



**Commission on Crime and Problem Gambling
Oral evidence session five: Sir Iain Duncan Smith MP and Carolyn
Harris MP**

**Thursday 10 December 2020
Zoom session, 2.00pm – 3.30pm**

Present: Lord Goldsmith (**Chair**), Jamie Bennett, Sue Broadbent, Andrew Black, Henrietta Bowden Jones, Jon Collins, Frances Crook, Andrew Neilson, Neil Platt, Sarah Ramanauskas, Norma Stephenson

Apologies: Matt Burton, John Chisholm, Gerda Reith

In attendance: Gemma Buckland, Helen Churcher, Anita Dockley, Catryn Yousefi

Witnesses: Sir Iain Duncan Smith MP and Carolyn Harris MP

Agenda

1. Chair's introduction

The Chair welcomed Commissioners and gave apologies of those unable to attend. The Chair thanked Elizabeth Morony for stepping in to chair the previous evidence session. The Chair informed Commissioners that, in case of technical difficulties, Frances Crook would assist in chairing the session. The Chair informed Commissioners that the evidence session would be recorded for internal use.

2. Briefing session

The Chair reminded Commissioners that questions had been allocated prior to the evidence session, but that they could ask supplementary questions if they wished. The Chair invited Commissioners to share any queries prior to the start of the evidence session.

The Chair made a note to look into confiscation orders at the request of Commissioners.

3. Evidence session

The Chair opened the evidence session and welcomed witnesses Sir Iain Duncan Smith MP and Carolyn Harris MP. The witnesses were thanked for their attendance and flexibility in rearranging the evidence session. Commissioners were reminded of

recent government announcements and the rapidly changing political landscape with regard to gambling and its regulation.

The Chair invited Carolyn Harris to speak.

Carolyn Harris MP

Carolyn Harris thanked the Commission for the opportunity to speak. Her presentation would concentrate on the consequences for those involved in gambling to the point where they commit criminal offences.

Carolyn Harris began by detailing how industry 'VIP' schemes work. Customers targeted by VIP schemes are predominantly people who lose money, but bet with extremely high amounts, far in excess of what they earn or can afford to lose. They are assigned a personal account manager who is readily available. If they have depleted their funds, account managers can offer large sums to encourage the customer to continue gambling.

Carolyn Harris explained that the most negative impacts of these schemes can include debt, suicide and crime. She explained that VIP members who commit crimes often self-disclose. Another way in which gambling related crime is discovered is through employer audits. Carolyn Harris noted the disparities between VIP customer's average annual salaries, and the large sums they gamble with (hundreds of thousands, sometimes millions). The money that these people have lost has been acquired through theft or fraud from the employer.

Carolyn Harris shared examples which illustrated a lack of accountability on the part of the industry. She detailed a recent case in which large deposits (refunds to an employer) were redirected to a private account. This pattern has been seen in other cases, where self-disclosures or investigations would show average salaries, but large deposits into private accounts. These cases highlight a gap in support and understanding - without denying the commission of thefts, there must be a recognition of serious addiction that is seemingly ignored by courts, and not recognised as cause of crime.

Carolyn Harris noted a rise in women committing crime to fund gambling over the past 18 months. For women, the onset of problem gambling is seen to come later in life and can be linked to factors such as the menopause. There is also a connection to trauma, whereby women use gambling to self-medicate. She highlighted the ways in which adult gaming centres (AGCs) encourage and persuade female customers to gamble, and the way in which they ignore the potential provenance of funds used to gamble. Carolyn Harris argued that operators knowingly launder money by keeping money as profit which they know or suspect has been acquired through illegitimate means. She has raised this in parliament.

Carolyn Harris's work with treatment providers has further illustrated to her the links between crime and problem gambling, and the lack of treatment provision in prison. It also illustrated the extent to which gambling addiction is a mental health problem. A common co-morbidity is PTSD. Again gambling can be used as self-medication. She concluded that she hoped to see a situation where gambling companies were held accountable for the thefts from which they knowingly profit. She hoped that the

Gambling Commission would take more action to support individuals and prevent future occurrences of gambling related crime.

Due to technical difficulties Frances Crook took over as Chair.

The Chair thanked Carolyn Harris for her contribution and invited Sir Iain to speak.

Sir Iain Dunan Smith MP

Sir Iain informed the Commission that he had been summoned to vote in parliament, and so would only speak for a brief moment.

He noted his full agreement with Carolyn Harris. He sought a review of current regulatory provision. Sir Iain noted the varied ways in which gambling encouraged crime, pointing to offences such as domestic abuse, theft, fraud, and embezzlement. He spoke in detail about the links between gambling, debt, and domestic abuse. He highlighted the following factors as inducements to debt and crime: the growth of online access to gambling; the instantaneous nature of online gambling; the use of VIP schemes; and celebrity culture.

Frances Crook thanked witnesses. Sir Iain left the evidence session.

4. Questions from commissioners

Frances Crook invited questions from Commissioners.

Elizabeth Morony asked the following question:

The APPG has called for a comprehensive evaluation of the Gambling Act 2005. What are your specific concerns about the Gambling Act? Do any of them relate to gambling-related crime?

Carolyn Harris recommended that the VIP schemes be regulated/removed as this is where the most damage is done. She also recommended a stake limit which would stop people gambling and losing such high amounts, and in turn alleviate criminality.

Elizabeth Morony asked a follow-up question:

Would Carolyn Harris MP's concerns about money laundering be raised in the forthcoming review of the Gambling Act?

Carolyn Harris explained that this particular concern was not relevant in the Gambling Act, but in other areas. She explained the several government departments should be stakeholders in gambling regulation, including the departments of education, health and justice. She would like regulation to become integrated across departments. She noted that machines in AGCs and betting shops could be used to launder money (put in as cash, with winnings transferred to an account).

Henrietta Bowden-Jones asked the following question:

How would you characterise the response you have had to your reports on online harms from i) your fellow Parliamentarians ii) government and iii) the gambling industry?

Carolyn Harris noted that there were only a small number of people in parliament who disagreed with her stance, and these people have a link to the industry. More colleagues became engaged having seen the issue first-hand in their constituencies. There was now galvanised support across all parties and both houses.

Henrietta Bowden-Jones asked a follow up question:

What is the response to this work from Downing Street?

Carolyn Harris noted that problem gambling was mentioned in both the Conservative and Labour manifestos. The Conservative party manifesto was essentially a copy of the APPG's interim report. There was a will within government to bring about change, but the treasury remained a barrier (they previously blocked/delayed FOBT reforms). She noted that the money spent by the government on gambling related harm far exceeds the revenue that gambling brings.

Henrietta Bowden-jones asked a follow up question:

Are you aware of any operators who are regulated in the UK but do not follow regulatory requirements (e.g. age verification) abroad?

Carolyn Harris noted that she was aware but would not disclose names. She noted that these operators had committed misdemeanours abroad, especially in Africa and China.

Henrietta Bowden-jones asked a follow up question:

What is the response of the industry to the APPG report?

She stated that the industry disagreed with the APPG report. The industry has taken action which has not gone far enough/tackled the issue properly. She gave examples of scenarios where industry action fell short (advertising bans during the Covid-19 lockdown, and the virtual grand national).

Neil Platt asked the following question:

What more could be done by i) government ii) Parliament iii) the gambling industry and iv) the Gambling Commission to prevent, detect and reduce gambling-related crime?

She explained that attention should be turned to areas where changes can be made, including the online harms bill, and justice, health and education policy. She noted that it is important not to ignore aspects that do not fall within the review's remit. She highlighted the need for education to complement the review of the Gambling Act.

Carolyn Harris also recommended action to be taken with the financial industry. Banks were aware of the kinds of transactions being made, and could track patterns such as pay day loans, large and frequent deposits, and spending on gambling. Regarding the Gambling Commission's role, she noted the importance of increased funding for and capacity of treatment provision which she argued was currently too small-scale. She noted that existing education programmes should teach about

abstinence and prevention, not just responsible gambling. She noted that people with gambling problems need greater support and treatment - it is a mental health issue and should be dealt with accordingly and at a larger scale by the health department.

Jon Collins asked the following question:

Why do you believe that the Gambling Commission is failing to utilise its powers more readily?

Carolyn Harris explained that the Gambling Commission are dependent on the industry for funding and have a close relationship with the industry. She noted that frequent large fines should be seen as a pattern of misconduct and should result in a license suspension. She argued that the Gambling Commission have sufficient power, yet they choose not to suspend licenses.

Jamie Bennett asked the following question:

What should be the role of i) local authorities ii) criminal justice agencies and iii) the NHS in preventing, detecting and reducing gambling-related crime?

Carolyn Harris explained that local authority powers were limited to licensing. FOBT restrictions have meant that there would not be as many licensing applications, and there would not be the same issues around clustering. She recommended that police investigators need to be trained about the occurrence of this crime, to ask questions about problem gambling when looking at theft or fraud cases. Custody officers also need training. Health providers should include gambling in their screening (similarly to alcohol or substance misuse screening). Gambling should be flagged in discussions about wider concerns such as poor mental health or sleeping problems.

She noted that it is currently a hidden harm. Financial crises (e.g. repossession) are often the first indication of a problem. Domestic violence can occur due to the related frustration and anxiety. People may turn to alcohol or drugs to replicate gambling highs if they do not have the resources to gamble.

Sarah Ramanauskas asked the following question:

You state in your paper that during lockdown, adverts for gambling products were replaced by adverts highlighting social responsibility measures and gambling support available to those at risk. How would you like to see such measures and support being publicised?

Carolyn Harris argued that public health messages about gambling should be part of every government department. She suggested that it should be considered in licensing legislation, criminal justice policy and DCMS policy. Public health messaging about problem gambling should be present in all strands of life.

Sarah Ramanauskas asked a follow up question:

Could social casino products (gambling in all but name, but not licensed or regulated) this be regulated by the next gambling act, or the online harms review?

Carolyn Harris noted that such products were similar to loot boxes and were technically gambling. She noted that the enquiry on loot boxes closed recently. She noted that social casino products were akin to grooming and predominantly targeted women.

Andrew Black asked the following question:

Are you aware of any UK or international examples of good practice in dealing effectively with gambling-related crime?

Carolyn Harris stated that she was not aware of any such practice. Rather, gambling related crime was more gradually coming to attention as more people were committing crime as a result of gambling.

Andrew Black asked a follow up question:

Will Brexit change anything?

Carolyn Harris explained that she did not think it would make a difference. Possible effects could be an increase in problem gambling to assuage anxiety. She noted that European gambling laws have never applied in the UK.

Norma Stephenson asked the following question:

What would you like to see this Commission achieve in the course of its work?

Carolyn Harris suggested that the Commission should work to ensure that gambling operators are held to account for the money they make off backs of terrible situations.

Frances Crook thanked Carolyn Harris for her contribution.

5. AOB

Commissioners were informed of work to arrange an evidence session with industry representative. Commissioners were encouraged to share suggestions for witnesses. Current options included Betway, GVC and Flutter. It was noted that representatives working in compliance would be best placed to give evidence.

Commissioners were informed that planning for the HMPPS evidence session was going well.

Commissioners were informed that they would receive a copy of the submission to the Law Commission on POCA.

It was agreed that the witnesses should be approached to follow up on missed questions in writing. A follow up request and thank you note could be sent by the Chair.

It was agreed that the Chair should approach Carolyn Harris to ask to be kept up to date regarding developments with the Secretary of State for Justice.

6. Future Commission meetings

- Thursday 21 January 2021 - 2.00-3.30pm Fourth business meeting
- Tuesday 23 February 2021 - 2.00-3.30pm Evidence session
(please note - date changed from 18 February)
- Thursday 25 March 2021 - 2.00-3.30pm Evidence session

Minutes agreed by the Chair on Thursday 7 January 2021

CY/HC 05/01/21