

# CORPORATE SOCIAL RESPONSIBILITY IN STATE-OPERATED ONLINE GAMING

By Michael D. Lipton and Kevin J. Weber

**A** number of provincial lottery corporations have recently announced plans to either commence online gaming (i-gaming) operations or to greatly expand their existing i-gaming offerings.

Canadian lottery corporations have been among the world leaders in developing and applying corporate social responsibility (CSR) strategies to land-based gaming. This article considers how the lottery corporations might usefully apply some of the lessons learned in land-based gaming to exercise effective CSR in newly expanded state-operated i-gaming.

## CSR Standards

The World Lottery Association (WLA) is a global professional association of state lottery and gaming organizations from 76 countries; it accepts applications from state lotteries for recognition. The WLA certifies state gaming operators, provided they can demonstrate their commitment to CSR across 21 areas.

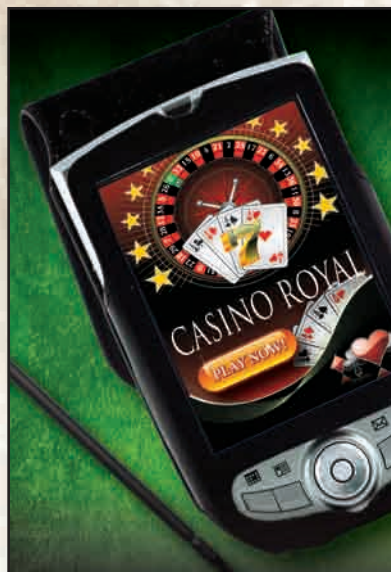
The WLA Responsible Gaming Framework outlines seven responsible gaming principles recognized by the WLA and sets forth what its members must do to demonstrate commitment to these principles. This requires that resources be dedicated to the 10 elements the WLA has identified as being crucial to a responsible gaming program.

The seven responsible gaming principles are: (1) taking reasonable and balanced measures to meet objectives while protecting the interests of customers and vulnerable groups and upholding a commitment to defend public order; (2) ensuring that practices and procedures reflect a combination of government regulations, operator self-regulation and individual responsibility; (3) developing responsible gaming practices on the basis of the fullest possible understanding of relevant information and documented research; (4) working with stakeholders to share information, develop research and promote responsible gaming as broadly as possible, and to encourage a better understanding of the social impact of

gaming; (5) promoting only legal and responsible gaming, including development, sale and marketing their products and activities, and making reasonable efforts to ensure agents do the same; (6) providing the public with information in an accurate and balanced manner to enable individuals to make informed choices about gaming activities; and (7) making a reasonable effort to monitor, test, and revise activities and practices related to responsible gaming, with the findings being publicly reported.

These principles are to be implemented by a responsible gaming plan that demonstrates these 10 elements:

- 1) **Research:** Enhancing knowledge and promoting understanding of problem gaming and guaranteeing the social deployment of this information.
- 2) **Employee Training:** Informing personnel about the responsible gaming plan to make it an integral part of their daily operations.
- 3) **Retailer Program:** Giving complete information on responsible gaming to retailers to permit them to recognize problem gambling behaviors, avoid underage gaming and give treatment referrals to suspected problem gamblers.
- 4) **Game Design:** Assessing new games in terms of inherent social risk before introducing them to the market.
- 5) **Remote Gaming Channels:** Addressing the risks of excessive gaming and underage gaming, particular to i-gaming.
- 6) **Advertising and Marketing Communications:** Clear, complete communications that provide sufficient awareness of the true nature of the games to allow for informed choices by players.
- 7) **Player Education:** Encouraging players to adopt responsible, balanced gaming behavior.
- 8) **Treatment Referral:** Cooperating actively with responsible gaming organizations to understand the impact of games and advertising on problem gamblers' perceptions of gaming.
- 9) **Stakeholder Engagement:** Identifying stakeholders and



engaging with them on responsible gaming issues.

**10) Reporting, Measuring and Certification:** Building a consensus on the social legitimacy of gaming through community involvement, measuring and communicating the beneficial social and community impact of gaming activities.

### Stakeholder Engagement

Devoting resources to CSR will initially put state i-gaming operators at a competitive disadvantage to out-of-jurisdiction private operators that do not fulfill the same requirements. However, if state-regulated i-gaming operators execute the “stakeholder engagement” and “reporting, measuring and certification” elements of their CSR programs, this advantage should be short-lived. Effective stakeholder engagement should strive to educate the public about the dangers to consumers in playing on websites not regulated by their own government and the steps being taken by local regulators to protect the integrity of gaming. Creating awareness about the benefits of local regulation, and the benefits of contributing to gaming proceeds that benefit the local public, can sharply reduce whatever initial advantage might be had by i-gaming operators not regulated by local regulators.

Svenska Spel, the Swedish i-gaming operator, provides an excellent example of how to differentiate locally regulated i-gaming from out-of-jurisdiction i-gaming in a manner that causes the public to associate locally regulated i-gaming with public benefit. Spel organized a contest that offered Swedes the opportunity to develop Swedish terminology to replace American terms commonly used in poker. This community outreach program brought home to people the benefits of a poker website that respected local social norms. The CSR program was used to market the product while simultaneously establishing the legitimacy and social and community value of having an i-gaming operation regulated by the state.

### Canadian Commitment to CSR

Many of the lessons learned by Canadian jurisdictions in dealing with video gaming in a land-based scenario can be applied to i-gaming. Nova Scotia’s land-based video lottery terminal (VLT) program has experimented with a system that provides players with information that enables them to track their gaming activities in minute detail. VLT game designs were also altered to create games that lacked appeal for persons at risk of developing problem gambling issues, and features that fed into the erroneous belief that players could affect the outcome of the games were removed. Similar systems and issues can be incorporated and addressed as part of an i-gaming CSR program.

I-gaming technology may allow for improvements over the CSR programs available in land-based gaming. At the staffing level, ticket lottery products sold through retailers necessarily have a weak point in implementing responsible gaming programs. However, where gaming and betting products are sold online, the lottery corporation is in direct communication with the customer. Such a one-on-one relationship is more conducive to the dialogue necessary to implementing an effective responsible gaming program. To the extent that the Internet renders the “retailer program” element of the responsible gaming program unnecessary, i-gaming can be a more effective delivery system for responsible gaming programs than land-based gaming.

The Gaming Policy Enforcement Branch (GPEB), responsible for regulating gaming activity in British Columbia, published the “Technical Gaming Standards for Internet Gaming Systems, Technical Standards Document” (TSD), version 1.0, on Sept. 15, 2009. This was done in concert with the announcement of the British Columbia Lottery Corporation’s (BCLC) plans to offer expanded i-gaming to the public in the near future.

The TSD was primarily intended to address technical issues, but it also made certain to incorporate CSR requirements. All information that is conveyed to the player must comply with GPEB’s advertising and marketing standards. The website must have a player protection/responsible gaming page that is readily accessible from any screen where game play may occur. This player protection/responsible gaming page must provide, among other things, a link to the British Columbia Partnership for Responsible Gambling website, information about potential risks associated with gambling, where to get help for a gambling problem, meaningful and accurate information about games, rules of play and general odds of winning with detailed information on the odds of winning specific to the games available on another website, as well as information about self-exclusion programs.

Every time a player logs in, the last time they logged in must be displayed, and players are alerted with session duration reminders at set intervals, with a message appearing on the screen advising the player how long he or she has been playing. The player is then required to take special action to continue gambling, such as checking a box or selecting an acceptance button. Players must be provided with an easy and obvious mechanism to self-exclude from game play or to apply self-imposed limits on their game play. A mechanism must be provided to permit BCLC staff to involuntarily exclude players or to impose involuntary limits on their game play.

The TSD also very specifically addresses game design issues, requiring that games not be designed to give players a false expectation of better odds by misrepresenting any occurrence or event. “Near-miss” games, which are designed to give players the perception that they almost won the top prize in order to induce them to continue gambling, are not permitted. Games designed to give players the perception that they have control over the game due to skill, when game outcomes are in fact entirely random, are also not permitted. Odds of winning must be available to players online.

It is anticipated that the BCLC may partner its i-gaming operations with those of the Atlantic Lottery Corporation and Loto-Québec. We expect that similar CSR requirements will be adopted for those games as well. Once their i-gaming operations commence, one of the most important tasks before the lottery corporations may be ensuring that stakeholders are made aware of their efforts on behalf of the public, as contrasted with those of out-of-jurisdiction i-gaming operators.

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