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BUSINESS

Insider alleges Ontario gambling VIP programs aim to stop high-spenders from quitting — even when they want to

Insider says two gambling companies operating in Ontario actively tried to dissuade high-spending players — referred to as ‘degenerates’ — from self-excluding. Industry and gambling regulator counter that Ontario rules are world-class and protect players.

By **Christine Dobby** Business Reporter

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 JOIN THE CONVERSATION (48)

Chrissy Boyce was in her fifties when she discovered online slots. Grieving after the deaths of her sister and mother and taking care of her widowed father, who had dementia, she felt she had lost her purpose in life and found an escape in the fast-paced, casino-style games.

She sat up late at night in her father’s house, tapping on her laptop in silence (the jangly sound of the animated reels annoyed her) and her spending crept steadily up. It wasn’t long before Boyce, who lives in southern England, was crowned a VIP. Account managers from the betting website showered her with theatre tickets and lavish gift baskets, depositing cash bonuses into her account after she’d had a tough night of losses.

Before long, she had spent more than half the proceeds from the recent sale of her house. Within about five years, she’d lost her entire savings, equivalent to almost \$1 million in Canadian dollars, and filed for bankruptcy. Now 64 and in recovery for her gambling addiction, Boyce works with the charity GamLEARN sharing her experiences. But she has no money to retire and expects to work “until I drop.”

VIP programs became common in the U.K. after 2005 legislation paved the way for a dramatic expansion in gambling. Critics there say those programs have enticed gamblers into spending more than they can afford and contributed to serious mental health problems, with some players turning to theft and even suicide.

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Here in Ontario, privately run online gambling was made legal just a few months ago, in April. Already, the major operators are staffing up with sophisticated VIP programs, and signs are emerging the province could be heading for a similar situation to that in the U.K.



An industry insider with direct knowledge of the VIP programs at two operators in Ontario has spoken out to the Star with concerns that the programs are knowingly encouraging high-frequency gamblers to make larger and more frequent bets.

The insider said some VIP employees at the two operators are informally encouraged to do everything in their power to retain customers, including taking steps to dissuade high-spending players, internally referred to as “degenerates,” from using responsible gambling tools to bar themselves from a company’s online sites and apps — also known as self-excluding.

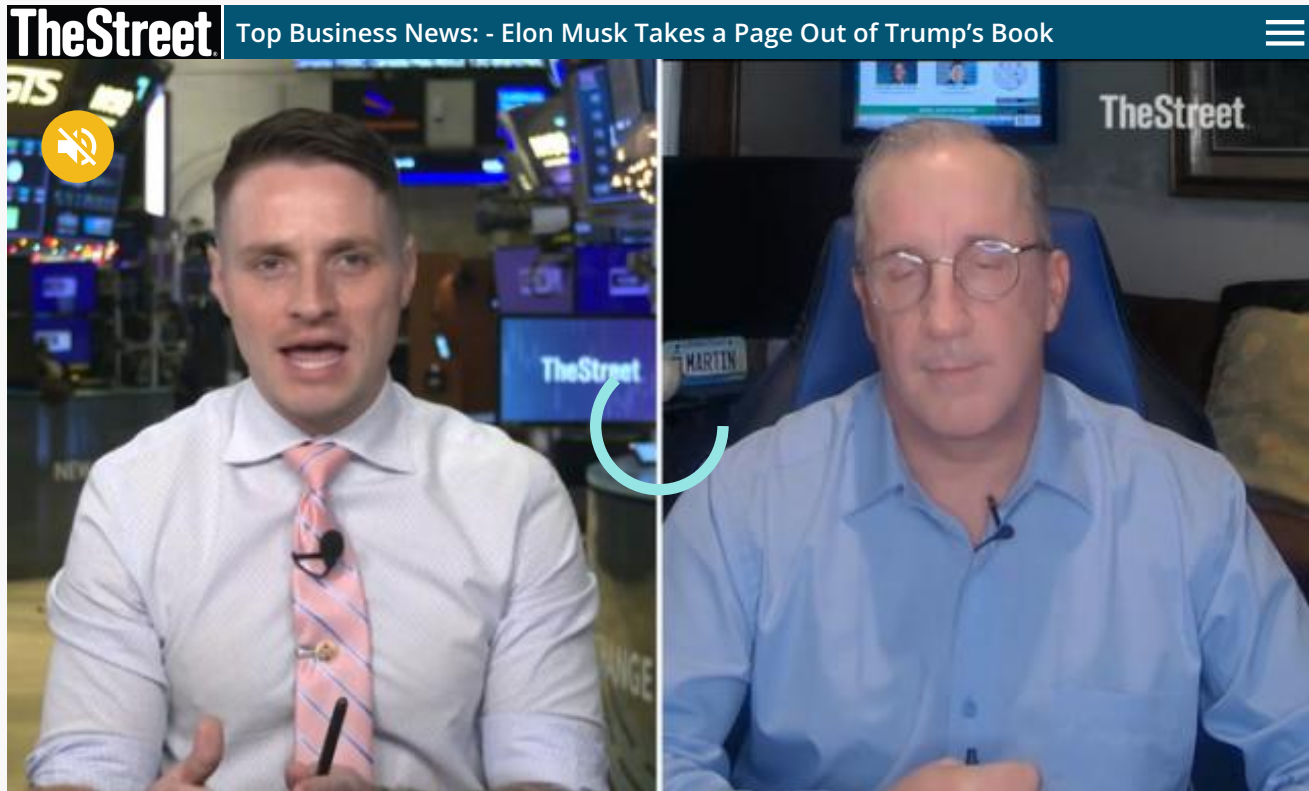
(The Star is not naming the insider or the programs the person is familiar with because the individual is not permitted to speak publicly about them and could face legal repercussions.)

Given the well-documented harm that such programs can inflict, critics such as Brian Dijkema, vice-president of external affairs with [Cardus](#), a non-partisan, [faith-based think tank](#), say Ontario should crack down on the programs before people get hurt.

If you need help with mental health, addiction and problem

gambling, you can contact [ConnexOntario](#) at [1-866-531-2600](#).

Advertising gambling site promotions publicly is banned in Ontario. But using bonuses and other inducements is permitted and companies can market perks directly to players who have landed on a website, signed up for an account or given their consent.



Dijkema says that's not enough.

“VIP programs should not be allowed at all,” said Dijkema, who co-authored a report last year proposing provincial [gambling reforms](#). “If gambling is like a drug – and for many people it is – this is effectively a strengthening of the dose.”

The industry, government and gambling regulator in Ontario all say the rules here are world-class and designed to protect players, many of whom were previously gambling with unregulated websites.

The [Alcohol and Gaming Commission of Ontario \(AGCO\)](#), which regulates gambling, said it has a “strong responsible gambling framework” in place and that it restricts misleading promotions and requires operators to know their customers and monitor for harmful activity. The AGCO itself also monitors and audits the sector, it said, keeping an eye on “marketing practices, incentives, inducements and VIP programs and high-risk gambling detection and intervention.”

Paul Burns, CEO of the [Canadian Gaming Association](#), a lobby group that represents both land-based casinos and online betting companies, said he does not believe that VIP programs dissuade players seeking to self-exclude nor that they target compulsive gamblers.

Burns said the province has stringent regulations in place to protect players and numerous gambling companies contacted for this story also said they run VIP programs in accordance with responsible gambling standards and do not target compulsive gamblers.

Still, in other parts of the world, regulators have put less faith in responsible gambling protections alone: In recent years, Denmark, Sweden, Spain and parts of Australia have put limits on gambling promotions, in some cases capping the amounts, banning them, only allowing initial sign-up bonuses or not allowing sign-up bonuses at all.

Similar restrictions are needed here in Ontario, the insider told the Star.

The two operators the insider is familiar with are already mining customer data to identify potential VIPs, looking for patterns of high-frequency betting and “long-term losers,” players who don’t stop betting even when they win.

Freebies such as bet bonuses and invitations to private suites at major sports games are meant to make the clients feel special, the insider said, adding, “compulsive gamblers have a strong inner urge to be a big shot or at least be perceived as being big shots.”

The perks are typically only offered when clients are depositing more money into their accounts than they win.

“Virtually everyone in a VIP program is an overall net loser,” the insider said.

Bonuses and “best friends”

Lots of people gamble — about two-thirds of Canadians age 15 and older, according to Statistics Canada — chipping \$5 in to the office lottery pool or putting \$20 on the slots.

But for some, it becomes a hazard to their mental, physical and financial health. Problem gambling has been recognized as a public health harm similar to depression or alcohol abuse.

Among Canadians who reported gambling in the previous year, about 875,000 (4.7 per cent) were at low to moderate risk of problem gambling, while about 66,000 (0.3 per cent) were at severe risk, Statistics Canada found. (The data was collected in 2018 and published earlier this year.)

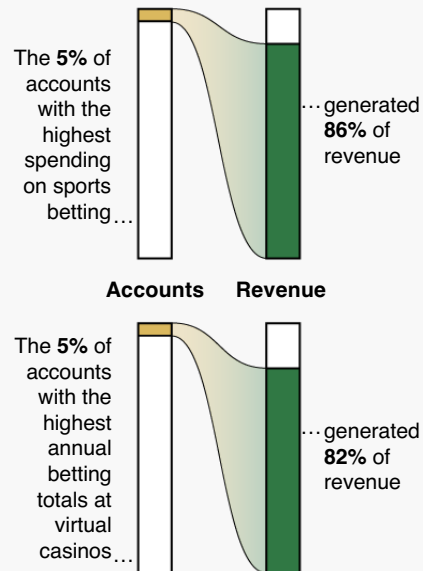
Studies from around the world have shown that a relatively small number of gamblers tend to account for an outsized proportion of industry profits.

A report published last year showed 86 per cent of the revenue from online sports betting in the U.K. came from just five per cent of account holders with the highest spending. (The study was undertaken by the [National Centre for Social Research](#) and the University of Liverpool and surveyed 140,000 accounts with seven online gambling companies in the U.K.)

Most gambling revenue comes from a handful of

customers

A small number of online gamblers account for a large majority of betting companies' total revenues, according to a 2021 study of a sample of customers of seven major U.K. online gambling operators.



Total spending is betting totals minus winnings.

SOURCE: NATIONAL CENTRE FOR SOCIAL RESEARCH AND THE UNIVERSITY OF LIVERPOOL

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Other research shows that when it comes to VIP programs, problem gamblers tend to be overrepresented.

Research by the U.K. Gambling Commission that was obtained by the Guardian newspaper using freedom of information laws estimated about eight per cent of the 47,000 VIP online bettors in Britain were problem gamblers.

The Guardian estimated that was 11 times higher than the problem gambling rate among the wider British population.

“These schemes work. They’re effective from a business point of view and they do make customers much more loyal to that brand,” said Matt Gaskell, clinical lead and consultant psychologist for England’s National Health Service Northern Gambling Service.

With most gamblers now placing their bets via computers and smartphones, he said the industry uses algorithms to profile and then “forensically focus on the loss-making customers,” targeting them with push marketing, emails and texts.

Gaskell oversees gambling addiction clinics throughout Northern England and said many of the people he's counselled told him "the years of their most substantial gambling problems were when they were on the VIP schemes."

"They talk to me about how they feel like their account manager is their best friend," Gaskell said.

Keeping in touch with customers by phone and text is "the most problematic form of wagering advertising," according to a 2018 study by the Victorian Responsible Gambling Foundation in Australia.

"Bettors report that this marketing is intense and particularly influential on their betting, by encouraging them to place more bets," the study said.

Also common with VIP programs, said Gaskell, are bonuses or betting credits. When players deposit their own money into a gambling account, companies often match a certain percentage of that with credit to be used for "free bets."

Most bonuses, which can run into the thousands of dollars, come with a play-through requirement, meaning the client must gamble a certain amount (sometimes 10 or 20 times the amount of the bonus) before they can withdraw any of their winnings as cash.

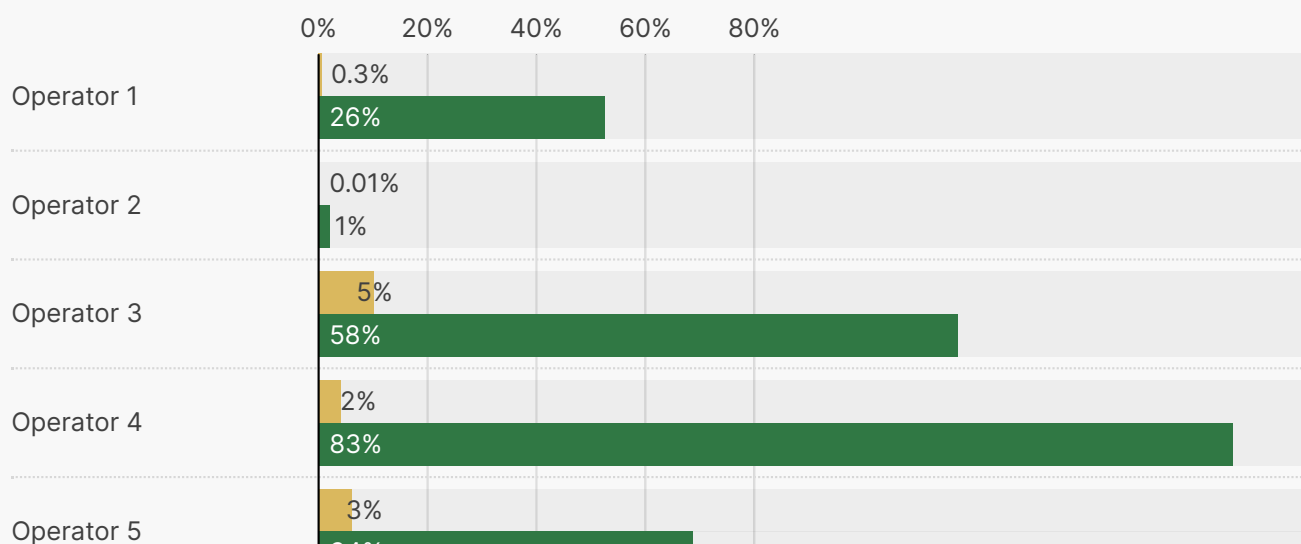
If they don't win, both their original deposit and the bonus are gone.

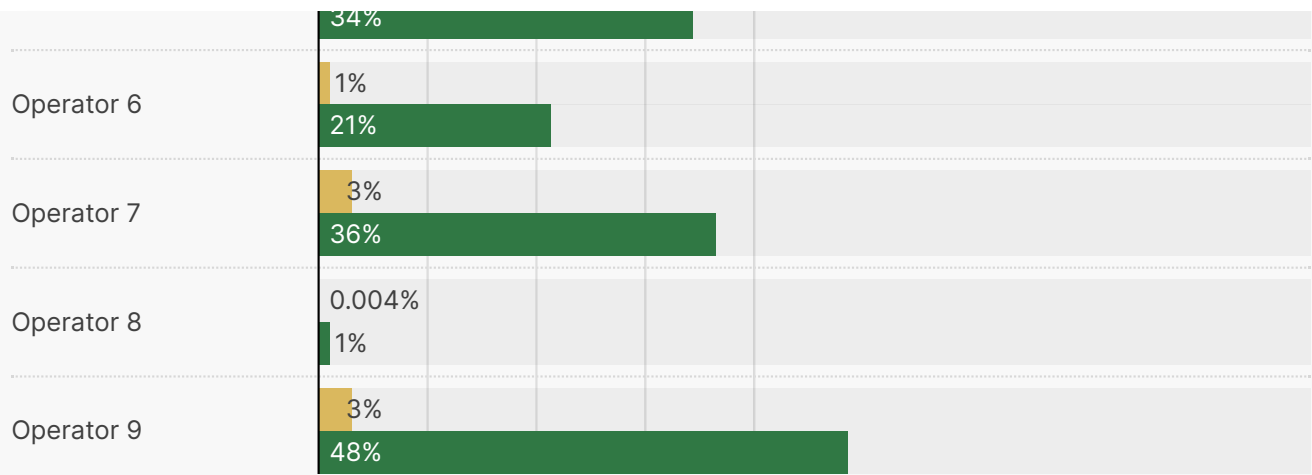
Boyce said she became close to her account managers, who would reach out with encouraging messages while depositing bonuses into her account.

"Lonely as I was, and isolated and too ashamed to tell anybody what was going on or how I was feeling, why wouldn't I talk to them? They were the only people that were talking to me. They were my best friend, and that's really how it felt."

Spending by so-called "VIPs" can be an outsized source of revenue for some online gambling operators. Numbers collected by the U.K.'s Gambling Commission from nine anonymous operators (and made public through a freedom of information request by the Guardian newspaper), revealed money spent by VIP customers made up a disproportionately large portion of deposits in many cases. VIPs represented five per cent or less of customers but in one case accounted for more than 80 per cent of deposits.

● VIPs as a share of customers ● VIPs as a share of deposits





SOURCE: U.K. GAMBLING COMMISSION

TORONTO STAR GRAPHIC

VIP jobs in Ontario

Since the launch of Ontario’s igaming market in April, more than two dozen companies have won licences to operate more than 40 different websites and apps. Some are already staffing up their VIP programs.

Six of the top 10 legal gambling brands by popularity, ranked by Ontario respondents in a survey published in June by consulting and consumer research company Betting Hero, have hired Canadian employees for jobs related to VIP programs, according to LinkedIn profiles (such profiles do not provide a definitive list of employees but do offer a sense of the companies’ hiring practices).

As of early November, theScore and BetMGM had hired 12 and nine people, respectively, for Canadian VIP programs. DraftKings, PointsBet and FanDuel had each hired at least one or two, and the Ontario Lottery and Gaming Corp., the crown corporation that has offered online betting for eight years and launched a sportsbook last year, also had four employees who work on “VIP customer care,” according to LinkedIn.

NorthStar Bets, a gambling site that was launched by the owners of the Toronto Star, also has a VIP program listed on its website.

Job ads for VIP account manager roles posted by theScore and BetMGM indicate the responsibilities include developing personal relationships with clients and hosting them at events.

“Maximize value from our existing VIP players while cultivating new VIP players” and “build one-to-one relationships with top VIP customers,” said a now expired BetMGM posting that also emphasized generating online gaming revenue, “upselling content to VIPs” and offering “complimentary services/offers to players where appropriate.”

A job ad from theScore, the Toronto-based company now owned by U.S. based Penn Entertainment, said account managers would be responsible for “a portfolio of 200 to 250 of the most valuable user(s) of theScore Bet,” and promised, “you’ll work with high net worth clients to deliver top-tier experiences, establishing personalized relationships, respond quickly to their needs and address any issues that may arise.”

The pull of perks

On top of building rapport and hosting clients at events, the industry insider who spoke with the Star said the programs the person is familiar with use bonuses to encourage customers to keep spending.

The insider said VIP bonuses in the range of 20 to 30 per cent of the amount customers deposit are common in the programs the person is familiar with, and are typically used to help soften the blow after a losing streak.

While formal policies and training mandate following responsible gambling rules, the insider said at the operators the person is familiar with, some front-line employees “in the trenches” are informally encouraged to do everything in their power to retain customers.

This can include changing the topic of conversation or taking other steps to dissuade players from “self-excluding,” a voluntary step taken by the customer that blocks them from placing bets for a predetermined period of time.

“If someone is expressing concerning behaviour, the VIP team is advised to offer tickets to an event or a bonus immediately. And let the VIPs know they will lose their VIP status. They won’t get any more bonuses, event tickets or other perks if they self-exclude,” the insider said, adding that after spending significant amounts with one operator, clients are often reluctant to lose that “investment.”

A lawsuit filed in New Jersey in September outlines allegations similar to the activities the insider described to the Star.

In the case, Sam A. Antar alleges he gambled for days on end at times, placing more than 100,000 bets over nine months on websites and in casinos run by MGM and related companies including BetMGM.

Antar claims that he tried to quit multiple times (largely because of technical malfunctions in the online casino game he was playing) but alleges he was convinced to keep going in part because VIP account managers gave him bonus payments that sometimes totalled more than \$30,000 (U.S.) per month.

(BetMGM spokesperson Elisa Richardson said the company could not comment specifically on an active court case but added, “We firmly believe that Mr. Antar’s allegations are without merit and we intend to vigorously defend the case.”)

Burns of the Canadian Gaming Association said he does not believe that any operators in Ontario are using VIP perks to convince people not to self-exclude or otherwise overlooking players’ concerns.

“This is not a practice that’s undertaken,” he said. “Targeting compulsive gamblers is just not on. Period. It’s just not done. And to suggest otherwise is wrong.”

Burns added that any operator not following the rules risks “severe sanctions” from the regulator that would outweigh any potential benefit from retaining one VIP customer.

Raymond Kahnert, a spokesperson for the AGCO, said confirmation of the insider’s allegations would be a serious violation of the rules that could lead to sanctions including “monetary penalties or suspensions or revocations of registrations.”

“There is an explicit standard forbidding operators from targeting high-risk individuals including youth, self-excluded players, and those at potential risk of gambling-related harms,” Kahnert said. “This would include verbal communication over the phone or otherwise.”

Kahnert said the AGCO itself reviews the controls in place at each operator and monitors the business “through direct observations on operator sites, requests for information, targeted audit activity and monthly data transfers from operators in key areas of interest.”

The AGCO has not received any complaints to date with information like the kind the insider shared with the Star, Kahnert said. He added that the gambling regulator would welcome such a complaint, which would allow it to “make information requests and conduct regulatory investigations to determine whether any allegations are founded.”

When it comes to bonuses and inducements to gamble more generally, Kahnert said that while they are permitted,

Ontario's rules still include many other measures to protect players.

The ban on public advertising of promos is only the second such ban implemented worldwide, he said (the AGCO has already issued several fines to operators for infractions related to marketing promos).

Kahnert said inducements must be "clear and not misleading," operators are required to "proactively monitor individual player behaviour for signs of potential gambling-related harm," and to intervene appropriately by taking steps such as calling the player or cutting off their account.

There are no specific rules that require operators to check that players can actually afford what they're spending. However, Kahnert said companies may conduct such checks in order to "meet the outcomes set out in the standards (the ACGO's rules)."

Biggest brands in betting

Two months after the launch of Ontario's legal online sports and casino betting market in April, a survey of frequent sports bettors listed the province's top online gambling operators, ranked by answers on "brand awareness, loyalty, top performance and vision/innovation."

RANK	BRAND
1	
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10



SOURCE: BETTING HERO

TORONTO STAR GRAPHIC

Strong protections in place, operators say

The Star asked operators whether their VIP programs target compulsive gamblers and how they ensure players can afford to spend what they're betting and losing.

DraftKings and NorthStar declined to comment while FanDuel said in a brief statement that its VIP program in Ontario "is focused on creating relationships with frequent players" who adhere to standards of responsible gambling.

TheScore, BetMGM, PointsBet and the OLG provided more detailed responses on the responsible gambling measures they have in place. They all said their VIP programs comply with AGCO regulations, follow anti-money laundering best practices and do not target compulsive gamblers.

For example, the OLG said players can set daily, weekly or monthly limits on how much they spend, lose or deposit. Increasing those limits comes with a seven-day cooling-off period. Players can also use self-exclusion tools to take breaks from play.

The OLG said players are ineligible for its VIP program if they have taken a short-term break, have self-excluded or have a high-risk rating on BetBuddy, an artificial-intelligence program it uses to identify at-risk players.

OLG spokesperson Tony Bitonti said its VIP hosts have training on "how to recognize RG (responsible gambling) red flags" that "enables them to communicate effectively with players who may be experiencing harm from gambling."

The other operators also referenced tools for players to set limits, implement cooling-off periods and self-exclude from their sites. They said VIP programs are meant to provide high-quality customer service and that hosts and account managers are provided with extensive responsible-gambling training.

TheScore said VIP programs are common in the regulated online gambling business, "like many other industries with affluent customers," and that they allow regulated operators to "both satisfy customer expectations and ensure players are playing responsibly."

BetMGM said its VIP hosts are "trained and required to not only look for, but also to act, if they observe problematic behaviours by VIP patrons." In such cases, hosts are "trained to immediately close the account and escalate the matter to the responsible gambling team."

"Given their frequent communication with VIP account managers, I would argue the responsible gaming habits of said customers are actually monitored with extra scrutiny," said a PointsBet spokesperson.

Burns of the CGA said Ontario has taken a "reasonable approach" by curtailing advertising but still allowing promotions, which many customers enjoy and seek out, adding that "appropriate bonusing and incentives is part of the industry," like any other business that offers a loyalty program.

Calls for a ban

Gambling reform advocates in the U.K. have called for a ban of VIP programs. Short of that, they say there should be limits on wagers and mandated affordability checks for players.

“I think (Ontario regulators) are naïve if they’re not taking action against VIP practices, particularly when they know how these companies operate in other markets,” said Matt Zarb-Cousin, who runs the U.K. non-profit campaign Clean Up Gambling and co-founded gambling blocking software company Gamban.

The Ontario Medical Association told the Star it “cautions against the use of any marketing programs that entice, encourage and/or reward greater gambling spending,” adding that VIP programs are likely to affect problem gamblers who can’t afford the increased spending.

The group, which represents physicians in the province, raised concerns about the expansion of gambling during a government consultation last year on the igaming framework.

“We specifically called for a health impact analysis prior to the introduction of the igaming initiative,” the OMA said in a statement, adding it “does not appear that this was completed.”

Representatives for the Ministry of the Attorney General, which oversees gambling, did not answer the Star’s questions about the OMA’s proposed health analysis and did not respond specifically to questions about VIP programs.

Spokesperson Andrew Kennedy said the new gambling market “has robust measures to protect consumers and will enable more responsible gaming.”

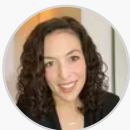
The Responsible Gambling Council of Canada, a non-profit that also has a for-profit arm that sells responsible-gambling services, has said it was involved in consultations on Ontario’s igaming market. It declined to comment for this story.

For his part, Dijkema, from the think tank Cardus, said Ontario should not expect the industry to self-govern programs that, at their core, are designed to get clients to bet more money, noting that the government itself gets 20 per cent of igaming revenue. He says it’s time to ban VIP programs outright.

“I think that the government needs to be far more active in reducing the ability of gambling companies to get access to people and encourage them to gamble more.”

“This is not James Bond,” Dijkema said. “It is the working-class person who actually finds it addictive who gets taken here. And that’s exactly what’s going to happen with these VIP rooms.”

If you need help with mental health, addiction and problem gambling, you can contact [ConnexOntario](#) at 1-866-531-2600.



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