

CORRUPTION PREVENTION CONCEPTS: PROBLEM GAMBLING



Australian Government
Australian Commission for
Law Enforcement Integrity

ACLEI investigations have identified instances of the misappropriation of agency funds to finance problem gambling addictions. These investigations demonstrate the risks associated with high levels of discretion and limited oversight coupled with a strong motivation – in this case a gambling addiction – to act corruptly.

Problem Gambling

The Productivity Commission (PC) characterises problem gambling as ‘difficulty limiting money and/or time spent on gambling, leading to adverse consequences for the gambler, others, and/or the community’¹. Estimates indicate that problem gambling costs the Australian community at least \$4.7 billion a year². Problem gambling also has a high social cost, negatively impacting on people’s employment, health and relationships³.

It is estimated that up to 1% of the Australian adult population are problem gamblers⁴. Applying this figure to agencies within ACLEI’s current jurisdiction would imply that several hundred law enforcement officers may be at risk at any given time⁵.



What you need to know:

High risk area — high discretion and limited oversight:

An ACLEI investigation identified that an officer who ultimately pled guilty to misappropriating agency funds was, in the course of their duties, allowed to exercise significant discretion with respect to making payments with cash, even though this was inconsistent with agency policy.

Problem gambling may increase an officer’s propensity to act corruptly. To finance their addiction, problem gamblers may seek to embezzle or misappropriate funds from work⁶. The risk of officers engaging in this type of behaviour may increase in circumstances where officers are afforded significant discretion over how and where funds are spent. Environments where financial controls and oversight mechanisms are limited may also heighten the risk of misappropriation by affording officers the opportunity to act corruptly⁷.

Shift work and frequent business travel – common conditions associated with the duties undertaken by law enforcement officers – are also considered risk factors for problem gambling as they can involve officers working by themselves for extended periods with little or no oversight and may provide legitimate reasons for the officer to use agency funds⁸.

¹ See: https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BriefingBook45p/Gambling

² *ibid*

³ *ibid*

⁴ 2010 Productivity Commission Inquiry into Gambling - <https://www.pc.gov.au/inquiries/completed/gambling-2010/report/gambling-report-volume1.pdf>

⁵ See 2018-19 ACLEI Annual Report as source for total number of officers in ACLEI jurisdiction

⁶ NSW Government Report - <https://gamblinghelp.nsw.gov.au/wp-content/uploads/Problem-Gambling-and-the-Workplace.pdf>

⁷ For example, see ACLEI’s website <https://www.aclei.gov.au/corruption-prevention/key-concepts/corruption-resistance>

⁸ Binde 2016 - <https://journals.sagepub.com/doi/pdf/10.1515/nsad-2016-0020>

ACLEI Case Study Example

An ACLEI investigation found a law enforcement officer had used a corporate credit card to withdraw a substantial amount of cash over an extended period of time. The officer would then deposit this cash into a personal bank account and subsequently transfer funds to online betting accounts.

As part of the investigation, the officer disclosed that their conduct was driven in large part by a gambling addiction.

The officer's position of trust within their agency, whereby they were responsible for the management of travel and other work-related expenses for a work colleague, provided them with a legitimate reason to make cash withdrawals using their corporate credit card. However, the investigation showed that the financial controls in place to reconcile credit card expenditure were not adhered to by the officer and were insufficient in terms of identifying the conduct much earlier than was the case.

The officer ultimately pled guilty to one charge of fraud and was sentenced to 8 months imprisonment, suspended on the condition that they complied with an Intensive Corrections Order. The officer was ordered to repay \$45K to the law enforcement agency.

High risk area – association with criminal entities



Some problem gamblers may turn to criminal entities for money, heightening their risk of corrupt compromise⁹, with some illegal money lenders or 'loan sharks' seeking to enforce debt repayment through threats of blackmail or extortion¹⁰.

Problem gamblers may also be actively targeted by criminal entities seeking to exploit them. These entities will seek to groom problem gamblers by establishing friendships and providing funds to finance their addiction.

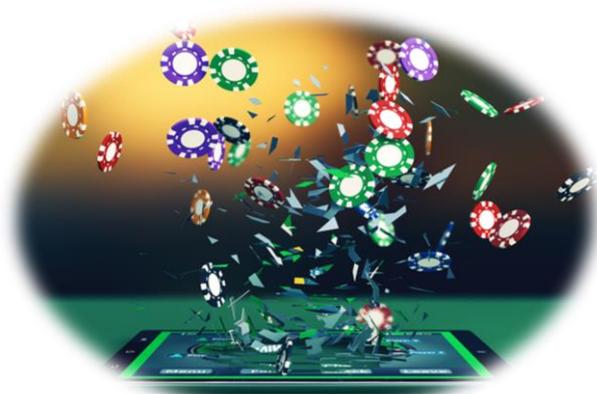
The problem gambler is subsequently asked to engage in criminal or corrupt activity to repay the accumulated debt¹¹.

Law enforcement officers are particularly attractive targets given their access to sensitive information, intelligence and influence in decision making¹².

High risk area – non-traditional gambling methods

Detecting problem gambling can be difficult as traditional gambling methods are now supplemented by online gambling markets accessible via 24/7 mobile platforms. Problem gamblers are able to conceal the extent of their addiction as physical absence from the workplace – a key indicator of gambling addiction¹³ – may be limited.

Concurrently, there has been an exponential increase in the number of betting options available. Significant growth in the sports betting industry coupled with the prevalence of in-play betting – including exotic bets and micro-betting on specific in-game events – make it easy for problem gamblers to place multiple and often large bets and 'chase losses' quickly and easily¹⁴.



⁹ See <https://www.abc.net.au/news/2011-09-28/gamblers-recruited-into-drug-trade/3025290>

¹⁰ ibid

¹¹ ibid

¹² See <https://www.aclei.gov.au/corruption-prevention/key-concepts/nature-corruption>

¹³ Downs and Woolrych 2010 - <http://dx.doi.org/10.1080/13668803.2010.488096>

¹⁴ See <https://www.themonthly.com.au/issue/2011/november/1320384446/ionathan-horn/caught-game>

What should you do?

For agencies

- Consider whether existing prevention measures enable the early identification of personal circumstances which may heighten the risk of an employee acting corruptly.
- Use pre-employment screening processes to ask prospective employees about risk taking behaviour, including any past or current gambling habits.
- Regularly remind employees of their obligations to report changes in circumstance, particularly where changes may lead to an increased risk of corrupt compromise.
- Ensure there are appropriate audit and oversight mechanisms in place to account for the expenditure of agency funds commensurate to the risks in your operating environment.

For managers:

- Know your staff — foster an environment where your team are empowered to ask questions, seek advice, and raise concerns — they are best placed to know if something is going on with a colleague.
- Look for changes in the behaviour and demeanour of your team members and take active steps to resolve any concerns, including in conjunction with your integrity and professional standards areas.
- Don't wait until you observe obvious red flags before taking action – it is better to report a concern and it to turn out to be nothing than allow potentially corrupt conduct to continue.

For employees:

- Trust the system and don't try to self-manage risk. It is your agency's responsibility to know and treat its risks.
- Know where to go for help and advice within your agency – your integrity and professional standards area is a good place to start. Remember it is never too late to seek help.
- Seek advice and support from relevant service providers, including problem gambling advisory services.

Further information and support

- Lifeline: <https://www.lifeline.org.au/get-help/topics/problem-gambling>
- Beyond Blue: <http://resources.beyondblue.org.au/prism/file?token=BL/0773>
- Relationships Australia: <https://www.relationships.org.au/what-we-do/services/problem-gambling>
- Gambling Help Online: <https://www.gamblinghelponline.org.au/services-in-your-state>



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