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June 5th 2007

Honourable Barney Frank
Chairman
House Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C.

Dear Mr Chairman

Re: H.R. 2046, Internet Gambling Regulation and Enforcement Act of 2007

I am taking the opportunity to write to you, as Head of Online Services for the UK charity GamCare, to provide testimony to the success with which an increasing number of remote gambling operators are implementing robust policy specifically to minimise and manage the potential for harm through gambling online.

Perhaps however, it would be useful if I first gave more background regarding GamCare and our services. GamCare has, for the last ten years, existed first and foremost to provide treatment services – telephone helpline, face-to-face counselling and more recently Internet treatment services – to those people adversely affected by a gambling problem. We are not anti-gambling, but instead believe in adopting a ‘pro-responsible’ gambling stance. By this we seek to promote and support the responsible engagement in, and operation of, gambling as a form of entertainment. Our services are recognised as the primary point of access in the UK and indeed we lead on best practice in treatment provision in this specialist field. Furthermore, GamCare continues to play an active role in providing expert consultancy and advice to the UK Government, notably the Department for Culture Media and Sport and the Gambling Commission. GamCare contributed as one of a number of expert witnesses during the scrutiny of the Draft Gambling Act that has subsequently been passed as the Gambling Act 2005.

GamCare firmly believes that an open and clear dialogue with Regulators, Trade Associations and gambling operators is the most productive opportunity to work to continually minimise the potential for harm whilst at the same time enabling a legitimate industry to develop in a competitive marketplace.

In working to promote responsible attitudes towards the operation and supply of gambling services and software GamCare has established a certification programme based upon compliance with our player protection Code of Practice. Introduced four years ago GamCare Certification continues to be pursued by a growing number of operators wishing to demonstrate that they take customer welfare seriously. The remainder of this document will explore key elements of the code which represent a level of social responsibility at least equal to, and frequently higher than, any formal regulation currently in enforcement globally. It is GamCare's firm consideration that the requirements of our code are reasonable, practicable and achievable for all Internet gambling operators, though some elements should be recognised as being relevant and applicable only to particular products.

The Code of Practice for remote gambling platforms is currently undergoing revision, but I have attached version 3.0 for your attention (Appendix A). We kindly ask that you recognise that our experience and the application of the code is largely concentrated on those operators who have a predominant UK or European customer base. Many have adopted the requirements voluntarily in anticipation of future formal regulation. The requirements of the code have subsequently informed and influenced formal regulation and licence conditions across a number of jurisdictions.

In brief summary:

1. Age Verification

> Site operators must take steps to ensure the age and identification of every new customer

Responsible gambling operators now most frequently rely upon third party verification solutions. Verification should take place at either point of registration or at first deposit.

> Sites should clearly display an 'over 18's only' sign on their home page

Intended to act as a deterrent to minors and often provides a link to operator Terms and Conditions highlighting that underage play is an offence

> The registration process should include a clear message regarding underage play and the steps the company takes to verify age

Again, intended as a further deterrent and additionally to highlight that formal verification of age and identity will take place.

> When the age verification systems in place are not totally effective the site should not be allowed to accept payments from cards that are available to those under the age of 18

Verification systems have advanced significantly since these conditions were written. Many forms of payment, particularly debit cards available to minors, have historically proved to be a challenge when seeking to verify age and identity. Whilst verification systems are reliant on and occasionally limited by

the records and data available for them to scrutinise, they are much improved. Responsible operators will have a secondary verification system, perhaps manual, (relying on the submission of faxed / scanned documents such as a passport or driver's licence) for those instances when electronic verification proves inadequate.

2. Advertising and Promotional material

(Please note, our consideration of advertising for the purposes of certification focuses on the advertising limited to the operator site and to direct email / print advertising to registered customers.)

Advertising and Promotional material should:

- > Not target minors
- > Give a balanced message regarding the likelihood of winning and losing
- > Not encourage customers to reinvest winnings or to chase losses with further gambling
- > At no time suggest that gambling is a means of solving financial difficulty

3. Customer-led deposit limits

- > Customers should be able to set their own deposit limits for a given period of time (daily, weekly or monthly)

It is important to ensure that customers are enabled to take responsibility for their own participation and spend. Whilst a site operator may have default minimum and maximum deposit limits within a given period of time the customer should be able to play within their own affordability.

- > When a customer reaches their pre-set limit the site operator must take responsibility for ensuring that no further deposits may be made during that period of time
- > If a customer wishes to increase their pre-set deposit limit the site operator should impose a delay of no less than 24 hours before the increased limit becomes available. A request to decrease a pre-set limit should be implemented by the site operator with immediate effect.

A delay should be imposed to minimise the opportunity for a customer to increase their deposit limit in order to chase losses. The delay will often allow sufficient opportunity for a break in gambling participation and serve as a 'reality check' for those at risk of gambling more than they can afford to lose.

- > The option to set a deposit limit should be introduced to the customer either at the point of registration or at first deposit

Whilst it perhaps should not be mandatory for a customer to set a deposit limit the site operators should proactively undertake to highlight the availability of the option to do so.

4. Customer-led session limits

(Applicable only to fast and continuous games for example casino games, slots and ball games such as bingo and keno.)

> To assist the customer to control their gambling and protect against the possibility of continuous rapid gambling without a break, they should have the option to set a session duration limit

Many problems gamblers reflect on losing track of time when gambling. The ability to set a limit on the duration of play for particularly absorbing games that do not offer a natural break in play, allows an enforced break.

> When the set duration has expired and on completion of the last game, a message should appear to inform the player of the period of time they have been playing for

The customer should be presented with a clear message identify the full duration of play and given the opportunity to continue. Positive action must be taken by the customer to confirm that they wish to continue.

5. Self Exclusion

> The player should be able to exclude from gambling on a site at any time

> An exclusion period of six months should be implemented

Six months has generally been regarded as best practice for both land-based and remote gambling. It is considered that the period of time enables a customer who recognises that their gambling has become problematic to seek advice and support and to consider their future participation.

> A customer requesting to be excluded should have any outstanding account balances repaid with immediate effect and should be removed from marketing lists

Where practicable steps should additionally be taken to cancel and refund ante-post bets and pre-purchased entries to tournaments or future games (notably in the case of poker)

> A site operator may additionally wish to make available a 'cooling off' period of 7 days

6. Social Responsibility / Player Protection information

> The site operator homepage should contain a logo and link to the site operator's social responsibility partner

> The site operator homepage should contain a clear link to a Responsible Gambling page delivering the following information as a minimum:

a) The message that gambling can be harmful if not controlled and kept in moderation.

- b) Advice on responsible gambling and a link to the social responsibility partner and other sources of help for problem gambling, including helpline number(s).
- c) Links to, or inclusion of an accepted and simple 'self-assessment' process to determine risk potential.
- d) A list and explanation of the player protection measures that are available on the site
- e) Link(s) to a recognised filtering programme to enable players to prevent minors from accessing gambling sites.
- f) Details or a link to a page with details, of the site operator's social responsibility policy.

7. Reality checks

- > A clearly visible clock
- > The currency unit of the amount wagered should be clearly displayed relevant to the customer

Though it is recognised and accepted that poker is played in USD and that currency will be displayed as such.

- > Fast and continuous games should not play at an unrealistic speed

8. Customer Account

- > The customer should only be allowed to register one account with an individual site operator

Multiple accounts should be regulated and prohibited to remove the opportunity for confusion over the setting of customer-led limits, self exclusion etc.

- > The customer should be able to access a full account history detailing in particular deposits and withdrawals and an up-to-date balance

9. Free Play

(Please note, it has proven unrealistic to require site operators to implement proper age verification for those wishing only to access free play games. The cost of verification against the low rate of subsequent transfer to 'real money' play frequently becomes prohibitive.)

- > At the point of access clear signage should indicate that free play is available to over 18's only.
- > As a minimum customers wishing to play for free should enter an email address and tick a box to confirm they are over 18 or enter a date of birth

Marketing to 'unverified' customers should not take place. This process is intended to act as a basic deterrent to minors.

- > Free play games should display the same Responsible Gambling information as real money games
- > Free play games should have the same payout ratios as their real money equivalents

10. Training and support

- > The site operator should ensure that as a minimum customer services staff and relevant management have undertaken appropriate problem gambling awareness training.
- > Training should be refreshed annually.
- > The site operator should demonstrate further commitment to the minimisation of harm through gambling by contributing to local, national or international research, treatment and education funds.

11. Auditing and Consultancy

- > The site operator should seek the advice of their social responsibility partner when launching new products or making significant alterations to relevant policy, practice or systems.
- > Renewal of certification is dependant upon an annual site review

All of the above have been successfully implemented by those gambling operators wishing to demonstrate voluntarily their commitment to safe, fair and responsible gambling. Whilst it may have been arguable in past years that technical limitations presented real barriers to implementation, we are satisfied that this now is rarely a justified case. Indeed, many of the site operators that GamCare has worked with have demonstrated practice above and beyond these requirements, using them simply as a starting point.

GamCare applies the knowledge and experienced gained in providing counselling support to its work with the gambling industry, ensuring that we remain conscious of the negative impact, both potential and actual, that Internet gambling may have on an individual. We are satisfied that if the move towards more responsible operation continues to gather pace, as is increasingly observed across Europe and the rest of the world, that the continued legitimate development of the industry need not be off-set against significant increases in problematic gambling. Robust, formal regulatory frameworks undoubtedly represent the best opportunity for achieving this

Crucial to any responsible gambling framework is the need for proactive customer education. Government, industry and organisations such as GamCare (and its international partners) must play a role in ensuring that not only does industry act responsibly, but that customers wishing to participate in

gambling services do so with the right motivation and understanding of the risks involved. Restricting choice is ill-advised and unlikely to result in long term benefits. Informed choice in a mutually responsible environment is both desirable and achievable.

Chairman, in concluding I would like to thank you for allowing GamCare the opportunity to present its experience and consideration on this important matter. I, and indeed GamCare, wish to make ourselves available should you have any further need for assistance.

Further information about GamCare and our services may be accessed at www.gamcare.org.uk or please do not hesitate to contact me directly.

Yours faithfully

Andrew Poole
Head of Online Services
GamCare



**Player protection and social responsibility:
Code of practice for remote gambling
platforms**

Version 3.0

05.02.2003

1. Age Verification

- 1.1 Sites must take steps to ensure the age and identification of every new customer. This is especially important to all cases where the method of payment does not itself constitute an age check (e.g. debit cards). Sites should employ the use of a reliable electronic checking system to verify the age and ID of new customers.
- 1.2 All sites should clearly display an 'over 18's only' sign on their home page. This signage should link through to a page with a clear message about underage play.
- 1.3 Through the registration process there should be a clear message regarding underage play and the steps the company takes to check on age. This will act as a good deterrent to put minors off trying to access a company's site. Such a message should also be in the 'over 18's only' link.
- 1.4 When the age verification systems in place are not totally effective the site should not be allowed to accept payments from cards that are available to those under the age of 18. This should also include third party payment systems that accept those cards as well – such as netteller or paybox.

2. Advertising and Promotional Material

- 2.1 Advertising and promotions must be compliant with the relevant regulatory and advisory codes of practice.
- 2.2 Advertising should not target those under the age of 18. This includes not just content but placement of advertising as well.
- 2.3 Advertising should give a balanced message with regards to winning and losing.
- 2.4 Customers should not be encouraged to chase their losses or re-invest their winnings.
- 2.5 At no time should it be suggested that gambling is a means of solving financial difficulties.

3. Customer led deposit limits

- 3.1 Whilst sites should still be able to set their own limits on player deposit and even vary those limits on an individual basis, sites should also provide the ability for the customer to determine their own deposit limits.
- 3.2 Sites should provide options for setting limits on customer deposit per day and/or per week.

- 3.3 The minimum deposit limit that a customer can set for themselves should be lower or equal to the minimum deposit required on the company's site, with the maximum deposit limit going up to the site's set limit.
- 3.4 When a player reaches their previously set limit the operator will be responsible for ensuring that no other bets are accepted from them.
- 3.5 If a customer wants to increase their deposit limit, they should be required to go through a call centre and this will be effective 24 hours after the call. However they should be able to decrease their limit with immediate effect.

4. Customer led session limits. (applicable to interactive, fast and continuous gambling)

- 4.1 To assist the customer control their gambling and protect against the possibility of continuous rapid gambling without a break, they should have the option to set a session duration limit. This limit will determine how long the player will be able to play on a game until there is a break. This should apply to any game that involves rapid continuous gaming, for example casino games, slots and ball games such as Keno, bingo etc. GamCare can advise on games that would require session limits.
- 4.2 The minimum time limit available should be no more than 10 minutes.
- 4.3 The player should be able to set the session time limit as a default for all games.
- 4.4 If a session duration limit is not set by the player then a default of one hour should be the maximum default time for all players.
- 4.5 When the set duration has expired and on completion of the last game, a message should appear to inform the player of the period of time they have been playing for. The player will then have to acknowledge the message before they can continue gambling. This process should take no less than 5 seconds, so to allow the player enough time to make a conscious decision on whether to continue or cease playing

5. Self-exclusion

- 5.1 The player should be able to exclude themselves from making any bet on a site
- 5.2 The period of self-exclusion must be for at least 6 months
- 5.3 Once a player has requested to be excluded, the account should be closed with any money on the account paid back to the customer.
- 5.4 Information regarding the self-exclusion policy and process must be clearly explained within the responsible gambling/player protection page.

5.5 The site may also provide a 7 day cooling off exclusion as well as the full 6 month exclusion opportunity. However once a customer has excluded themselves 3 times via the 7 day exclusion option they should be automatically excluded for at least 6 months.

5.6 Once a player has excluded themselves from the site, they should be taken of any mailing list that they have subscribed to on the company's site.

6. Social Responsibility/Player Protection Information

6.1 The site's home page should contain the logo and link to the company's social responsibility partner.

6.2 The site's home page should also contain a link to both the player protection page and responsible gambling page. These can either be two separate pages or one page with the information combined. The content of which is to be defined below.

6.3 The social responsibility page should contain at a minimum:

- a) A message that gambling could be harmful if not controlled and kept in moderation.
- b) Advice on responsible gambling and a link to the social responsibility partner and other sources of help on problem gambling, including helpline number(s).
- c) An accepted and simple "self-assessment" process to determine risk potential. This could either be on the social responsibility page or as a link through to a site, such as their social responsibility partner, that contains such information.
- d) A list of player protection measures that are available on the site, and a link to that page (if separate to the social responsibility page).
- e) Link(s) to a recognised filtering programme to enable players to prevent minors from accessing gambling sites.
- f) Details or a link to a page with details, of the company's social responsibility policy.

6.4 The player protection page information should contain:

- a) The protection measures available to the player if they wish to use them.
- b) These measures should be the options on customer led spend limits, customer led session limits and the self-exclusion instructions with a link to the email address required or buttons for automatic exclusion.

- 6.5 The deposit page should contain a reminder to the customer about the need to gamble responsibly, with a link to the responsible gambling/player protection page. This information must be clearly visible without the need to scroll down the page.
- 6.6 The responsible gambling/player protection page(s) should be readily available from any screen where game play may occur.
- 6.7 The player protection page should be included within the registration process for a new customer so they have to set their own limits.
- 6.8 Messages of a company's support of social responsibility should not be misleading. **(i.e. a company should not claim to be a member of or have support for a social impact or support organisation if this is not true . Such messages mislead the customer into believing that the company is more socially responsible than they actually are)**

7. Reality checks within game play

- 7.1 It is vital that where a game allows continuous, interactive and rapid gambling without a natural break, there should be mechanisms implemented that help the customer to monitor their spend and amount of time they have played so they can make conscious decisions on whether to stop or continue. **(The majority of clients that have attended counselling at GamCare have emphasised the loss of awareness of time and money spent whilst gambling as a key factor to the development of their problem)**
- 7.2 A clearly visible clock which displays the time within the player's time zone should be visible on the screen at all times.
- 7.3 The currency unit of the amount wagered should be clearly displayed on the games screen as well as the denomination of each credit.
- 7.4 Counters should be used to inform the player on the time they have been playing. This should be displayed at the end of either the default time period or the time period set by the customer. **See section 4 for more detail.**
- 7.5 No game should be quicker than 3 seconds between plays.
- 7.6 The operator should seek guidance from the regulator on which games would require the implementation of suitable reality checks.

8. Customer Account

- 8.1 The customer should only be allowed to register and use two debit/credit cards or other form of payment on their account. If for whatever reason they need to change either card they should have to go through the customer services line.

- 8.2 The customers should also only be able to register one account on a site, rather than multiple accounts with the same name and address but with different user names. ***(The ability to set up multiple accounts using multiple credit cards not only increases the possibility for fraud, but also increases the risks of problem gambling and uncontrollable debt)***
- 8.3 The customer should be able to access their recent account history, including all deposits, withdrawals and bets.

9. Free Play

The ability to play free casino games with complimentary credits without having to register or prove age is now commonplace within the online industry. It is a practice that has become a popular marketing tool and figures show that a high amount of customers just play on the 'for free' games and stay away from the 'for money' games. It is also a practice that goes completely against policy within the terrestrial industry. Children are not allowed into casinos, bingo halls, bookmakers or adult arcades and allowed to play for fun with complimentary credits – It is illegal to do so in the UK. However this practice is allowed online and has a significant impact on the exposure of young people to gambling. What affect this exposure may have on young people and problem gambling is unknown, but it is an issue that should be carefully monitored. Whilst it would be unrealistic to suggest that 'play for free' games should only be available when a customer has registered and proved that they are of legal age, this would be the ideal solution. However the following recommendations should be standard practice and may help negate the potential risks.

- 9.1 The free play game screens should display the same links to the responsible gambling/ player protection page that the 'play for cash' display. The computer clock or another should also be visible at all times.
- 9.2 At a minimum a player should have to enter their email address and date of birth (which must be over 18) to 'play for free' ***(however the ideal would be for the player to have to go through the same registration process as those wanting to play for cash)***
- 9.3 There should be a clear message that the play for free is for over 18's only.
- 9.4 The payout percentages must be the same as the 'play for cash' games.

10. Training/Support

- 10.1 The company should ensure that their customer service team are trained on the issues of social responsibility and problem gambling. This is especially important for the occasions when a problem gambler will contact the customer service line, or when the company suspects one of their customers may have a gambling problem. This training should be refreshed on a yearly basis.

10.2 The company should demonstrate its support to addressing the social impact of gambling by making the appropriate contribution to the Gambling Industry Charitable Trust.

11. Auditing/Consultancy

11.1 The site should be given an independent annual review by an organisation such as GamCare to ensure compliance with the social responsibility policy. The review will consist of:

- A cross check of operations versus the Code
- A review of the last 12 months majoring on incidents recorded by the operator
- Checks acting as a customer (mystery shopper principle)
- Examination of the consequences of any site changes particularly technical alterations/upgrades.

On completion of the Review, a Corrective Action Plan should be agreed ensuring full compliance within 6 months of any highlighted areas requiring attention. If GamCare are used for this Review and for the CAT Plan then the operator will be entitled to GamCare Certification.

A fuller independent audit should be carried out every three years or as often as the operating licence is renewed. This will involve all the elements of an annual Review plus an audit of policies, staff understanding of social responsibility, related training, supplier service level agreements etc.

11.2 Before launching a significant new product or developing an existing one the company should consult with the regulators or social responsibility partner to ensure compliance with the Social Responsibility Guidelines.