

NORTHERN TERRITORY RACING COMMISSION

Reasons for Decision

Applicant:	Sportsbet Pty Ltd
Respondent:	Northern Territory Racing Commission
Proceedings:	Pursuant to Section 80(D) of the <i>Racing and Betting Act</i> – Remediation of Verification Issue
Heard Before: (on papers)	Mr John Boneham (Acting Chairperson)
Date of Decision:	15 November 2017

BACKGROUND

1. On 9 September 2016, Sportsbet Pty Ltd (Sportsbet) notified the NT Racing Commission (Commission) that it had detected 1500 customer accounts which had been incorrectly recorded as being verified by its third party verification agency for the period April 2015 and August 2015. However, some 603 accounts remained unverified at that time, despite ongoing efforts by Sportsbet to verify all of the original 1500 account holders.
2. On 28 September 2016, the Commission directed Sportsbet to immediately move to suspend those accounts that had not been verified.
3. The Commission highlights Sportsbet's licence condition 12 and 16 which states:
 - (12) *The Sports Bookmaker must not allow any customer to withdraw monies from their nominated account until satisfactory proof of age and identity is provided in compliance with the Know Your Customer requirements pursuant to the Anti-Money Laundering and Counter Terrorism Financial Act. In circumstances where the customer has failed to provide sufficient proof of age or identity within forty five (45) days of opening an account, the Sports Bookmaker shall immediately freeze the account and advise the customer that the account will remain frozen until sufficient proof of age and identity is obtained.*
 - (16) *The Sports Bookmaker must comply with any Codes or Guidelines issued by the Commission pursuant to the Racing and Betting Act, and as amended from time to time.*
4. The Commission is aware that one of the unverified accounts was opened by a 16 year old minor in clear breach of the NT Code of Practice for Responsible Online Gambling 2016 (The Code) Section 6 and 6.1 which states:

6 Minors

For the purpose of this Code minors refer to people who have not yet attained the age of 18 years.

Online gambling operators are to adopt appropriate strategies to ensure minors are prevented from gambling including ensuring their website does not induce minors to gamble.

6.1 Prohibition of Minors

Minors are prohibited from gambling and online gambling operators must ensure they have appropriate processes in place to prevent minors from accessing gambling services.

Online gambling operators must have a notification on their website that draws attention to client's responsibility of not allowing minors to gamble.

5. The Commission is aware that the account operated by the minor has been, following consultation with the minor's family, closed and any losses made good by Sportsbet.
6. Notwithstanding the efforts made by Sportsbet to remedy this situation with the family, the opening of an account by a minor is seen as a very serious breach of the Code.
7. On 7 April 2017, the Chairman on behalf of the Commission issued a Show Cause Notice to Sportsbet requiring them to justify why an appropriate penalty for the breaches should not be imposed.
8. On 20 April 2017, a comprehensive reply to the Show Case Notice was issued by Mr Adrian Ryan, General Counsel, Sportsbet.
11. In his reply, Mr Ryan laid out the full circumstances around the initial breach and all follow up measures taken by Sportsbet. He also outlined the proactive steps taken by Sportsbet to ensure a similar situation would not occur in the future.

CONSIDERATION OF THE ISSUES

12. The three key elements of this matter, concentrated on by the Commission are:
 - (A) The circumstances around the initial verification systems failures;
 - (B) The serious matter of a minor being able to open an account and place wagers;
and
 - (C) The steps taken by Sportsbet to remedy the unverified accounts and any measures that have been put in place to ensure a similar failure does not occur in the future.
13. The Commission considers that a breach of verification procedures is a very serious matter, particularly given the important part proper identification of account holders plays in guarding against money laundering and other illegal activities.
14. Furthermore, the accessing of a bookmakers facility by a minor goes against not only the law, but the community's expectations of the industry as a whole.

15. Under powers pursuant to Section 80, the Commission may, for a breach of legislation or licence conditions, levy any of the following penalties:
- a. a monetary fine not exceeding 170 penalty units;
 - b. suspension of the licence;
 - c. cancellation of the licence.

DECISION

16. While the NT Racing Commission is cognisant of the efforts made by Sportsbet Pty Ltd to correct the initial errors in verification, we remain concerned that the situation occurred, particularly given that the breach facilitated the opening of an account by a minor.
17. The NT Racing Commission does not consider this breach warrants suspension or cancellation of Sportsbet Pty Ltd's licence however it is too serious to settle by way of a reprimand or warning.
18. It is clear that Sportsbet Pty Ltd has breached section 80 (1)d of the *Racing and Betting Act* by failing to meet conditions 12 and 16 of its licence.
19. The NT Racing Commission has also determined that Sportsbet Pty Ltd has breached its responsibility under the NT Code for Responsible Online Gambling 2016 (Section 6.1) by facilitating the opening of an account by a minor.
20. In view of the licence and NT Code for Responsible Online Gambling 2016 breaches, the NT Racing Commission, pursuant to Section 80, has determined to impose the following monetary penalty on Sportsbet Pty Limited.
21. A total of 85 Penalty Units, with a Unit value of \$154.00. The penalty to be applied in this instance being \$13,090.00.
22. This amount is to be paid in full by 15 December 2017.



John Boneham
Presiding Member
NT Racing Commission

15 November 2017