restricted was to open accounts with other Australian operators to spread their wagering across multiple accounts. All of the respondents in this study had accounts with the majority of Australian operators, but over time all of their accounts had been restricted in some way, and in some cases closed.

Complaints—how are they handled

These were a group of very well-informed gamblers so all community respondents said that they were aware that the terms and conditions of the operators gave them the legal right to restrict or close their accounts for any reason. However, most had still lodged complaints about having their accounts restricted. Some had received responses by email such as: “you are no longer profitable”; “it is a trader’s decision”; or they were told that the operator’s terms and conditions allowed them to restrict accounts without providing any reason. One respondent knew a few traders personally and could sometimes call them and ask for some leniency or a compromise wager amount. Some community respondents said that even after the introduction of minimum bet limits in horseracing, they had bets in that market refused by operators, in contravention of the new regulations. It was only once they had complained or contacted racing authorities that their bets had been accepted.

“Mug bets” and then hedge on betting exchange

Some gamblers in the study reported using strategies to “throw the operators off”, such as placing a small losing “mug bet” with one Australian operator and then “hedging” that by placing a larger wager with a betting exchange or an offshore operator. By trying to appear to be a losing gambler with some Australian operators they hoped to avoid being restricted. This usually only worked for a short time, if at all.

Pseudonyms and “new bowlers”

Some of the community respondents reported that they had opened accounts in another person’s name or had asked friends to open accounts on their behalf. These so called “bowlers” are often eventually restricted as well and several of the respondents to this study thought that some of the larger wagering operators have the means to trace links between locations and IP addresses of customers that make these links easily detectable. It should be noted that the respondents in this

study said they had only done this after their accounts had already been restricted. This practice does give operators legitimate reasons to close accounts.

Ultimately, despite their various attempts to keep their Australian accounts active, these community respondents migrated at least some of their betting to overseas operators.

Go to offshore sites

The most common response to account restrictions and closures was to open accounts with offshore operators. All but one of the community respondents in this study had at least one account with an offshore operator. Most reported that they now placed between 70 and 90% of their wagers with an offshore operator. Most also said that they would prefer to use Australian operators if they could get their bets accepted here.

Customers experiences of illegal offshore operators

Most respondents reported having had positive experiences with offshore operators although they were conscious that there were some risks. Several respondents said that while they acknowledged there was a risk of losing their deposits or credit card theft with offshore operators, they had also lost money when Australian companies had failed. The respondents in this study predominantly used Pinnacle²⁶, a company that they felt was the most reputable of the overseas operators and always accepted bets, even large ones. They were also seen as an operator that offered better odds (some suggested by as much as 60%) than were available on Australian sites.

All respondents that used offshore operators said that it was not difficult for them to access those sites using a VPN. They reported that one company gave each new customer their own personal URL to access their login page. There was some concern among community respondents that proposed changes to the IGA legislation to tighten restrictions in terms of access to overseas operators would mean that the more reputable operators, such as Pinnacle, would voluntarily decline Australian customers. This, they felt, would leave only the less reputable operators open to them. They therefore saw that this could increase, rather than decrease, the risks for Australian gamblers. Several community respondents used agents or brokers who placed bets with offshore operators on their behalf or had contacts overseas who acted as proxies or placed bets for them and all of the respondents who currently used offshore operators said they thought they would have no difficulty in continuing to do so even after the new restrictions came into place.

What are the broader implications of restrictions for the community?

From the perspective of industry, sporting and regulatory authorities the impacts of driving gamblers offshore are multiple and have effects across the community.

Regulators and sporting bodies expressed concern about the lack of transparency and access to data with offshore operators. One regulator referred to them as a “black-hole”. Issues around match-fixing in sport and reputational damage in sport, money laundering and organised crime were raised. According to one sports stakeholder the number of Australians now betting on sports such as AFL through offshore markets poses an increasing integrity risk for players and the reputation of sport. As markets grow and have increasing liquidity—they are still relatively small by global standards—they become more attractive to criminal organisations.

²⁶ Pinnacle is the largest online wagering operator globally and is licensed in the Caribbean.

The loss of revenue in the form of taxation, licensing and product fees when Australians gamble with offshore operators appears to be significant. Although the scope of this study means that we cannot accurately determine the amount of this loss, a number of individual gamblers in this study were routinely turning over more than four million Australian dollars per annum each, primarily with offshore operators. One respondent had moved to Canada with his family in order to pursue his gambling in a more liberal jurisdiction. Thus, even if this represents a small number of individuals, the loss of revenue to Australia remains significant.

The lack of consumer protections when gamblers migrate to offshore operators was expressed as a concern by regulators. As discussed above, most community respondents said that they felt that there were some offshore operators (Pinnacle was often cited) who were more reputable and trustworthy than other operators.

Several community respondents and one smaller operator discussed the effect that restricting (or not restricting) particular gamblers had on the odds generally. They argued that when operators do not accept bets from winning gamblers—what they described as “the smart money”—markets become one-sided, creating artificially low odds for the popular or favourite bets, which are generally attractive for the large pools of average recreational gamblers. This means that even if the favourite does win, the resulting payout will be reduced. If the favourite loses, the bookmaker benefits doubly by not only retaining the stakes of the majority, but also because they did not accept larger “smart money” bets on the other, winning side. In this way, bookmakers are arguably able to increase their own profit margins at the expense of average recreational gamblers who are offered lower odds and therefore lower payouts than they would otherwise receive.

Feedback from community respondents suggested that the position of operators—that gambling is for “entertainment and recreation”, and that this therefore allows them to preclude those who seek to profit from gambling or to exploit opportunities in the market—is seen as flawed and unfair²⁷. This was particularly the case where operators were viewed as willing to continue accepting and profiting from large wagers from losing gamblers.

I've known a few guys that have been given credit up to \$900,000 and lost it all ... it is just ridiculous that they can take losing gamblers and treat them like VIPs while not taking one bet from someone that's not going to make them a huge amount of money.
(Community Respondent A12)

Several of the community respondents had received emails from operators advising them that their account had been restricted as it “is no longer commercially viable” or similar. Another had been advised that as he was regarded as a “professional gambler” his bets were limited, but only on some markets. Most community respondents described what they felt was predatory profiling and, in some instances, the courting or grooming of losing gamblers.

They will only take action from guys who are losing insane amounts, so even if you're not winning, but like breaking even, they won't even bother taking your action.
(Community Respondent A9)

²⁷ It should be noted this operator position was raised by community respondents but also noted in a written response from industry and seen in some terms and conditions on operator websites.

Previous research, as well as reports from community respondents who had industry links claimed that Australian and overseas operators reportedly target and encourage “low-risk” losing gamblers. This group is also likely to include those experiencing gambling problems.

Encouraging and accepting large wagers from these individuals who are often profiled in advance, and rejecting the bets of successful ones or even those who do not lose enough (in some instances one and the same person on different occasions), has led to a strong sentiment in community respondents that consumers are not being given a “fair go”.

The people who need protecting are the punters who've lost for the last 10 years, and then they've sort of done their time, they've done their apprenticeship, and now suddenly they can turn a profit and the bookmaker just says, "No thanks, I've had enough." You know, you can lose for 10 years and win for three months and you're gone. So, these punters don't even get a chance to get to win their initial money back, which more than anything is just grossly unfair. (Community Respondent A11)

Another impact of these restrictions on the broader community that was raised in community interviews and discussions with racing stakeholders was the potential damage to the image of sports and gambling generally. One community respondent summed up what he described as “reputational damage”.

The bookmakers are so intrinsically linked with sport now through the—you know, just being engulfed by advertising and so on, to have the bookmakers so closely linked to the sports through advertising, and then to treat, you know, punters with such contempt, it just breeds contempt, and you know, it's just bad all round. (Community Respondent A4)

In concluding, it seems clear from the interview and consultation data collected that account restrictions and closures are a commonly used risk-management strategy by all Australian wagering operators. Account closures appear to be more limited (less than 1% of accounts appear to be closed) and this is reportedly more likely to occur as a result of illegal or irregular betting practices than for commercial reasons. Nonetheless, most of the community respondents interviewed reported having at least one of their accounts closed after consistently winning. Account restrictions appear to be more widely practiced as operators seek to manage the liability of markets as a result of a range of commercial and non-commercial challenges. While this study was unable to ascertain the extent of these practices with any accuracy, all of the community respondents had experienced restrictions and in some cases bet refusal across all or most of their Australian accounts. Consultations with industry confirm the practice is common, however they offered little clarity about the extent of the practice. What did emerge from the study was that restrictions on accounts and restrictions to in-play sports betting pushed all but one of the gamblers participating in this study to use illegal offshore wagering operators, with implications for government, industry, sporting bodies and the community.

6 Key findings, options and recommendations for further research

6.1 Key findings

This investigation into the impact of betting restrictions on illegal offshore wagering in response to Recommendation 15 of the O'Farrell Review sought to ascertain the types of restrictions being imposed, the extent to which they were being imposed and the reasons for them. It also sought to identify the implications of those restrictions, particularly as a potential push factor for gamblers to migrate to illegal offshore operators but also for the broader community. The researchers were also asked to provide possible options to address the issues that emerged.

The key findings from the study:

- There is a significant gap in the empirical literature specifically about the issues of account restrictions and closures that needs addressing.
- Actual account closures appeared to be less frequent and less of an issue for community respondents than were restrictions to the amounts they could wager. Operators reported that in most cases when accounts were closed, it was more likely to be connected to irregular or illegal gambling practices than for commercial risk management reasons.
- The potential to restrict or close accounts is overtly mentioned by all operators in their terms and conditions, albeit generally fairly hidden within lengthy legally worded documents.
- There is a need for greater transparency and clarity about consumers' rights and the terms and conditions of operators in relation to betting restrictions. This includes the conditions under which betting restrictions may occur.
- Industry estimates suggest less than 1% of Australian-based online wagering accounts are closed, translating to up to 10,000 accounts. However, as has been noted, most of the respondents in this study had multiple accounts (as many as 20 in some cases) and so these numbers are likely to reflect a much smaller number of individuals. The degree to which betting restrictions are imposed beyond the small group of astute, professional and semi-professional gamblers who were interviewed in this study is unknown.
- While the findings from this study allow us to articulate on the type of restrictions imposed and why they may be imposed, our data cannot provide accurate information on the extent to which it occurs. A larger sampling of the Australian online wagering population would provide a clearer picture of the extent and exact nature of account restrictions and closures as well as the various impacts of these on gamblers and the wider community.
- All except one of the community respondents in this study held and regularly used accounts with illegal offshore wagering operators. They offered a range of push and pull factors to explain this. Push factors were bet restrictions, account closures and lack of access to in-play sports betting. Pull factors were better odds and, in a couple of cases, additional products.
- Most community respondents had accounts with several illegal offshore wagering operators and believed the risk associated with using offshore operators was negligible, particularly as they believed that the operators they used had good reputations. Despite this, most community respondents stated that they would prefer to bet with Australian operators if they could place bets in the amounts they wished. They believed that a minimum bet limit on sports wagering would address this.

- Of particular concern to many of the community respondents was the allegedly common practice whereby operators offered promotions, bonuses and incentives to continue and even increase gambling by those termed “VIP customers” due to their propensity to lose. At the same time, operators were seen to restrict or reject bets from customers when they started to win (or even to lose with lower margins). Community respondents felt that this indicated potentially predatory behaviour of some elements of the industry that reflected poorly on the industry as a whole, as well as sporting bodies and regulators.
- Respondents from across all sectors expressed a sense that many of the changes in the Australian online wagering market had emerged since the advent of the international corporate bookmakers from the UK. This has come concordant with industry consolidation and increased competition with profit-driven corporate operators beholden to shareholders.
- The impost on operators of a range of costs, including product fees and taxation, also emerged as likely factors leading to the use of account restrictions as part of operators’ risk management processes.
- Community respondents and other stakeholders in this study suggested that recent proposed changes to IGA legislation to further police and penalise illegal offshore activity will do little to restrict customer access to these offshore services. This exemplifies the difficulties of regulating in the online environment.
- The wider implications to the community of restrictions to accounts including in-play sports betting include loss of revenue (to sporting and racing bodies, government and Australian industry), reputational damage to both racing and sporting bodies and to the associated gambling industry; risks to consumers through continued use of unregulated illegal offshore operators; and issues of sports integrity associated with match-fixing and organised crime.
- A consistent message from both community and stakeholder respondents was that the banning of online in-play sports betting was out of step with overseas jurisdictions and that a more liberal approach to legislation would help to stem the flow of online wagering to offshore operators. A key requirement of government, however, is to balance market freedoms with the need to provide adequate consumer protections and harm minimisation controls. Concerns have been raised that the higher continuity that betting in-play affords increases the risk of harm. Recommendation 3 of the O’Farrell Review and the introduction of “click-to-call” bans in the revisions to the IGA reflect this ongoing concern.
- The results of the research evidence to date suggest that a conservative approach is required, in line with the recommendations of the O’Farrell Review. There is a need for further research to fully understand the relationships between various types of in-play betting and gambling problems. This would include an examination of the influence of other associated factors (e.g., marketing, gambling platform, inducements, gambler characteristics) prior to any consideration of more liberal regulation in this area.

In drawing together the findings from this study the following section offers a range of response options (regulatory and non-regulatory). These are intended to provide some guidance on the relative benefits and disadvantages of different courses of action but should not be taken as recommendations.

6.2 Options

This section provides a range of options for possible action. This includes leaving current arrangements in place until further research has been conducted to fully inform policy development, through to some options for regulatory change. We have included this range to provide government with the full extent of knowledge that emerged from the study and have identified the benefits and disadvantages of each option. As indicated below, the very limited scope of the current study means that the provision of these various options cannot not be taken to infer recommendations for particular courses of regulatory action.

Nonetheless, we did identify a critical need for further empirical data to offer greater clarity about the issues and the impact of other connected factors. It would appear valuable to undertake this research before any actions are taken that would further liberalise regulation. In addition, it will be important to evaluate the various costs and benefits of any changes that are imposed—both economic and social.

Finally, it is recommended that changes are not made in isolation of other considerations; for example, regulations for the marketing of particular products; the potential for harm if the product is combined with other products (e.g., inducements); and the need for transparency in gambling transactions, clarity of terms and conditions and other consumer protection measures.

Account restrictions imposed by Australian onshore wagering operators

All of the options in this section to address the account restrictions and closures imposed by onshore operators can be put in place concurrently with other options.

Option 1: Further research to fully understand the extent of the issues

There remains a critical need for greater knowledge regarding the practice of operator-imposed account restrictions and closures. This includes a need for better understanding of the extent to which restrictions are imposed across all groups of wagerers and why this happens (e.g., the reasons, type of products, the size of wagers that trigger them). The most conservative approach would be to conduct this research before taking any further regulatory action.

Key benefits:

- allows for evidence-based policy that takes account of all factors and impacts on all stakeholders;
- reduces the risk of unintended consequences; and
- builds a much-needed knowledge resource for the future.

Key disadvantages:

- While increased powers to ACMA under amendments to the IGA may reduce leakage of consumers to illegal offshore wagering operators, respondents to this study suggested that if bets are heavily restricted consumers would continue to access illegal offshore sites.
- It is also possible that these new powers under IGA could result in more reputable offshore operators ceasing to offer services to Australian gamblers, leading to the unintended consequence that consumers begin accessing less reputable offshore operators.
- The continued use of restrictions would likely affect more consumers over time as the industry grows and more gamblers engage with online platforms. It is also likely that consolidation and competition in the Australian market will lead to operators continuing to

implement risk management strategies such as bet limits. This, in turn, may lead to increasing numbers of consumers migrating to offshore operators.

- There could be a continued lack of transparency in transactional data due to offshore betting by Australians (e.g., Who is betting? How much are they betting? Where is the money coming from and going to? As well as concerns about money laundering, match fixing and organised crime).
- There could be possible reputational damage to industry and potentially to government through perceived lack of action to prevent betting restrictions in the interim.

Option 2: Research to understand effect of product fees and other costs

Further research is required to fully understand the specific effects of product fees and other costs (e.g., taxation) on industry actions and, through these, consumer behaviour.

Industry stakeholders in this study and in earlier submissions to the O’Farrell Review raised concerns about the high impost that product fees²⁸ and other costs had on their businesses’ profitability, and their resulting inability to compete with offshore operators. Ascertaining the full effects of these costs was outside the scope of this study; however, the findings suggested that product fees are one factor affecting operators’ profitability and influencing subsequent risk management strategies. Where risk management leads to significant account restrictions this appears to be a push factor driving gamblers to illegal offshore operators. If offshore operators do not have similar costs to bear, they may be able to offer better odds to customers, resulting in an additional pull factor for Australian consumers.

Areas of interest for research may include:

- How are product fees calculated and what factors determine them?
- How do they compare with other jurisdictions outside of Australia?
- What are the benefits to racing, sports and community of charging these fees?
- To what extent are they contributing to market inefficiencies (profitability) or limiting operators’ capacity to absorb market liability?
- Are they contributing to operators’ risk management practices and in what ways?
- Have there been changes to the online wagering industry, or to the racing or sport industry as a result of the introduction of product fees?
- Would a reduction in product fees, or changes to the way they are charged, reduce operator risk management procedures in terms of betting restrictions?
- What are the other operational costs that impact on operators, and what is the effect of these?

Option 3: Require greater transparency by operators about the circumstances under which an account would be restricted

The current study found that operators provide terms and conditions regarding account restrictions but these are difficult to find and opaque in terms of when they may apply. A mitigation for this that may increase consumer protections would be to require operators to provide more transparency and clarity about when and why restrictions may occur. This would include the requirement for clauses pertaining to restrictions to be clearly displayed as part of a

²⁸ Also called Race Field’s fees in the racing sector.

new member's sign-up process as well as within the larger terms and conditions documents. It would also be appropriate, as a requirement of the marketing of gambling products and the process of placing a bet, that these terms and conditions are clearly displayed so that consumers are made aware that the amount they can wager may be limited at any time at the operator's discretion.

Key benefits:

- allows consumers to make more informed choices; and
- provides greater consumer protection and transparency around industry practices.

Option 4: Implementation of nationally harmonised minimum bet limits across racing and sports with cost-effectiveness evaluation

This option relates to the implementation of minimum bet limits at a national level and across racing and sporting codes. This would mirror limits currently imposed by Racing Victoria and Racing NSW (and soon to be introduced in Queensland) such that an online wagering operator is required to accept a customer's bet whereby they may lose up to a stipulated minimum limit (e.g., on metropolitan racing in Victoria the amount is set at \$2,000 for a "win only" bet). As with the conditions implemented by Racing Victoria and Racing NSW, this option would include provisions that prevent an operator from closing or restricting a customer's account or refusing to open an account to avoid the provisions of the minimum bet limits or refusing to offer odds or fixed-odds that are publicly displayed.

While this measure could be put in place immediately, government may wish to undertake research such as described in Options 1 and 2 to ensure that the potential effects of this measure on consumers and the market are well known. The current study has been an exploratory project that interviewed a small, unrepresentative sample of consumers and conducted limited consultations with some industry stakeholders. To inform decision-making with regards to this option we have outlined potential benefits and disadvantages identified from this study and stakeholder discussions. These relate to the effects of the regulatory structure as it stands currently, and there may be additional issues and factors of which we are not aware.

If this option was implemented at some stage, consideration should be given to (a) implementing a tiered arrangement that takes into account the variation in market liquidity in sports betting (similar to racing where regional bet limits are set lower than metropolitan bet limits), and (b) an incremental approach. This should be informed by discussions with relevant stakeholders.

It is also recommended that if this approach were implemented it include a cost-effectiveness evaluation. This evaluation would cover, but not be limited to, the effect on consumers, including increases in harmful gambling and the effect on migration to illegal offshore wagering operators; the costs to operators taking into account variances in market liquidity and other operational costs such as product fees; effects on sporting bodies; and any unintended consequences.

Key benefits:

- addresses most consumer issues regarding restrictions and closures on accounts;
- likely to reduce the number of Australians wagering with illegal offshore operators;
- reduces the impact to consumers when tighter restrictions are placed on supply of products to Australian gamblers by the offshore market through amendments to the IGA.

Key disadvantages:

- Minimum bet limits in racing are currently with individual state-based racing bodies as part of race field (product fees) arrangements. Implementation from a national perspective will require nationally harmonised legislation/regulation across multiple sports, which may prove to be complex.
- Operators may not be able to afford to offer products in smaller markets, which could result in customers continuing to access offshore markets for those products.
- Higher risk exposure for operators may result in unintended consequences including lower odds for customers overall, operators going bankrupt and the exploitation of other customer groups to make up profits.
- This measure will facilitate higher rates of wagering for anyone who has had their betting restricted by an Australian-based operator for commercial reasons. As such, gambling harm is a possible unintended consequence for some gamblers.

In-play sports-betting bets restrictions imposed by government

Consistent with Recommendation 3 from the O'Farrell Review, any consideration of online in-play betting products should be deferred until (a) a stronger consumer protection framework is in place (i.e., the NCPF) and tested for effectiveness, and (b) research is conducted to examine the effect of these types of bets on gambling behaviour. This approach is also in line with the recent amendments and clarifications to the IGA that prohibits in-play sports betting except by telephone or in land-based venues.

Option 1: Research to fully understand the effects of in-play sports betting

There is a critical need for research to understand the relationship between in-play sports betting and gambling problems and the effectiveness of current restrictions as a harm minimisation measure. Recent research (Hing et al., 2015; Hing, Russell, Vitartas, & Li, Forthcoming) provides early evidence of a positive relationship between gambling problems and in-play sports betting. In particular this research points to a positive relationship between specific forms of in-play betting—micro-betting and exotic betting - and gambling problems.

There remains a need for further investigation to understand the specific relationships better, including how different factors intersect and the implications for harm minimisation efforts. For example, does the relationship differ according to the gambling platform, various types of in-play bets (e.g., micro bets), marketing strategies, inducements, and/or gambler characteristics. If possible, research should also be undertaken to identify causal links.

Key benefits:

- maintains any harm minimisation impact by limiting the speed with which bets can be placed thereby reducing the potential for impulsive gambling during a sporting event;
- contains the growth of the gambling products legally available to Australian consumers; and
- ensures that the impacts of adding further online in-play products to the Australian market are understood before proceeding with any liberalisation of the regulations.

Key disadvantages:

- Lack of access to online in-play sports betting in Australia is likely to continue to be a significant push factor for customers to use illegal offshore operators. While the increased powers given to ACMA under amendments to the IGA may prevent some leakage, it would

appear likely that consumers would continue to attempt to access illegal offshore sites for betting products that are not available in Australia.

- There is also some concern that the new powers under the IGA will see more reputable offshore operators ceasing to offer services to Australian gamblers, leading to an unintended consequence whereby consumers access less reputable offshore operators.
- Leakage to offshore operators means a continued lack of transparency regarding in-play sports bets placed either offshore or at land-based venues, as no identification is required.
- The lack of platform neutrality is seen to create a prejudicial advantage to land-based operators.

Option 2: Consideration of online in-play sports betting within a frame of consumer protection, research evidence and evaluated trials

As discussed above no consideration of further liberalisation of regulations should take place until NCPF is in place and tested for effectiveness in strengthening consumer protections and further research has been conducted to articulate the harms associated with in-play sports betting.

It must also be reiterated at this point that this was an exploratory project conducted with a small, unrepresentative sample of consumers and a limited number of other stakeholders. The conclusions that can therefore be drawn from these findings are preliminary. Potential benefits that the current research suggested could possibly flow from a more liberalised approach include

- platform neutrality;
- removing a key reason for Australians to bet with illegal offshore operators; and
- improving transparency of data for regulators in matters of sporting integrity when wagering takes place through Australian licensed online wagering operators rather than through illegal offshore operators or from land-based venues.

While we are not recommending that any further liberalisation should take place, we do strongly recommend that **IF** any consideration were to take place regarding a more liberalised approach, it should be fully informed by future research evidence. Government should be particularly cognisant of findings with regard to the risk of gambling problems resulting from different factors associated with in-play betting (e.g., Are there particular issues associated with specific gambling platforms or specific types of in-play bets? Are there issues associated with the marketing of inducements to encourage in-play betting? Are particular groups of consumers at risk?).

It is also recommended that Government does not make decisions in relation to this in isolation from other relevant considerations. This includes, but is not limited to, decision-making regarding liberalisation of other online products; the potential for harm if the product is combined with other products (e.g., inducements); regulations around the marketing of this and other online products).

We further recommend that **IF** a decision was subsequently made to move towards liberalising the market with respect to online in-play betting, an initial trial is undertaken to fully test the effects of this liberalisation. It should be noted, however, that increased liberalisation of the market, even in this context, may be hard to reverse at a later date, regardless of whether the

evaluation demonstrates a causal link between this type of betting and gambling problems. In addition, increasing the range of gambling products available during sports events may strengthen associations between sports and gambling in the public's minds—what Hing and colleagues (Hing et al., 2015) refer to as the “gamblification of sport” and the “sportification of gambling”.

A trial of this sort may include offering online in-play sports betting on a limited number of more popular sports and/or a limited range of betting types (e.g., outcome-based bets). This would need to be decided in light of emerging research findings and in consultation with stakeholders including researchers, individual sporting organisations and government bodies with responsibility for integrity issues. This option also notes that individual sports organisations have the capacity to place additional regulations on the types of betting products they will permit under their product fee agreements.

It is also recommended that if this option were to proceed at any point, that a full cost-effectiveness evaluation is conducted on the initial trial period. This would include, but not be limited to, an evaluation of the positive and negative effects on consumers and on their migration to illegal offshore wagering operators, the effects on operators and sporting bodies, and any unintended consequences. Decisions on whether or not to proceed to a more liberalised approach should be informed by the results of this evaluation.

6.3 Limitations of the study and recommendations for further research

The interviews from this exploratory study into Betting Restrictions in Online Wagering in Australia allowed us to gain a better understanding of the range of restrictions that are applied to accounts by Australian operators and the impact that these restrictions have as a push factor for driving customers to use illegal offshore wagering operators. However, the sample was small and not representative of the wider population of online wagerers. As such it provides some insight into what the issues are but does not allow for any clarity about the actual extent of the issues discussed.

The unwillingness of operators to contribute to the project until very late in the process also meant that we were unable to follow up on data that emerged from the consultations with industry stakeholders within the interviews with community respondents (e.g., claims that gamblers that were restricted were, in the main, professionals, had insider knowledge, were “bowlers” for bigger operators, abused bonuses, and/or wanted to place large wagers in small obscure markets).

The findings from this study indicate a significant gap in empirical knowledge demonstrating a critical need for further research to inform evidence-based policy about these issues. Research is needed to fully understand the extent to which restrictions and closures occur and to offer more clarity about why/when restrictions are imposed initially from both the consumer and operator perspectives. Further research is also required to offer insights about the relative importance of various push and pull factors that drive gamblers to offshore operators (e.g., better odds, markets and products not available onshore and anonymity).

As discussed in the previous options section of this report, any future changes in relation to minimum bet limits or additions to betting products such as online in-play sports betting or other gaming products should be informed by research evidence and come with a full evaluation of the

costs and benefits, in particular in relation to gambling problems and harm minimisation. Research in this field would ideally:

- be informed by the exploratory findings from this study in respect to areas needing further clarification;
- encompass a much larger, more representative sample of the online wagering population to allow for generalisability of results;
- incorporate a mixture of research methods (e.g., surveys and/or structured interviews, unstructured or semi-structured interviews to allow for the collection of both statistical data and the qualitative, interpretative data that allows respondents to provide meaning and researchers to seek greater clarity); and
- seek more transparency and access to data from operators about these issues so policy can be informed by actuality.

6.4 Conclusion

The findings from this study suggest that the practice of account restrictions and closures is now a common and widely practised part of the risk management of the majority of online wagering operators in Australia and other jurisdictions. However, there is a clear lack of rigor and depth in current research about the practice that points to a gap in knowledge about the online wagering sector more broadly. Current knowledge provides a sense of the evolving and particular nature of both the interactive gambling sector and also the characteristics of its respondents. This study has found that much less is known about more specific practices of individual gamblers, operators and regulatory frameworks and their broader social and economic impacts, and argues the need for further research to inform any future policy and reform in this area.

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