EPIC RISK MANAGEMENT TALKS RESPONSIBILITY IN GAMING

MODERATOR: STEVE RUDDOCK

PARTICIPANTS: MARK POTTER
AND BRIANNE DOURA-SCHAWOHL

Steve Ruddock is the editor-in chief of Gaming Law Review.

Mark Potter is the head of delivery U.S. at EPIC Risk Management in United Kingdom.

Brianne Doura-Schawohl is the vice president of U.S. policy and strategic development at EPIC Risk Management in United Kingdom.

STEVE RUDDOCK: Let's start by talking about where we are, and what you think the U.S., with its multijurisdictional approach, has gotten right.

MARK POTTER: What they have gotten right? It is difficult for me to expand on that because we have not really seen the negative side of things yet. My biggest concern is how the UK market went. There was a massive boom in online betting and sports wagering. There was a flood of money that poured into the economy through it. And it was all positive to begin with.

But then three, five years down the line, we started to see the signs of harm. Things would appear in the press around suicide, bankruptcy, aspects of fraud and money laundering. The negative side of the industry that takes time to make its presence felt. It takes time for the harm to develop.

There was not a lot of early regulation in the UK, so it was pretty much a free-for-all, where people could go and spend what they wanted, bet in any way they wanted. There were no RG [responsible gaming] measures put in place. So over time, harm started to occur,

and only after the negative aspects did regulators and legislators start to look at it and think, "Well, hold on. This might not be as great as it was made out after all. We need to start putting things in place to minimize some of these harms that are occurring."

There is a lot of stuff going on now in the UK that there certainly was not there five years ago. The outlook has massively changed. We started to see research and data collected. We started to look at children and loot boxes, skins, and all that sort of stuff that comes along with gambling. The negative sides of things emerged, and regulation is now catching up. It is still not right, but it is so much better than it was.

My warning for the U.S. is, everybody will see the dollar signs. Everybody will look to make the quick buck.

And only when the negative aspects start to come into play, like suicides, bankruptcies, and frauds, will you start to see states and legislatures say, "Well, hang on a minute. We had better start putting things in place to protect our customers."

BRIANNE DOURA-SCHAWOHL: What has gone right here in the U.S.? I see it two ways. Gaming is not regulated from a federal level. A multijurisdictional approach allows for two opportunities of cultural competency. We know that each state is unique in what it offers in its gaming products, the way it does it, and who the consumers are.

No two states are made up the same, and that is really important when we are looking at problem and responsible gambling policy. We know that young black Americans and veterans, they are all more susceptible to forming a gambling addiction. When a state is able to draft rules and regulations that are more appropriate to the customers based upon the gambling offerings, we can really see strengths.

What I have seen right through the expansion of sports betting is that while, yes, half of the states that have recently legalized have no considerations or funding for problem gambling, we have seen states that have neglected it, like Virginia, New

Keywords: Responsible Gaming, Problem Gambling, Sports Betting, US

DOI: 10.1089/glr.2020.29002.int © Mary Ann Liebert, Inc.

Hampshire, Washington, D.C., finally use this opportunity for expansion to start thinking about the social and economic implications, good, bad, and ugly, when it comes to the gambling offerings.

I have been really encouraged to see some of the states that have not considered the social aspect of gambling and focused on the revenue, like Mark was talking about in the UK, examine the not-so-glamorous things that can come if they neglect to address it.

I have also been encouraged by Wyoming and Alabama. They are both doing studies about both the social and economic implications before they move forward. As we embark upon 2021, in the next legislative session, it would be great if legislatures and regulators really would do their research ahead of time about the benefits they stand to gain and what risks they are taking on as a state were they to expand or even continue what they are currently offering.

In some jurisdictions, like Mississippi, there really are not any regulations. New Jersey, with 6.9% prevalence of gambling addiction, has got some funding. But you still have a problem. So those are getting into the negatives.

If we are going to look for some silver lining, though, cultural competency is one, and finally, being able to remedy some of those ills of the past, and really start to consider the social aspect of gambling expansion.

MARK POTTER: It's a really good opportunity to use some of the research and data collection from the UK, given the fact that the UK is so far ahead in terms of data, in terms of RG measures. Use that to scope a sustainable industry in the U.S.

By engaging in the kind of things that we are looking to do early, and create the right policy from the beginning—which, let us be honest, did not happen here—sets the U.S. off on a much better footing than it did over in the UK. That is one positive. If you can use all the jurisdictions that have done some good and some bad things and failed at some, but done well at others, and pick out those positives and find ways of mitigating the negatives, you can use that in a way that creates a more sustainable environment.

If you can create the right mindset, at least from the beginning, then you are on a better footing, a better platform than we probably had here in the UK.

STEVE RUDDOCK: Along those same lines, do you think it will be a more difficult fix due to the state-by-state aspect in the U.S.? Obviously, in the UK, it just required the UK to step in and install some RG measures. In the U.S. it is going to be a lot more difficult unless there is some type of federal action that sets minimum standards.

BRIANNE DOURA-SCHAWOHL: Absolutely. These operators are operating in multiple jurisdictions across many states. To have such a fragmented and fractured system can be difficult. We are talking about a variety of different tools, whether that is self-exclusion or different advertising guidelines. Just look at the two regulations put out recently in Puerto Rico and Virginia. Both have considerations for problem and responsible gambling. But you have very different requirements for operators.

This does not put operators in a good position. They are having to constantly do this juggle, and they are not really evaluating it, in many of these cases, to see what is working. It is just, "Okay, this is what you have to do here, and you have to do it differently somewhere else." I worry very much about public health. I worry about the success of some of these RG and PG [problem gambling] programs. The fractured system has quite a few hurdles.

STEVE RUDDOCK: Along the same lines, if you had to sum it up as one or two things, what is the U.S. lacking?

MARK POTTER: It is the same as in the UK. It lacks a minimum set of standards. The big issue over here is that the UK gambling commissioner is very reluctant to implement a set of standards that people need to adhere by. What we would prefer to do is let you create your own, and then tell you that they are not good enough, and then give you a sanction or a fine.

There needs to be an overall set of industry standards. It could be as vague as it needs to be. It does not need to be massively or overly hectic, just some basic standards that people have to adhere by. Then individual states can run with their own measures. There should always be a baseline that you have to adhere to.

BRIANNE DOURA-SCHAWOHL: You also need research in evaluated, proven minimum standards, right?

What needs to follow behind that is a recognition of gambling disorder here in the United States. There is no formal recognition of that, or the ability to provide treatment. Minimum standards are important, too, but we have to also recognize that gambling disorder is a real issue for both operators and consumers.

How do we mitigate that risk, as Mark said? Through these minimum standards. The government needs to do those two things.

MARK POTTER: I think there is an opportunity for us, and for operators and anyone else to get involved. Operators can set themselves apart from others by actually saying, “One of our main goals is customer protection and long-term sustainability.”

That is the long-term way to make money and create customers you keep for a long time because you look after them in the right way. They get the best possible experience. Part of that is being looked after in terms of RG, and do it in a long and sustainable way, where people are essentially losing what they can afford to lose over a period of time, over an amount and period of time that is comfortable for them, rather than trying to take as much money in as short a period of time as people can.

Suddenly, when the negative stuff starts to happen, their name is all over the press in terms of fines, in terms of negativity. That is where the operators who look after customers come to the fore.

That is what is happening in the UK. The fly-by-night operators that turned up, opened up, cleaned people out, and disappeared, are gone. Others are paying massive sanctions. The people that wanted sustainability, wanted to look after the customers, and did things in the right way are going to be around for years and years.

That is what we have got to do in terms of our operator work—highlight that that is the way forward, and not to pull everybody’s pants down and take as much as they can quickly.

BRIANNE DOURA-SCHAWOHL: That is a great opportunity to highlight. I spoke out about Virginia, helped with the bill of rights in some capacity. We are not seeing the UK monetary fine structure here in the U.S. The regulations do not always have teeth behind them.

We can utilize what we are learning from the UK. Highlight that this is worth taking seriously, that there are consequences for both the consumers and the operators if we do not abide by this. There is a real cost. I am talking about the cost of life. Sometimes there needs to be that enforcement component to it.

In New Jersey, we see a little bit more of that. We obviously would like to advise with operators, regulators, and legislators to continue to explore those types of things as they move forward, not because we do not think operators want to work with them to succeed, but we just feel that an enforcement component is something that is crucial for the success of some of these new regulations.

STEVE RUDDOCK: What do you think are the major friction points for operators, the stakeholders in the industry? When we bring up topics like this, what is it that gives them pause? What are their concerns on this issue?

MARK POTTER: Profitability is the main thing. If there is no regulation and legislation, setting yourself as somebody that wants to protect customers, wants to put measures in place, wants to have people set deposit limits, and wants to have the RG tools, the danger for them is that they think they are going to cost themselves profit, and it is going to cost them in a commercial way. Our job, and the job of policy creators, is to show that consumer protection is actually the way to go.

Rather than doing it in a way that creates harm, they should want to do it in a way that creates sustainability. In its own way, that creates commercial value. The sticking point is obviously, “Why should we do something that other operators do not have to at the moment?” Doing something because it is the right thing to do, as opposed to doing something because they have to, will always be the right way to go. It is just how you portray that in a way that makes sense.

BRIANNE DOURA-SCHAWOHL: In the U.S., operators feel that they do not necessarily have to. It is up to the individual to determine how much they gamble, and how they gamble. They feel that sometimes it is impeding upon that free will if they are too forceful with some of these limitations, that it is an individual’s choice.

While we hear that and respect that, there is a balance to be had. We need to be sympathetic and empathetic to that while really highlighting the fact that consumers want to stay, play, and engage with an operator that they feel protected by.

There is this shame and stigma that comes with being an operator. Many will accuse operators of always being a bad actor and creating an addict, and we know that is not necessarily true. These are not customers that have longevity to them. This is not something a lot of operators want to be taking business from or doing business with.

We need to break the stigma around these RG tools and show operators that it is not hindering their profitability. It is enhancing their brand. It is enhancing the experience of customers. Customers are going to want to stay and play and engage with you more when they feel protected.

Mark is right. Profitability is a friction, but here in the States, what I hear the most from operators is, “It is not my job to tell them what they can and cannot do with their play.” We need to reverse their view of that or show them how RG tools can benefit their operation.

STEVE RUDDOCK: This reminds me a lot of PokerStars a few years ago when they wanted to change the structure of their rewards program, but because it was in place at every other operator, there was a fear that the other operators would have a leg up and take advantage of that by offering more rewards even if it was bad for the long-term sustainability of online poker. Do you feel the same about the sports betting industry, where one operator thinks, “I would love to do that, but I cannot do it until everyone else does it?”

BRIANNE DOURA-SCHAWOHL: Here in the States, we are seeing that—maybe in the UK it is a little bit different—but in the US we are seeing a lot more collaboration amongst operators. Right now, there is this mentality about consumer protections either being an advantage to the market or a disadvantage. I think we saw that in some public comments most recently about sports betting and pushing back about RG. Without naming names, a very well-known operator had a lot of hesitancy about RG.

Unfortunately, I keep trying to articulate that the public at large is not going to see just one brand. They are

going to see gaming operators, sportsbook, addicts, and that is going to be the headline. Nobody is going to say, “Well, that was so-and-so.” I keep saying, “RG should not be about a competitive edge. RG should be about a universal belief that we are protecting the industry, to do exactly what Mark said, sustainability. The PokerStars example is unfortunately the mentality we are seeing in sports betting here in the U.S.

MARK POTTER: One thing that I have picked up on in the few conversations that I have with U.S. operators that surprises me is one of the first things they all said is, “Look, we are willing to engage with all the operators and do the right thing externally,” but internally, everybody wants to create an advantage over somebody else. Whether it is working with some like us, or creating their own model, they can push it out as the greatest thing in the world. There is much more competition for places in terms of the hierarchy of best operator, most responsible operator, what that looks like.

Whereas I think one real benefit of the U.S. is, in the conversations that I have had, they all talk about collaborating and creating something that works across all channels. That is a real positive for the U.S. Of course, I might have just been really lucky to speak to two or three people that actually advocate that. But my experience says that they are more open to that kind of thing than here in the UK.

BRIANNE DOURA-SCHAWOHL: The appetite for an operator’s national approach is very palpable. I love it. I am encouraged by it. I understand from a business perspective, too, how that would be easier. If I am operating in six states, tell me the best practices to communicate and be delivering RG effectively to my consumers across all platforms. It is why I get frustrated with the self-exclusion the way it is, or the time-out differential.

Illinois, New Jersey, and Michigan all have very different self-exclusion and time-out requirements. It does not make it easy to operate in those three jurisdictions. I agree with Mark, it is palpable. People want it. That is why I am really proud of EPIC—we can help a lot of operators navigate that. But as a system, at large, multijurisdictional, it has its obstacles.

MARK POTTER: Difficult. It is almost like working in 50 separate countries and trying to create the right narrative all around, which is obviously so difficult, but the only way to do it is to show the right way to work.

To me, our role at EPIC is to train operators to be competent in identifying early signs of vulnerability, to not allow them to get through to the stage of pathological gambling harm before we have a conversation with them to ask them if they are okay, which nine times out of ten, the answer will probably be “no” at that stage.

The idea of our training will be to mitigate harm through early identification and detection, fit-for-purpose RG measures, advocacy of tools, and as much as we can do in terms of harm minimization.

As we move forward with initiatives like our partnership with GVC, we will hopefully find some positive media, some positive PR off the back of that. And hopefully, that will create a safe gambling environment, see more people want to engage in it, and more people want to promote the use of tools in the right way, which is not to tell somebody what to do or what not to do, but to advocate. It is a way of saying, “Look, the best way to have a long and sustainable betting career is to do it in a way that is responsible and not to try and chase what is not there from the beginning.”

That is the overall outlook of what I see. My main concern is that the dollar boom will hit in a big way, and legislation and regulation will lag way behind, like it has done in the UK.

But what has been good in the UK is, over the last couple years, there have been quite a lot of industry collaboration days, which are organized by one operator, where they would invite all of the others and run the series of initiatives and discussions and working groups, and discuss topics and what best practice looks like.

There is an opportunity to do that. We can probably lead on that in some way, as well. We will discuss between us what is the best, because, I do not know, DraftKings might have certain great ideas on how to assess risk, where FanDuel might have new and improved tool ideas.

If you all get in the same building and discuss what the best practice looks like for each individual, I think there is mileage to be had in that. If people are open to these collaborations, then I do not see why those sort of days cannot happen in the U.S.

STEVE RUDDOCK: How do you bring all of that together to lawmakers and regulators? What is the recipe to get them on the same page? Normally, they are looking very locally at how this will affect them. So how do you get them to look at more of a national scene, even though it is just for their state?

BRIANNE DOURA-SCHAWOHL: It isn’t about how to get them to look at a national level. I think a national approach to responsible and problem gambling, getting the operators to agree to some basic principles and terms is really key, because it is going to strengthen the industry.

We hear so much the industry as a job creator. They are developing local economies, but certain states are really reticent to jump into that business because of the social implications, or sometimes a misunderstanding of the negative consequences.

If the industry can come forth with a plan of action, with a commitment about minimum standards and funding structure, hopefully that would create this level of trust amongst policy makers, legislators, and regulators about additional good that sportsbooks and casinos and I-gaming can bring to the table.

Pretending something does not exist is not going to spearhead any trust or willingness for collaboration. We need to own that there are problems and responsible gambling considerations have to be made and demonstrate we have a solution. That we are bringing in experts to help guide us in our policy. That we are learning from more mature global markets. Let us talk seriously about what we can do to help one another. It is a really solid approach, and it would behoove operators to put their competition aside for this cause.

MARK POTTER: Those irresponsible things are also not going to last forever. That is the one thing that we can do, help promote that and show the benefits of doing things in the right ways from the start. It is difficult, but it is something that we can certainly help with. It’s a tough job.

STEVE RUDDOCK: Is there any research or data on cost associated with, say, expanding gambling so sports betting is legalized in a certain jurisdiction with 12 million people? Something that shows this is what you are going to see in terms of social costs to the state?

BRIANNE DOURA-SCHAWOHL: Back in 1999, there was that national survey that was done under the Clinton administration that examined the social cost of gambling addiction. That was about one percent of the population. It came up with a number. When we look at it with inflation to today, it is roughly about \$1,200 per person.

There is no national prevalence study here in the United States. It is state by state. But based upon the findings, we had about one percent of the population of a state multiplied by that \$1,200, and that will give you a rough estimate of the social cost. That being said, there are certain states—like Iowa, it is a little over one percent; New Jersey, it is six percent—where we have a better idea of the social cost of expansion.

MARK POTTER: There have been lots of research pieces done like that in the UK. 17.5% of all frauds in the UK are gambling related, which is unbelievable. Every week there is a certain amount of suffering from gambling-related harm. It is roughly the same. It is roughly one percent.

The issue with the one percent is that, as an addiction itself, it is such a secretive thing that the likelihood is that it is so much more than that. Any studies, any figures like that are going to be very undervalued. The unfortunate thing that normally has to happen is you have to see that play out, and you have to see some people suffering before it enters the public spotlight.

Whereas now, here in the UK, MPs [members of Parliament] and government are talking about it all the time. It is part of political viewpoints. People are trying to win points to say that they will look at the Gambling Review and the Gambling Act if they get into power. It has now come to the fore so much that it is in the national papers at least once or twice a week. Every sort of prison conviction or fraud conviction or suicide are always in the press. There are some lobbyist charities being set up from parents of kids that have taken their own lives because of it.

My worry is that sort of thing has to happen before people realize it is an issue because I know from my experience that I dealt with it for 15 years before I saw the need to tell anybody about it. I always thought it was like drinking and drugs, where physical symptoms will obviously manifest themselves.

The other issue is, you never think you have a problem with it as an individual. I always thought because today or tomorrow may have been my day in the sun that you can always solve all of your problems with one really good day, whereas other addictions are very different to that.

I could have solved my debt with one great day. It almost happened many times. What I did not realize is there was never enough to satisfy my desire to gamble. That is one of the biggest issues, that it is so undervalued, the amount of people that are struggling because there are so many people either still trying to get out of it, still deluded into thinking they can and it will work itself out, and still ashamed of debt, stealing, fraud, and trying to hide it.

Because it is such a secretive thing, any research or data, as much as it can be really positive, will always be undervalued. That is one big issue. But it is about getting that out there and finding a better way of getting it out there than watching people suffer and having to read about it.

BRIANNE DOURA-SCHAWOHL: That is what is so important. Let's take the SEIGMA [Social and Economic Impacts of Gambling in Massachusetts] research that is happening in Massachusetts. It is not only looking at prevalence of gambling disorder and the cost associated with that, but also the at-risk population. Rutgers is doing similar research in New Jersey.

It is always really key when states are looking at both of the demographics because Mark is right, it can be silent for many, and some are very severe. There is also that demographic that is at risk, and that also comes with social cost, whether that is in the form of divorce or bankruptcy. It is not only the health care and the treatment side that we have to consider when we look at the social cost, but it is another crucial demographic for us to consider when weighing the economic implications of this.

MARK POTTER: Precisely. Job losses, fraud, money coming out with social welfare, all the things people have to go through.

The danger is that when it does start to happen, everybody automatically points to the financials in terms of harm, because that is what it is. But actually, if I look at everything that I did that I regret the most, money is at the very, very bottom because you can always get more of that.

What you cannot get back is the other stuff. I missed my daughter's birth. Terrible. My rugby career went down the pan. Terrible. I cannot get any of that back. I spent no time with my kids when they were small. All that sort of stuff is the stuff that you cannot get back.

The social cost, like you say, is so much greater than the financial cost. That never seems to be what is discussed. But that is ideally what we try to get across as part of our programs, as part of our education pieces, as part of our conferences and media, is to always discuss that scenario because it is one of the most important. The human cost, rather than the financial, is the biggest.

For such a big country, the danger is that it happens so much—and it will, unfortunately—that, no matter how safe you make the industry, people will slip through the net. It is about making that as small as you possibly can. That is what we have got to try and do.

STEVE RUDDOCK: A theme I am picking up on throughout this talk is your concern that every part of this is going to be reactive and not proactive, that legislation and operators reacts to issues only after they are laid bare. And even the general public seems a little bit more reactive, until it actually hits them, affects them in some way, it is almost like it is not there. Is that something that can be solved through education, through some type of campaign?

MARK POTTER: I certainly think so. That is the whole reason we exist. It is very difficult to portray that to somebody that does not have experience with it. That is why mixing lived experience in with these education programs works really well. Somebody stands in front of you and talks to you about how it affected them, the risks they can cause,

and not in a way that says, “Right, you should or you should not do this,” because that is not the way to deal with anybody. It is like telling a child to not do something, and straightaway that is what they want to do.

It is about portraying it in the right way, showing the benefits of responsibility, showing the risks of what can happen if you do not do things in the right way, showing operators that a beneficial way of working is to create sustainability. The worst thing in the world for an operator now is to have X amount of problem gamblers on their books because they are the ones that are involved in money laundering issues. They are the ones that are involved in frauds. They are the ones that are involved in all of the negative aspects of play. Conversely, if you have a happy and content customer base that is millions and millions of people because you look after everybody the right way, then it is so much more beneficial.

Proactivity is the way to go, doing things because it is the right thing to do, and not because you have to, or because suddenly somebody has told you to do it. In the long run, that will showcase itself as the way to go. It will be operators that do that earliest and look after people best that will be the ones that last. It is just the natural way of the world.

BRIANNE DOURA-SCHAWOHL: The few instances where we have seen states and legislation and regulations being proactive is a direct result of education. Advocacy, through research, through this combination of lived experiences, is a really powerful tool, and it is one that I am really proud to be a part of, because the results are a little bit more aggressive when it comes to problem and responsible gambling.

We are seeing funding appear that had never been there before, advertising guidelines or programs like self-exclusion. Prevention and education are keys to success from all aspects of this. Whether we are talking policy or we are talking just from basic consumer public health awareness with our youth and with our athletes, it is really the key to it.

MARK POTTER: If you create something, it is the lived experience rules, always part of any training program, of any education, anything that we do

because, number one, it provides the authenticity to the audience that actually makes them listen. It sends them away thinking about their own behaviors.

We mix that in with the training packages that we provide and show what would work and what would not work and what would have worked for us, how we can navigate around that, what would have been more beneficial, how we could have navigated away from the path that we took. As much as you can, we portray that it is not a bad thing to bet responsibly. It is something that you should do, and your operator should do.

That is where having meaningful conversations with your operator at regular periods to check welfare-wise, is this the right thing to do? Promoting things in the right way has benefits all around, and that is what we will always try to do.

For every education program we have done, the idea was prevention and not to identify people that are already struggling, but ultimately both happened. If anything, education can bring forward the people who may be hiding in the background that are already suffering from some sort of harm. It will make people look at the relationship with gambling and maybe try and navigate themselves off that path and to something more sustainable, or for those that have not entered that world yet, it can send them into it with better-informed choices.

I do not see there are any negatives to it because it can have so many benefits in so many different ways to

so many different people, depending on where you are in what you would call a gambling spectrum, whether you never placed a bet before, and you are just interested to know what the environment looks like; you are somewhere in the middle, where most people are; or you are right at the end, where actually you recognize all these behaviors in yourself and think, "Right, it is time to do something about it." I see it being a really important aspect of it.

Just like we know treatment works, we know prevention works. That is why we have seen such a huge commitment from the federal government around the opioid crisis and pouring money into prevention and education. This is another example of where that could really be fruitful for both public health as well as operations at large.

Yeah. Research, as well as education, is even better. Most programs that we run, we also run a research piece off the back of it. It is something that we discussed earlier, and it is something we are going to discuss in the U.S. You can kill two birds with one stone. You can educate a lot of people around the risks and dangers of irresponsible play whilst also collecting a prevalence study. It does not matter what sort of number or data that is, but any data is better than no data.

If you can do both, then even better. That can help form a sustainable environment, by putting them together, but it is not always the easiest to do.