

A Submission to the Community Affairs References Committee
Inquiry into the prevalence of Interactive and online gambling in Australia

By

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Date: 26th July, 2010

Dear Committee Secretary,

Regis Controls Pty Ltd (Regis) would like to thank the Community Affairs Reference Committee for inviting us to provide a submission to the Inquiry into the prevalence of Interactive and online gambling and how to address its social and economic impacts in Australia as well as the adequacy of the Interactive Gambling Act 2001.

We respectfully request our submission be accepted by the committee in full and published.

Our submission directly relates to part **2 a, b, c, f** terms of reference.

The above concerns can be addressed by national smartcards usage and promotion of responsible gaming practices by: imposing technical requirements on corporations which manufacture, sell, supply or provide interactive television and on line gaming including mobile phone betting.

We believe this submission will be fundamental to this committee's understanding of how the terms of reference can best be made operable via national smartcard technology that can assist in not only addressing Problem Gambling but can also be a vital tool and a preventative measure in protecting those at risk of becoming Problem Gamblers, money laundering and crime.

Regis Controls Pty Ltd is the licensee of Australian patents 771278 and 776756.

Regis Controls Pty Ltd is not a gambling provider or involved in any gambling services or any loyalty card schemes, or funded by gambling operators or machine manufacturers, so there is no conflict of interest.

Yours sincerely

Mr. E. Szewach C.E.O

Miss L. Horten Director

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Regis Controls Pty Ltd Submission to the Senate Community Affairs Reference Committee

Introduction

In early 2000 the Commonwealth Senate Select Committee of Information Technologies (**Netbets** – A review of online gambling in Australia) invited the Twenty Twice consortium, headed by Regis Controls Pty Ltd, to present in person the Regis patented pre commitment smartcard technologies of which Regis is the licensee for patents number 771278 and no 776756.

We were proud to show the Committee our Australian developed and patent granted technological solution specifically focused on protecting Problem Gamblers, prevention measures for those at risk and the ability to detect and address money laundering, skimming and crime.

*Regis is an acronym for Responsible Electronic Gaming via Instant System and Regis smartcard IP is a regulatory national pre commitment player tracking system)

The presentation was very well received by the committee.

The following is an **extract** and can be found on page 76 of The Parliament of the Commonwealth of Australia “NETBETS”, Report by the Senate Select Committee on Information Technologies **March 2000** , “A review of online gambling in Australia” .

We believe that the committee’s comments printed below and our attached PDF submission marked “Productivity Commission” relate directly to the Community Affairs References Committee Inquiry into the prevalence of Interactive and online gambling including mobile phones and how to properly address its social and economic impacts in Australia as well as the inadequacy of the Interactive Gambling Act 2001.

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Extract below (underlining is ours) **March 2000**

Technology to implement harm minimisation policies

3.1 In its submission to the Committee, the Twenty-Twice Consortium detailed its recently registered patent for ‘Regulatory methods and means pertaining to the Australian and other national and international gaming establishments’.¹ The patent is for a new form of technology that may facilitate the implementation of harm minimisation policies.

¹ Twenty Twice Consortium, Submission 66



32 The patent is essentially for a smart card that is used by consumers to gamble on any computer networked gambling activity. Therefore, it applies equally to EGMs (which have a closed computer network) as it does to online gambling. The smart card can set a limit on the amount that a person can gamble. Also, it can be programmed to exclude a person from participating in gambling activities. If the smart card was the only means by which EGMs and online gambling could be accessed, then any gambling limits and player exclusions would be wide ranging.

33 The provisional patent includes the following specifications:

- The application is installed into a smart card chip which regulates the amount that can be deposited into the player's smart card purse and spent within any given month or other fixed period of time. Any winnings can be either transferred from the card to the player's bank/casino account or further played with or collected by the player from the casino or gaming establishment by any other arrangement that is mutually agreeable to both the player and the casino or gaming establishment and excluding any identified problem gamblers and underage gamblers;
- A further feature to be installed in the licensed gaming venue(s) ... is the ability to bar problem gamblers' "smart cards and/or magnetic stripe cards" either issued by a bank or gaming establishment or any other related third party entity. The facility would deny a player from accessing their accounts or game entry access held at any casino or other gaming establishment(s) thus denying the problem gambler the ability to bet or play games should they so be directed by an appropriately designated body such as a court or social welfare agency. This non-access period could be for days, weeks, months or years or in certain cases for life. This regulatory feature will be based on the recognition of a personal cardholder number(s) which is automatically accepted or rejected at all betting establishments that are subject to regulatory licensing;²

34 The Committee is pleased to note that new technologies are being developed that facilitate the implementation of harm minimisation policies.....**Hansard March 2000**

End of Extract *Twenty Twice Consortium, Submission 66

Over the last twelve (12) years Regis Controls has been invited to submit and attend a number of State and Federal government Inquiries into Problem Gambling and Money Laundering.



Most recently, we were asked to appear before the Productivity Commission and have been extensively mentioned in the PC interim and final report. We have attached one of our submissions a PDF marked "Productivity Commission Submission" which deals with online and interactive gambling throughout.

*** Regis smartcard technology helps fight money laundering, crime and meet compliance to Austrac business rules in the gaming area.**

Ten years after the NETBETS enquiry smartcards are now being implemented by all the major banks around the world in order to address fraud and Identity theft - Smartcards are used by governments for public transport systems around the world, drivers' licenses, mobile phones, health, security industries and gambling industries.

The advantages of a pre commitment regulated smartcard system are that the player is positively identified and authenticated to a personalised smartcard which is unique to that player.

The system can allow players to participate in gaming across all regulated on line and interactive mediums including mobile phones and electronic machines (EGM) in ALL venues keeping to the one (1) limit, offering a safety net to both the problem gambler and recreational gambler by way of a single pre commitment on losses.

Regis smartcard technology **unlike** other types of products can be used by all age groups and can be used with ease on personal computers, interactive television, EMG's, mobile phones and betting shops. The Australian public is already familiar with using bank cards with PINs and has done so for some 40 years. With the current phasing in of smartcards by banks to address fraud, the implementation of such a system would be readily acceptable to the public as a user friendly system and would provide government with a fair and readily audited tax revenue from gambling. There are other benefits a national smartcard pre commitment system would bring such as **less money laundering, less shrinkage and general crime associated with gambling.**

Smartcard with pre commitments conforms to the requirements of the AML/CTF RULES where every gambling provider must guarantee that the player is who they purport to be. A national smartcard pre commitment system will flag a player who makes more than \$10,000 in cash transactions

***Important note: multiple transactions across multiple regulated on line gambling sites and interactive gambling sites including gambling with mobile phones and on multiple machines (EMG) in one or more venues in a twenty four hour period (24) thus complying with these rules.**

A National Pre Commitment Smartcard System will immediately improve the self exclusion process by encouraging players to apply an overall appropriate limit as a first step rather than having to be subject to an immediate exclusion process; however, should the player request, the system can self exclude instantaneously through out ALL regulated on line, interactive and mobile phone gambling sites including pokies machine venues nationally as well be more effective in banning minors and the use of credit cards.

***Venues can hold specific cards for overseas visitors that are issued on a temporary basis and accounted for when returned**



BENEFITS OF A NATIONAL REGULATED PROBLEM GAMBLING SYSTEM

- No cost to government (outsourced system)
- Assists problem gamblers and a safety net for recreational gamblers
- Bans under age gamblers
- Compatible with banks and gambling organisation strategies
- Gambling industry funds national infrastructure
- Establishes Australia as the leader in regulating on line, interactive television, mobile phone gambling and poker machines

FUNCTIONS OF THE SMARTCARD

Live venue/Online function

- Identify and authenticate player as the cardholder (pin and/or biometric)
- Identify and authenticate regulated venue/casino
- Operates cash only (**not credit**) for gambling
- Secure end-to-end encryption (3xDES)
- Limits amount spent in and across ALL venues/forms of gambling

Live and online functions

- Limit amount gambled per pre determined time period
- Via internet/broadband
- **Via poker machines**
- Via live casinos
- Via mobile phones
- Via betting shops
- Membership (preferably mandatory)
- loyalty system (voluntary)

WHAT DOES THE PLAYER DO?

1. Individual applies to any regulated venue or casino or Post Office
2. Venue/Casino or Post Office checks application and submits to Regulatory Authority
 - Proof of age
 - Daily/Fortnightly/Monthly limit
 - Proof of identity
3. Daily/Fortnightly/Monthly limit (Government established guidelines)
 - Similar to credit check
 - Calibration



- Self regulation
- Other methods

4. Scheme operator issues card (paid for by gambling industry)

- Personalised smart card & key ring (latter if requested)
- Pin and/or biometric (separately)
- Instructions and daily/fortnightly/monthly limit

5. Player participates at venue

FEATURES OF REGIS PATENT

- Limits amount gambled
- Bans minors
- Stops credit card betting
- Provides secure transactions
- Ensures player's privacy
- Identifies and authenticates the player and provider
- Operates for casinos and electronic gaming (internet, interactive television , pokies machines and betting shops)
- Records transactions & provides a secure financial audit trail (AUSTRAC)
- Allows loyalty schemes (voluntary)
- Complies with Government transaction reporting

The Regis system also complies with Privacy Act obligations.

In the current business world it is mandatory that all organisations that hold personal information be required to comply with confidentiality and the Privacy Act. These requirements are now part of regular business rules and the implementation of smartcard technology to monitor player activities such as; allowing players to impose limits on themselves as well as to allow them to self exclude does not raise special privacy issues. Recreational gamblers should have no problem in complying with these business rules.

(Please note any legislation governing technology which uses biometric scanning must ensure the protection of such information by gaming organisations.)

In order for a National Smart Card system to work effectively and for the limits to be effective in addressing problem gambling, money laundering and crime, the cards would need to be the only method for any one to access a on line or interactive television or mobile phone gambling provider sites including betting shops and pokies machines and all players including those who bet one dollar or less should also be included in the scheme.



A National Pre Commitment Smart Card system can also offer the ability to conduct **data mining** which can be **tailored** for use by researchers in modeling and/or profiling and/or research purposes for problem gambling studies and also specifically aimed at money laundering but only allowed by authorisation from government body. The identity of players can be kept private from researchers. Information pertaining to the cardholders own gambling activity (statements) can be forwarded to them upon the cardholders request or periodically.

The Regis system can operate nationally for the protection of all players, across all mediums and the convenience of Governments to ensure effective application of a pre set loss limit policy, conform to the Privacy Act, compliance of AML/CTF rules, ban minors, provide self exclusion mechanism, address credit card usage and address skimming.

NEXT STEPS FOR REGULATION SYSTEM

- Trial of system on an internet site.
- Further discussions with Australian Governments

In summation, most Australians and particularly Lisa Horten and I want to minimise the harm caused to working families through problem gambling. We commend the merits of a national card based pre-commitment system, which covers all forms of high impact gambling media (including internet), as a more targeted and viable solution for government, industry and problem/recreational gamblers alike. Seven European countries have adopted this solution and appear to be very happy with the results.

The implementation of a national card based pre-commitment solution for the whole gaming industry would create a level playing field for all concerned and also put Australia on the map as a responsible world leader in technological solutions and would also create substantial new jobs in the IT industry, in call centers for card/technical support, scheme operation and regulation.

Importantly, if done properly, such a system will have real and immediate export value given Australia's world recognised status in Gambling.

I believe such a system could be implemented by the 2016 deadline mentioned in the Productivity (interim and final) Report, with Commonwealth Government oversight and regulatory supervision if prompt decisions are made. During the interim period (2010-2016) I think the Australian public would like to see the gambling industry becoming far more socially responsible by contributing to a national fund now, administered by the Commonwealth Government on a percentage of profit basis and that this funds the building of a socially responsible card based pre-commitment system for the protection of all Australians and potentially applicable to all forms of electronic gambling.

We agree with this enquiry taking place and believe the time for ACTION is now. We wish to advise the Committee that should you require further information we are more than happy to accommodate. We have attached our patent for the benefits of the technologists attached to the Committee in order to view and report back.

Yours sincerely

Mr. Elik Szewach

C.E.O and director Regis Controls Pty Ltd & Twenty Twice Holdings Pty Ltd

Miss Lisa Horten

Director Regis Controls Pty ltd & Twenty Twice Holdings Pty Ltd