

On-line gambling—the odds are against you



Recent months have seen an increasing focus on the issue of on-line gambling and the lack of effective regulation in this industry.

Forfar Sheriff Court recently heard the case of a 25 year old man who lost £158,000 in under an hour using 13 of his parents' credit cards. Sheriff Kevin Veal commented "If £150,000 can be lost in 50 minutes under clandestine conditions in the early hours of the morning, it is an issue so great that it needs to be addressed by the wider community. It is a social issue." The individual has been spared a custodial sentence in order to address his gambling addiction.

The flip side of coin is that on-line gaming has generated vast profits for those behind the websites. Indeed, the 34 year old computer engineer who developed the software for one of the most successful on-line casino and poker companies is now one of the world's richest men with an estimated fortune of £1.7 billion. The PartyGaming websites which, on average make £500 a minute, were an instant success, so much so, the technology had to be quickly updated to allow up to 70,000 gamblers to play on-line at the same time.

Against this background, the UK will stage the world's first international summit on online gambling in the autumn. This is a concerted attempt to find ways to rein in cowboy operators and increase regulation of this burgeoning industry. The summit hopes to consider ways of dealing with the risks such sites pose to those with gambling addiction problems and vulnerable children and young people. It is hoped the summit will persuade those in other jurisdictions such as Gibraltar, the Cayman Islands, Antigua and Costa Rica to adopt a minimum standard of regulation and introduce a code of practice requiring among other checks an age verification process.

The UK brought in online gambling regulations as part of last year's

controversial Gambling Act. The Act provided for a new regulatory system to govern the provision of all gambling in Great Britain, other than the National Lottery (regulated by the National Lottery Commission) and spread betting (regulated by the Financial Services Authority). It was intended the Act recognise and accommodate the significant technological changes that have taken place in the last 40 years. With this in mind it deals with the situation where the player is not present on the operator's premises. For example, operators based in Great Britain must obtain an operating licence to authorise the provision of gambling via remote communication e.g. via interactive television or the internet. Moreover, the new licensing system has been designed to keep pace with technological developments, so that, subject to appropriate Parliamentary approval, gambling delivered by new, unforeseen, methods can be regulated in the future.

Despite all the good intentions, the fact that the UK remains the only industrialised nation to have comprehensive gambling legislation in place begs the question as to whether there is any point in having legislation when people in the UK can easily play on a website hosted outside the UK and therefore not subject to the Act. As with all e-commerce issues this is an international one which can only really be addressed by multi-jurisdiction approach.

For more information on any aspect of e-commerce or on-line trading please contact:

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