

# NORTHERN TERRITORY RACING COMMISSION

## Decision Notice

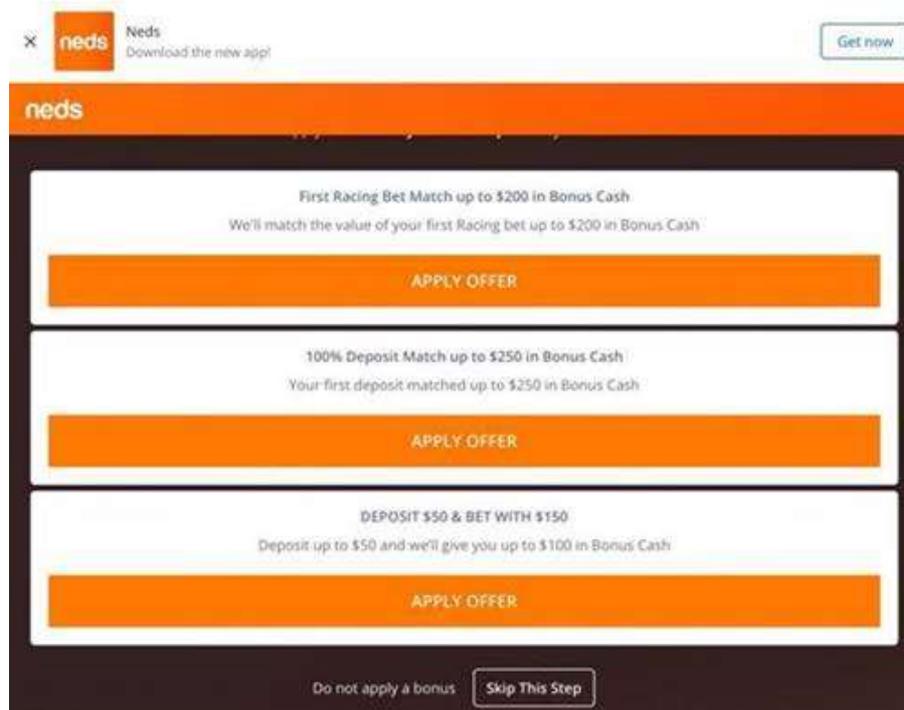
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<b>Licensee:</b>	Entain Group Pty Ltd (trading as Neds AU)
<b>Proceedings:</b>	Consideration of Disciplinary Action Pursuant to section 80(1)(d) of the <i>Racing and Betting Act 1983</i>
<b>Heard Before: (on papers)</b>	Mr Alastair Shields Ms Cindy Bravos Ms Amy Corcoran Mr James Pratt Mr Kris Evans
<b>Date of Decision:</b>	25 November 2021

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### Background

1. On 7 September 2021, a betting inspector appointed by the Northern Territory Racing Commission (**the Commission**) wrote to Entain Group Pty Ltd (**Entain**) (previously named GVC Australia Pty Ltd) requesting that it provide written submissions to the Commission regarding a potential breach by Neds of clause 5.5 of the NT Code of Practice for Responsible Service of Online Gambling 2019 (**the 2019 Code**). Neds is one of the betting platforms which operates under Entain's Northern Territory sports bookmaker's licence pursuant to the *Racing and Betting Act 1983* (NT) (**the Act**).
2. Clause 5.5 of the 2019 Code, amongst other things, states that a sports bookmaker "must not offer any credit, voucher or reward to a person to open a betting account".
3. The enquires regarding Neds' alleged non-compliance with the Code were initiated by the betting inspector after a member of the Commission witnessed a conversation between a Neds Business Development Manager (**BDM**) and a racegoer at the Fannie Bay Racecourse in Darwin on 31 July 2021. The allegations were that during the course of the conversation the BDM stated that bonuses were available to that individual or any others who opened a Neds account using the QR code on his business card. The BDM handed his business card to the individual for this purpose and also encouraged the individual to promote it to his friends.
4. The Commission member obtained that business card from the individual after the conversation and at a later date opened an account utilising the QR code. Once the new account was opened, a window immediately appears on screen providing a choice of three 'bonus cash' offers. Below is a screenshot of that window (**Screenshot 1**).



5. Entain provided a response to the allegations by email on 20 and 28 September and 8 October 2021 including providing the below list of new account holders who signed up with Neds using that QR code on 31 July 2021 along with the first cash bonus they received (Screenshot 2).<sup>1</sup>

Registration Date	Registration Date Time BNE	First Deposit Date	First Deposit Date Time BNE	First Deposit Amount	First Bonus Amount
31 July 2021	2021-07-31 09:11:25	31 July 2021	2021-07-31 10:48:54	\$100.00	\$100.00
31 July 2021	2021-07-31 12:07:24	31 July 2021	2021-07-31 12:09:28	\$100.00	\$100.00
31 July 2021	2021-07-31 12:45:26	31 July 2021	2021-07-31 12:47:10	\$100.00	\$100.00
31 July 2021	2021-07-31 13:19:59	N/A	N/A	N/A	N/A
31 July 2021	2021-07-31 13:42:22	31 July 2021	2021-07-31 13:43:27	\$1,000.00	\$1,000.00
31 July 2021	2021-07-31 13:45:37	31 July 2021	2021-07-31 13:49:46	\$250.00	\$250.00
31 July 2021	2021-07-31 14:01:58	31 July 2021	2021-07-31 14:04:14	\$100.00	\$100.00
31 July 2021	2021-07-31 14:11:19	31 July 2021	2021-07-31 14:12:42	\$250.00	\$250.00
31 July 2021	2021-07-31 14:17:00	31 July 2021	2021-07-31 14:20:55	\$250.00	\$250.00
31 July 2021	2021-07-31 14:30:17	31 July 2021	2021-07-31 14:32:37	\$400.00	\$400.00
31 July 2021	2021-07-31 15:09:16	2 August 2021	2021-08-02 15:13:24	\$200.00	\$200.00
31 July 2021	2021-07-31 15:25:11	31 July 2021	2021-07-31 15:30:35	\$250.00	\$250.00
31 July 2021	2021-07-31 15:33:28	17 August 2021	2021-08-17 15:32:00	\$250.00	\$250.00
31 July 2021	2021-07-31 15:45:43	N/A	N/A	N/A	N/A

<sup>1</sup> It is unlikely this list is a complete list of customers that signed up using the QR code noting that individuals who received a business card from the Neds BDMs on 31 July may have signed up at a later date (as did the Commission member who witnessed the conversation). It is also worth noting that it is reasonable to assume these business cards have been utilised on other days by Neds BDMs and not just on 31 July 2021, however, for the purposes of this complaint the Commission has limited the scope to 31 July 2021.

## Neds' Response to enquiries

6. In response to the betting inspector's concerns that clause 5.5 of the Code was breached in the offering of bonuses by the BDM to non-existing customers of Neds, Entain submitted that:
  - a. in attendance at the Fannie Bay Racecourse on 31 July, was indeed two Neds Business Development Managers (**Neds BDMs**) who were contracted to Neds under an affiliate arrangement;
  - b. both Neds BDMs denied the allegation that 'bonus bets' were being offered to non-existing customers as they were "fully aware of the training and direction that has been provided by Neds regarding sign up inducements and know that they cannot be offered";
  - c. Neds BDMs "did offer and provide existing customers with matched deposits, but only after they had confirmed that the person was an existing customer with Neds via Customer Support";
  - d. Neds BDMs 'did hand out business cards with QR codes that would link to the Neds sign up page, but did not offer any bonus bets in conjunction with this' and only explained to the individual that they "would personally manage their account and look after them as a Neds customer, which they believe some may have interpreted as bonusing, but are adamant no reference was made to bonuses."
  - e. it accepts that if words were used in the nature of "you will get a bonus bet if you sign up to Neds", that is a breach of 5.5 of the NT Code, and the exact type of behaviour that Neds staff (including contractor affiliates) have been directed not to engage in under any circumstances;
  - f. Entain accepts the circumstances of the complaint alleged (despite both the Neds BDMs denial) and consequently terminated their engagement of the Neds BDMs;
  - g. any offer made by the Neds BDMs of this nature was not authorised, and clearly went against all of the directions and training that Neds has provided to its staff regarding sign up inducements; and
  - h. the action taken by Neds in response to this complaint, being immediate termination of the Neds BDMs together with a reminder to all other BDMs that this behaviour will result in termination, is sufficient to resolve the matter.

## Consideration of the Issues

7. The 2019 Code was issued by the Commission in May 2019 in an effort to update and improve the former code which had been issued by the Commission in 2016, as well as to implement a number of the harm minimisation measures arising from the National Consumer Protection Framework for Online Wagering (**the NCPF**). The NCPF was agreed to by the Commonwealth and state and territory governments in order to develop a set of standard minimum protections for online gamblers, which must be adhered to by all online gambling providers.
8. One such measure agreed upon to reduce harm and to protect consumers from incentive-based marketing and strengthen standards for direct marketing is a restriction on inducements whereby online gambling providers are to be prohibited from offering any credit, voucher, reward, or other benefit as an incentive to open an account or to refer another person to open an account. It also includes preventing turnover requirements to withdrawing winnings from complementary betting credits or tokens.

9. In order to implement the prohibition of inducements part of this measure, the Commission introduced clause 5.5(a) into the 2019 Code, which as detailed above states the following:

**5.5 Inducements**

- (a) *Online gambling providers must not offer any credit, voucher or reward to a person to open a betting account or to an account holder as an inducement to refer another person to open a betting account.*
10. Noting the above, it is clear that inducements may continue to be offered by online gambling providers to their existing customers. However, the offering of any credit, voucher or reward to a person to open a betting account is prohibited by the Code. The prohibition also extends to an inducement being offered to a current customer to refer another person to open a betting account.
11. Notwithstanding the denials of the Neds BDMs, Entain has accepted a breach must have occurred on the basis that the conversation was witnessed by a Commission member. However, Entain has placed full responsibility of such breach on the Neds BDMs as it submits it was the “spoken words from [the Neds BDMs] promising bonus bets” that solely amounted to the offer of “*any credit, voucher or reward to a person to open a betting account*”. As a result, Entain have terminated the services of the Neds BDMs that were in attendance that day and put on notice their other BDMs. Entain submits these actions are sufficient in dealing with this complaint.
12. In Entain’s submissions, it clearly purports to disassociate the actions of the Neds BDMs from the actions of Entain on the basis that the offering of the inducement by Neds BDMs was not in any way authorised by Entain. The Commission does not accept that the Neds BDMs were not authorised to offer “*any credit, voucher or reward to a person to open a betting account*”. The business cards incorporating the prominently placed QR code were issued to the Neds BDMs by Entain for use in their business development activities. In the Commission’s view, it is reasonable to consider that those business cards were for the purposes of the Neds BDMs to be able to offer a “credit, voucher or reward” to non-existing customers to open a Neds account.
13. Entain states that “If a person simply received a Neds business card and scanned the QR code, they would be taken to the ... screens which do not contain any details or offer of a credit, voucher or reward for opening a betting account... It is only after that point, ie once the account has been opened and the customer is logged into their account, that any offers or bonuses would be presented...” On this basis, Entain submits that the mere handing over of the business card and scanning the QR code is not a breach of the clause 5.5(a) of the Code because the bonus cash options are not provided to a new customer until they have already opened an account. Entain submits that if Neds BDMs, in accordance with their training, do not explicitly use words such as ‘bonus’ or ‘free bets’ then there is no breach in these circumstances.
14. There is subtly in this argument, however, it is extremely unlikely that no conversation takes place between a Neds BDM and a non-existing customer when a business card is handed over. As set out above at paragraph 7(d), Entain acknowledges that even when indirect words are used such as the BDM advising the non-existing customer that they “would personally manage their account and look after them as a Neds customer” can be interpreted by that individual as “bonusing”. This interpretation is exactly what the Neds BDMs are wanting to relay.

15. Accordingly, there is a very precarious relationship between the BDMs actions and the handing over of a business card which provides bonus cash to non-existing customers if they open an account. Clause 5.5(a) does not require words such as “bonus cash” or “bonus bets” or “deposit match” be used deliberately in order to amount to an offer. The purpose of the QR code is to provide non-existing customers with bonus cash offers if they open an account and it reasonably follows that the Neds BDM will relay this offer to non-existing customers whether expressly or indirectly as an inducement to do so.
16. The Commission is of the view that these business cards have been issued by Entain to Neds BDMs for the main purpose of inducing non-existing customers to open an account on the promise of a bonus cash offer. There seems to be no other plausible reason to include a QR code which automatically provides bonus cash offers upon a new account being opened.
17. Finally, it is noted from Screenshot 2 above that one individual received \$1,000 as a first bonus amount and a second individual received \$400. Both of these bonus amounts were in excess of the maximum deposit match bonus cash of up to \$250 shown in Screenshot 1 indicating to the Commission that it appears likely that the Neds BDMs were also making offers of bonus cash greater than the standard offers to non-existing customers to open an account via the QR code.

### **Decision**

18. The Commission acknowledges that Entain has accepted that one breach of the Code occurred on 31 July through use of the language used by the BDM in the witnessed conversation which amounted to an offer of a “credit, voucher or reward to a person to open a betting account”.
19. However, on the weight of the evidence before it, including the number of new customers who signed up to Neds using the QR code, the Commission is satisfied that the Neds BDMs did offer a “credit, voucher or reward to a person to open a betting account” on a number of occasions on 31 July.
20. The Commission is also satisfied that the business cards incorporating a QR code which immediately provides bonus cash to new account holders after opening an account are for the purposes of inducing non-existing customers to open an account with Neds.
21. Entain’s submission that the breach was solely the result of the Neds BDMs acting outside their authority and training is not accepted by the Commission. Entain cannot purport to disown the actions of the Neds BDMs when the business cards being used by the Neds BDMs and which facilitates the very practice which is unlawful under the 2019 Code are in fact supplied by Entain itself.
22. The Commission has determined that Neds did not comply with clause 5.5(a) of the 2019 Code on a number of occasions on 31 July 2021 and as a result, pursuant to section 80(1)(d) of the Act, has failed to comply with condition 15 of its licence.
23. Disciplinary action available to be taken by the Commission for non-compliance with a condition of licence ranges from the issuing of a reprimand, imposing a fine not exceeding 170 penalty units or suspending or cancelling the sports bookmaker’s licence.

24. The Commission considers the offering of incentives to non-existing customers to open a betting account is an extremely serious breach of the 2019 Code. Entain (formerly named GVC Australia Pty Ltd) has previously been found in breach of clause 5.5(a) of the 2019 Code and received a penalty of the maximum fine of 170 penalty units.<sup>2</sup>
25. Notwithstanding the previous breach and the very serious nature of this matter, the Commission has determined not to suspend or cancel Entain's licence at this time but to impose once again the maximum fine of 170 penalty units which equates to \$26,690. Should Entain, or any of its related businesses, breach clause 5(a) of the 2019 Code again in the future, the Commission will consider carefully whether other disciplinary options under section 80(1)(d) of the Act should be imposed.
26. The Commission has also determined that given the serious nature of this breach, that this decision will be published on the Commission's website so as to place all Northern Territory bookmakers on notice that the Commission will not tolerate such activities which are in clear breach of the Code.



Alastair Shields  
Chairperson  
Northern Territory Racing Commission

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<sup>2</sup> Reasons for Decision – GVC Australia Pty Ltd trading as Ladbrokes, dated 5 November 2019.