

Northern Territory Racing Commission

Reasons for Decision

Applicant:	Mr R
Respondent:	Betezy Pty Ltd
Proceedings:	Dispute Relating to Betting – Section 85 of the <i>Racing and Betting Act</i>
Heard Before:	Mr Richard O’Sullivan (Chairman) Mr Walter Grimshaw Mr David Brooker

Background

- 1) The Racing Commission of the Northern Territory (‘The Commission’) has been asked to determine a complaint lodged by Mr R against Betezy Pty Ltd.
- 2) In order to resolve this complaint, and for the sake of clarity, it must be stated at the outset that the complaint of Mr R has two limbs. In the first instance there is one claim for payment from Betezy by Mr R on his own account. In the second instance Mr R pursues a further claim for payment from Betezy on behalf of Mr F. At all material times, therefore, the Commission views Mr R as an agent for Mr F.
- 3) For the purposes of what follows there are two further reference points that must be kept in mind. At all times relevant to this complaint Mr R was an employee of Betezy; and by operating an account with Betezy both Mr R and Mr F agreed to be bound by the account conduct Rules of Betezy.

Material facts

- 4) For the purposes of determining the matter before the Commission the following material facts are relevant:
 - Mr R claims that the credit balance in his account (which will be termed Client Betting Account 1 for the purposes of this decision) is due and payable by Betezy. The amount claimed is \$5,128.
 - Mr R claims that the credit balance in the account of Mr F (which will be termed Client Betting Account 2 for the purposes of this decision) is due and payable by Betezy. The amount claimed is \$16,284.
 - In response to enquiries by the Commission in relation to the non-payment of credit funds in Client Betting Account 1 and Client Betting Account 2 Betezy claimed that there had been multiple bets placed by Mr R on Client Betting Account 2 after the start of horse racing events, during April and May 2011. Betezy further claimed in response that they were entitled to offset each account against the other as, in their opinion, the accounts were related.

- By way of explanation of how undetected and regular wagering of the type alleged could occur, Betezy offered that only by way of his employment could Mr R place wagers of the type and amount that would avoid detection by Betezy management.
- Betezy advised that the net position should all post 'Starting Time' wagers be reversed and Client Betting Account 1 and Client Betting Account 2 be amalgamated and offset would be an overall deficit (that is, an amount owing to Betezy) in excess of \$75000.
- The Commission notes for the record that Betezy have, in correspondence to the Commission, indicated that they will not be pursuing Mr R or Mr F for the outstanding debit balance. This is a commercial decision by Betezy that in no way impact the deliberations of the Commission in this matter.

Chronology of events

- 5) The Racing Commission is of the view that in order to provide appropriate context with respect to the considerations that follow, a brief chronology of events and accompanying explanatory note, as to relevance is essential:

2004:

- Mr R account opened (Client Betting Account 1) – no exact date provided.

2011:

- Mr R commence work for Betezy in early April 2011; no exact date provided.
- Mr F account opened (Client Betting Account 2) – 13 April 2011.
- First wager placed on Client Betting Account 2 – 14 April 2011.
- Ongoing operation of Client Betting Account 1 and Client Betting Account 2 between 14 April 2011 and 20 May 2011 – during this time multiple bets were placed after the starting time of events.
- Suspension of Client Betting Account 1 and Client Betting Account 2 on 20 May 2011 - suspicious betting patterns and post start time wagers discovered by Betezy. (The Racing Commission is disposed to give persuasive consideration in favour of Betezy, with regard to the internal email, and the complete betting records provided, that bets were in fact being placed post start time.)
- Mr R discovered by Betezy for misconduct on 20 May 2011 after being confronted with allegations of suspicious betting activity. Mr R was dismissed.

Relevant considerations

- 6) The reasonableness or otherwise of Betezy in retaining the excess funds in the accounts of Mr R and Mr F is the base consideration for the Racing Commission.

- 7) In order to determine this complaint the Racing Commission must consider the Rules that govern the relationship between Betezy and clients R and F. The Commission is of the opinion, in the interests of providing as fulsome decision as possible, that it is appropriate to detail the rules that are of particular relevance in this matter.
- 8) The narrative that accompanies each Rule that follows indicates the Commission's view of the practical effect of the Rule and assists in determining specific application to the present matter under consideration.

Rule 9:

- *'A Client is deemed to have accepted these Rules and Privacy Policy by opening an account or by placing a bet with the Bookmaker.'*
 - *Both R and F are bound to Betezy and must abide the Rules.*

Rule 16:

- *'A Client may only have one (1) Client Betting Account unless otherwise agreed to by the Bookmaker. If a Client has an additional Client Betting Account held in other names, then the account balances of all associated Client Betting Accounts shall be transferred into the original Client Betting Account and; if after the transfers the original Client Betting Account has a debit balance, the Bookmaker shall be entitled to receive payment for the debit balance immediately!'*
 - *Provides Betezy with the instrument to offset accounts where it can establish that the accounts, or the account operators are 'related'.*

Rule 22:

- *'Bets will be accepted up to the advertised start time of the event or such earlier time as dictated by the Bookmaker specified on the website of the event page. If a bet is inadvertently accepted in respect of an event after its start time, the bet shall be deemed to have been made invalidly and will be refunded to the Client.'*
 - *Enables Betezy with a mechanism to cancel bets that are placed after the advertised start time of an event. Note that a Client could also seek to have a bet cancelled in this circumstance.*

¹ *Betezy take particular care to define 'Starting Time' in the Rules. They state that 'all interstate and country wagers are strictly subject to time. If an interstate or country wager is accepted, but afterwards found to have been taken after the actual starting time, the bet will be voided and refunded!'*

Conclusion

- 9) Due to the complexity of the issues faced by the Commission, in relation to ascertaining not only how the Information Technology systems of a sophisticated Corporate Bookmaker could be penetrated and abused (that is systematic failure to detect post 'Starting Time' wagers), but to also determine the precise ledger position of Client Betting Account 2, Betezy was asked on 18 July 2011 to furnish responses that attended to the following:

- Please provide copies of account opening documentation and 90 day identification confirmation for both Mr R and Mr F;
 - Please provide a summary ledger for both accounts that details all client deposits and bookmaker payments for each account;
 - Please provide details that disclose at which point (date and time) Betezy first became aware of a 'relationship' between Mr R and Mr F;
 - Please indicate at which point Betezy first suspected that wagers were being placed by Mr R after 'Starting Time' – further, please indicate at which point Mr R was confronted with these suspicions and the action taken by Betezy; and
 - Please advise whether Betezy permit third party operation of accounts, and if so, is formal authorisation kept on file.
- 10) The information received to date, enabled the Commission to more fully address the complaint raised by Mr R and assisted in reducing the complaint to two discrete areas of inquiry.
- 11) The two issues before the Commission can be summarised thus:
- Were wagers placed after the 'Starting Time' for events and if so what was the impact on the account balance of these wagers; and
 - Are the parties R and F so 'related' under the Rules to permit Betezy to rightfully amalgamate and offset the accounts?
- 12) After viewing complete wagering records the Commission is satisfied that an inordinate number of bets were placed on Client Betting Account 2 after the 'Starting Time' of an event during April and May 2011. It is therefore disposed to accept that the overall operation of the account offends the account operation Rules of Betezy.
- 13) To enable a legitimate offset to be permitted the Commission must be satisfied that when viewed in their entirety the operation of the accounts (Client Betting Account 1 and Client Betting Account 2) was such that R could be somehow linked to both accounts. The Commission is persuaded to consider that R and F are related by virtue of the following. By email of 20th of May 2011 F authorised R to have complete carriage of the complaint raised before the Commission. Further, in earlier correspondence to the Commission Mr R claimed that he had 'operated both mine and F's account', and that, 'I had express authority to use F's account from him'.

Decision

- 14) The Commission notes the full and F disclosures and cooperation from Betezy in this matter. Further, the timely response to the queries raised assisted in expediting the deliberations of the Commission. It is of concern to the Commission, however, that there appears to be inefficient and ineffective systems in place to detect inappropriate account operation in relation to poststart time placement of wagers. The Commission reminds Betezy of its obligations to ensure that appropriate systems are in place that ensure that such conduct is detected at the absolute earliest opportunity. Such obligations go to ensuring the overall integrity of the gambling regime of the Northern Territory.

- 15) The Commission is satisfied that the operation of both Client Betting Account 1 and Client Betting Account 2 singularly and jointly contravened the client betting Rules of Betezy. The Commission is further satisfied that at all times both Client Betting Account 1 and Client Betting Account 2 were under the operation of Mr R. As such, amalgamation and offsetting of each account against the other was a permissible course of action for Betezy under the Rules.
- 16) The complaint by Mr R that his account is owed \$5,128 and that his associate Mr F's account is owed \$16,284 is accordingly not upheld.

Richard O'Sullivan
Chairman

4 August 2011