

Gambler Autonomy in Harm Minimization and Consumer Protection

Gaming Regulation

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Gambling Regulation

Traditionally Protected State and Casinos

- Protect income stream to state by preventing siphoning off by casino
- Preserve public confidence in casinos
 - Prevent fixed machines
 - Aura of “protection” so that gamblers feel safe

Brave New World of Gambling Regulation

- Harm Minimization and Consumer Protection enter the picture.
- Question: What is the effect on gambler autonomy?

What is *Autonomy*?

- ❑ Comes from Greek roots for “self” and “rule” so means control over one’s self.
- ❑ Not just freedom from exterior rules.
- ❑ Requires sufficient options and freedom and ability to choose from those options.

Autonomy for Gamblers

- Freedom to gamble when, where, and how much they want?
- Freedom to choose among gambling options with information sufficient to choose?
- Freedom to limit gambling opportunities in order to reduce effects of problem gambling?

Harm Minimization

v.

Consumer Protection

Harm Minimization

- Goal is to minimize adverse social, economic and health effects without necessarily requiring abstinence.
- Focuses primarily on problem and pathological gamblers.

Types of Harm Minimization

- Supply Reduction
- Demand Reduction
- Reduction through Pre-Commitment
- Attempts to reduce harm without affecting supply or demand

- (based on Cantinotti and Ladouceur, 2007)

Harm Reduction by Supply Reduction

- Reduce access to gambling by limiting
 - Hours of operation/numbers of locations
 - Amount that can be wagered
 - Speed of wagering

- Reduces supply by reducing freedom to gamble when, where, for as long, and for as much as gambler might desire.

Harm Minimization by Attempting to Reduce Demand

- Use of slogans, “Bet with your head, not over it.”
- Removal of ATMs
- No alcohol sales or give-aways
- Reduce sound/music of slot machines
- Marketing and ad restrictions/bans
- Clocks and other reminders of how much time/money has been spent.

Harm Reduction by Pre-Commitment Strategies

- Self Exclusion programs.
- Smart cards with time/money stop losses.
- Requirement that gambler purchase gambling tokens or smart card in advance.
 - Goal is to allow or force gambler to decide beforehand whether to gamble or possibly how much or how long.

Secondary Harm Reduction

- Tries to reduce ultimate harm of gambling without reducing amount of gambling
- Example: shelters for homeless families.

Autonomy and Harm Limitation

- ❑ Supply Reduction strategies are direct limitation of gambler autonomy.
- ❑ Demand Reduction strategies less direct limitation of gambler autonomy. (Make you want it less is softer paternalism.)
- ❑ Self-exclusion programs and pre-commitment can enhance gambler autonomy.

Pre-Commitment and Autonomy

- Pre-Commitment strategies (exclusion programs, stop loss smart cards, etc.) can enhance autonomy because they allow gambler to make decisions in thoughtful, reflective manner rather than in heat of the moment.
- Autonomy not just freedom to choose, but ability to enforce thoughtful decisions

Autonomy and the Reno Model

- ❑ Reno model uses limitation of autonomy by harm minimization as justification for requiring scientific basis for gambling regulation. A Science Based Framework for Responsible Gaming: The Reno Model, Alex Blaszczynski, Robert Ladouceur, and Howard J. Shaffer
- ❑ Based on concept of “informed choice” with little description of what that means.

Consumer Protection

- Theory: consumer purchases should be result of informed, competent and voluntary decisions of consumers among competing options.
- Goal is to aid consumers in being “good shoppers,” maximizing the value they receive, and to protect them from sharp or abusive practices.

Tools of Consumer Protection

- ❑ Disclose information at time of transaction in form easily understood by consumer.
- ❑ Ban sales techniques that deceive or confuse consumers.
- ❑ Ban sharp tactics that coerce sales.
- ❑ Limit products/services that are inherently risky or difficult to understand.

Consumer Protection Increases Consumer Autonomy

- ❑ Idea of “Consumer Sovereignty”
- ❑ Consumer should have adequate information, sufficient options, and freedom to choose.
- ❑ Should lead to an efficient market, where competition based on quality and price.
- ❑ Competition based on quality/price drives out less effective producers/suppliers.

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- ❑ Even under “Reno Model,” regulation which increases gambler autonomy should not require scientific proof of effectiveness in reducing problem gambling.
 - ❑ Consumer protection can benefit from research, but is not dependent on it for justification.

Advantages of Consumer Protection As Basis for Regulation

- ❑ Consumer protection already in extensive use in consumer goods and services.
- ❑ Principles and application already understood.
- ❑ Easy to adapt principles to changing gambling methods.
- ❑ Does not require extensive scientific experimentation to justify common sense regulation or change in regulation.

Why Consumer Protection?

- ❑ Consumers normally best judges of what they want and how much they will pay.
- ❑ Allows comparison shopping between products and vendors
- ❑ Helps consumer decide whether to purchase product at all
- ❑ Industry not likely to volunteer information, especially where it will decrease profit margin or size of entire market.

Lessons of Consumer Education Programs

- ❑ Simply and clear information (Limit to three pieces of info if possible!)
- ❑ Give info at time of purchase and make available before
- ❑ Tailor info to the individual
- ❑ Make it interactive
- ❑ Common format industry-wide
- ❑ Avoid disclosing as probabilities

Truth in Gaming: Disclose True Cost of Gambling

- Cost of each game.
- Overall cost of individual gambling practices.

Cost of Individual Wager

- ❑ True average cost isn't size of wager, but how much casino keeps and does not return, on average.
- ❑ Called house advantage or edge for table games, hold percentage for slots.
- ❑ "Hold amount" is expected amount casino will win on average for a bet of specific amount, given house edge.

How to Disclose Cost of Each Game for Slot Machines

- ❑ Display hold percentage and hold amount near button to push to bet
- ❑ As gambler increases bet amount, hold amount goes up as casino's expected average win increases
- ❑ Hold percentage may change with more coins, depending on machine

Example of Counter

- Dollar slot machine with a 10% hold percentage normally, but 9% hold percentage if four dollars wagered.

Before Any Bet, Slot Machine Counters Read:

- ▣ Hold Percentage: 10%
- ▣ Hold Amount: \$0.00.0

One Dollar Bet

- Hold Percentage: 10%
- Hold Amount: \$0.10.0

Two Dollars Bet

- Hold Percentage: 10%
- Hold Amount: \$0.20.0

Three Dollars Bet

- Hold Percentage: 10%
- Hold Amount: \$0.30.0

Four Dollars Bet

- Hold Percentage: 9%
- Hold Amount: \$0.36.0

CREDIT699
\$6.99**BET**100
\$1.00**WIN**500
\$5.00

Press **I** at any
time to return
to the game

ELECTRONIC GAME INFORMATION

50 Lions

Total Theoretical return to player of this game = 87.58%

Theoretical number of individual games played per win = 19.65
 Minimum bet = 1¢ Maximum bet = \$1.00

Chances Of Winning

(Based on MINIMUM BET selection & excluding feature wins)

Top Five Winning Combinations

5 Lions	1 in 8,200
5 Zebras	1 in 22,140
5 Giraffes	1 in 39,375
5 People	1 in 39,375
5 Trees	1 in 65,625

Bottom Five Winning Combinations

2 Zebras	1 in 56
2 Giraffes	1 in 75
3 Hines	1 in 1,021
3 Tens	1 in 1,429
3 Jacks	1 in 1,191

2:00pm



\$1 Buys
100 Credits

How To Disclose Overall Cost of Gambling to Individual Gambler

- ❑ Allow gamblers to gain access to casino databases for their own gambling records
- ❑ Mandate universal smart card readers for each slot machine that can track bets, wins, losses, hold percentages, etc. for any casino.

Other Consumer Protection

- ❑ Ban near misses, unbalanced reels and any aspects of games that make winning seem more likely than it is.
- ❑ For each game, gambler should be able to determine hold percentage and hold amount.
- ❑ Game should not be designed to appear to have lower hold percentage (appear looser) than it really does.

For More:

- Kurt Eggert, Truth in Gaming: Toward Consumer Protection in the Gambling Industry 63 Maryland Law Review 217 (2004)
- Available at SSRN:
<http://ssrn.com/abstract=901306>