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# NORTHERN TERRITORY RACING COMMISSION

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## Reasons for Decision

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<b>Licensee:</b>	Buddybet Pty Ltd
<b>Proceedings:</b>	Consideration of Disciplinary Action Pursuant to section 109V(1)(d) of the <i>Racing and Betting Act 1983</i>
<b>Heard Before: (on papers)</b>	Mr Alastair Shields (Presiding Member) Ms Cindy Bravos Ms Amy Corcoran Mr James Pratt Mr Kristopher Evans Ms Susan Kirkman
<b>Date of Decision:</b>	20 February 2023

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## Background

1. On 12 September 2019, the Northern Territory Racing Commission (**the Commission**) granted a license to Buddybet Pty Ltd (**Buddybet**) to conduct the business of a Betting Exchange, pursuant to section 109C of the *Racing and Betting Act 1983* (**the Act**).
2. Before commencing operations as a licensed betting exchange operator, Licensing NT provides each new licensee with an electronic file containing the names and relevant details of each person who has requested to be self-excluded from all current and future licensed sports bookmakers and betting exchange operators in the NT, for the purpose of that operator putting in place measures to comply with the *NT Code of Practice for Responsible Service of Online Gambling 2019* (**the Code**). The information on self-excluded persons is updated as required. The measures in the Code include preventing self-excluded persons from opening a betting account, and putting in place measures to ensure that such persons do not receive correspondence or promotional material.
3. On 10 January 2023, Licensing NT received a complaint from a self-excluded person, Mr B, in relation to receiving materials from Buddybet, despite being on Licensing NT's self-excluded register.

## Buddybet's Response to enquiries

4. In response to the complaint received by the Commission, Buddybet submitted that:
  - a. on 12 December 2022, a list of all Buddybet's unverified "customers" was obtained via its third-party identity verification provider;
  - b. On 10 January 2023, this list of unverified customers was provided to Buddybet's IT department to enable them to confirm and update contact details by reference to Buddybet's internal customer database;

- c. On 10 January 2023, an email communication requesting that the verification process be undertaken was sent to 3,278 unverified persons.
- d. Of the 3,278 persons emailed, 232 persons were either on the list of self-excluded persons provided to Buddybet by Licensing NT, or who were otherwise self-excluded;
- e. The list of 3,278 persons inadvertently contained the records of self-excluded persons, none of whom had open accounts with Buddybet;
- f. No self-excluded person was able to open an account or place a bet as a result of the emails;
- g. Buddybet immediately commenced an investigation into the error, and has subsequently implemented processes to prevent a recurrence (including engaging an external CRM company to assist in making customer communications more robust); and
- h. Buddybet acknowledged the breach of the Code, and the seriousness of the matter.

## **Consideration of the Issues**

5. In order to minimise the harm that may be caused by online gambling, the Commission introduced the Code which came into effect on 26 May 2019, having replaced the Northern Territory Code of Practice for Responsible Gambling 2016.
6. Clause 4.6 of the Code requires sports bookmakers and betting exchange operators to "...have in place suitable procedures to ensure correspondence or promotional material is not sent to persons who are either excluded from their services, or who request that this information not be sent to them".
7. It is a requirement of the Act and Buddybet's licence (condition 15) that Buddybet complies with the Code.

## **Decision**

8. The Commission is satisfied that the sending of emails to 232 self-excluded persons on 10 January 2023 was in breach of clause 4.6 of the Code.
9. The Commission acknowledges that Buddybet's breach of the Code was brought about by error, rather than intentionally, and that Buddybet has acknowledged its breach of the Code and accepts that the breach is serious. Buddybet has put in place measures to prevent such an error occurring again in the future.
10. The Commission also notes that the email sent to self-excluded customers was a request to complete a verification process, rather than an invitation to participate in betting activity, and that no self-excluded persons contacted were able to open an account or commence betting as a result of the email.
11. Nevertheless, the Commission considers this to be a serious breach.
12. The Commission has therefore determined that Buddybet did not comply with clause 4.6 of the Code on 10 January 2023 and as a result, pursuant to section 109V(1)(d) of the Act, has failed to comply with condition 15 of its licence.

13. 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 betting exchange operators licence.
14. The Commission considers that contacting self-excluded persons is a serious breach of the Code, notwithstanding that the email was not an invitation to bet, and no accounts were opened or bets placed as a result.
15. In all of the circumstances, the Commission has determined to impose half of the maximum fine, that is 85 penalty units, which equates to \$13,770.00.
16. 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 sports bookmakers and betting exchange operators on notice that the Commission treats such breaches very seriously.
17. The Commission has also determined to write to all operators licensed in the Northern Territory to express concern at the increasing numbers of instances of email and text communications being inadvertently sent to self-excluded persons.

Alastair Shields



Chairperson, NT Racing Commission