

**REGIS CONTROLS PTY LTD**

**Submission to the Legislative Council Select Committee**

**Enquiry into Gaming Licensing in Victoria**

**Mr. Richard Willis  
Secretary  
Select Committee on Gaming Licensing  
Legislative Council  
Parliament of Victoria  
Spring Street  
Melbourne, Victoria, 3000**

**Date: 25th April 25, 2007**

Dear Mr Willis

**Submission on Problem Gambling**

The Select Committee on Gaming Licensing has requested submissions for the inquiry into Gaming licenses in Victoria, and Regis Controls would like to thank you for this opportunity.

This submission outlines a complete solution using Regis technology, which was developed in Victoria and has been granted Australian patent as well as addresses issues described in Terms of reference.

As you may be aware Regis Technology has been around since 1998 and we have submitted our expertise to a number of government enquiries and bodies in both federal and state as well as overseas governments in that time. We are an independent company with out associations to any gambling organisation.

Should the Select Committee on Gaming Licenses wish to discuss this submission at a later date we would be happy to contribute further, in person and with additional documentation, in order for the Committee to make an accurate and informed understanding on Regis technology; prior to any report being made. We are happy to have this submission published on your website.

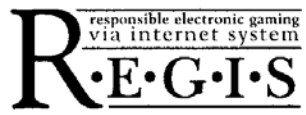
Contained in this submission is an outline of the proposed Regis regulatory system as well a copy of our Australian granted patent attached and a simple slide show. Please note the Regis card is patented for either PIN or Bio metric identification.

I have also forwarded to you via email a separate document for the committees' consideration which I would prefer to remain confidential at this stage.

Kindest regards

Elik Szewach CEO

Regis Controls Pty Ltd



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Submission to the Select Committee on Gaming Licensing

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## 1. BACKGROUND

(The history of problem gambling is over 7000 years old.) Today's gambling problems in Australia are many and varied, however, the main causes of the increase in problem gambling are largely as a result of the wide-scale availability of:

- \*EGMs
- \*Casinos
- \*Sports Betting

These forms of gambling now constitute the main sources of industry revenue.

Some of the features of EGMs and casinos include:

- \*no limits on either money spent or time spent
- \*24 hour, seven days a week availability
- \*continuous play with no daylight, with a subliminal and conducive sound and lighting plus free drinks and beverages
- \*ready access to ATMs, and use of credit / debit cards
- \*no record for the player of money spent, losses, time spent
- \*loyalty systems to encourage further playing
- \*special promotions to encourage continuous playing
- \*ineffective self exclusion procedures and ineffective multiple limits per venue or service provider.
- \*limited means of adopting pre-commitment methods

The Victorian Government has undertaken more initiatives in addressing problem gambling and is to be congratulated. This current Select Committee is a further example of these initiatives in continuing to address these issues.

## 2. THE USE OF SMARTCARD TECHNOLOGY

Without the intervention by State and Territory Governments, the growth in availability of unregulated, continuous and convenient methods of gambling is almost guaranteed over the next ten years. Due to technology the problem (is likely to grow) has grown and even extended to minors, the housebound, remote areas and the socially disadvantaged.

### Methods of Addressing Problem Gambling

The Commonwealth, States and Territory Governments have developed a range of potential solutions, which address some of the minor EGM problem gambling issues such as:

- compulsory breaks
- availability of external lighting
- provision of clocks
- restrictions on the use of note acceptors
- restriction on opening hours
- availability of ATMs and so on

There are a number of difficulties in implementing many of these solutions including:

- the Governments of eight States and Territories often find it difficult to agree on a unified solution in a prescribed timescale
- solutions which address EGM gambling have little relevance to Internet, broadband and mobile gambling channels vice versa
- solutions which require modifications to buildings or machines are both expensive and time consuming to implement

- technology is constantly changing

Thus harm minimisation strategies are always likely to lag behind technology developments. The solution, in our view, is to use technology to provide many of the harm minimisation features for all types of electronic gambling. This is the simplest and cheapest method of regulating the existing and future principal methods of gambling. We propose that a technology solution be considered to ameliorate the effects covering: existing gambling channels

- EGMs
- Casinos (if deemed appropriate)

The solution has the advantage that it can be relatively easily adapted for future gambling channels (currently banned in Australia)

- Online (Internet, Internet 2, Intranet)
- broadband / Pay-TV
- WAP / mobile telephony

The proposed solution is relatively simple and cheap to apply to existing EGM channels and can be designed into new gambling channels at minimal cost.

We are suggesting designing a regulatory framework with built-in harm minimisation features, which can be applied in advance, to existing and potentially new gambling distribution channels.

#### The Proposed Regulatory Solution

Smartcard technology is being deployed Australia-wide during the next three to five years. There are 1.5 million mobile phone customers using smartcard technology (the SIM card demonstrates the ubiquity and security of the technology if a common standard is adopted).

Visa, American Express and ANZ Bank, have announced Australia-wide deployment of the Chipcard and seven of the eight States are likely to use smartcards as the public transport ticketing medium within five years. There are also plans to introduce smartcards as a payment system for road tolling. Most EGMs in Australia are smartcard enabled but not programmed.

We propose that all players using legal electronic gambling channels are issued with a smartcard by regulated gambling service providers which contain the following features:

- one dedicated e-purse for gambling only, ie the e-cash cannot be used for any other purpose
- one limit initially set by the player for twelve months which covers all forms of electronic gambling
- The option of PIN or biometric security protection (which allows reinstatement of a lost card together with the stored value)
- a ban on accessing credit accounts and using credit cards
- built in player protection with these applications stored on the chip, including:
  - compulsory breaks
  - summary of play (losses in the session etc)
  - immediate partial pay-out of major wins and deferral of the balance
  - 100 point check for card issue which requires independent verification and audit to prevent minors accessing cards
  - providing an automatic record of results to the cardholder per session

- per month
- per year
- provision to include cash (notes and coins) in the total of a player's
- gambling losses (i.e. the smartcard is used to record coin and note usage in EGMs
- provision for self exclusion or reduced limit (an increase in the limit can only occur once a year)
- cardholder / card matching to prevent duplication card issue to an individual
- incorporation of messages, warnings, eg "you have been playing for 3 hours and have lost \$150 in this session"

Note: The exact harm minimisation methods can be customised either for each jurisdiction. or nationally

All these features and others form part of three international patents which REGIS Controls Pty Ltd has been assigned by its holding company Twenty Twice Pty Ltd. The Regis system (is) has a full patent granted in Australia as at least one company currently issuing smartcards for use in gambling venues has been warned about potential patent infringement

## 2. Viability of the Proposed Regis Solution

### 1. Availability

The system has been already demonstrated as workable with real e-cash utilising Fujitsu's e-purse solution SmartCity™.

### 2. Contestability

REGIS Controls Pty Ltd will licence multiple scheme operators without restriction to meet the requirements of each jurisdiction.

### 3. Security

The REGIS System uses 3 x DES encryption technology and patented end-to-end security. It has the option to use biometric features

### 4. Conflict of Interest

REGIS Controls and its directors have no involvement in the gambling industry other than providing this regulatory system.

### 5. Audit & Audit Trail

The system provides a full audit trail, which can be independently inspected and verified.

### 6. AUS Model

The REGIS System can provide all the features of the current AUS model.

### 7. Cost

We envisage that the cost of running the regulatory system would be paid for by regulated gambling service providers.

If the system is used in e-cash format compared with coins and notes, the net savings in transaction costs to the industry by eliminating machine jams, shrinkage, theft and cash handling costs are probably of the order of \$50-100 million nationally, which more than pays for the cost of the system.

### 8. Tourists & Visitors

Australians should be able to use their smartcard anywhere in Australia. Overseas visitors can be issued with a temporary, reusable card with a preset amount for the duration of their stay. A card deposit would be refundable prior to departure.

### 9. International Application

The system can be exported and could operate worldwide to the benefit of problem gamblers.

### 10. Privacy

The Regis patented system meets the Privacy Act 1988 and the "Fair Handling of Personal Information Requirements".

### 11. Big Brother Approach

Governments are not setting limits but merely allowing players to determine in the cold hard light of day how much they want to lose by gambling during a defined period (session, week, month etc) for the next twelve months. Even the most hardened gambler may find it hard to choose a limit that exceeds their annual income a year ahead. Does this system impinge on an individual's freedom of action? The answer is yes, however, there are many other examples, which seek to balance the wellbeing of the community with personal freedom, eg:

driving restrictions

personal credit card limits

building regulations

noise and other antisocial behaviour controls

smoking bans

This proposal allows gamblers to select their own limit on gambling losses each year. Australians should be allowed to gamble responsibly through all legal and regulated channels. However, the average taxpayer and donation giver to charities and welfare organisations should not be expected to contribute \$4.5 billion annually as a consequence of the unfettered excesses of problem gamblers.

Conclusion

This is a visionary solution for the next 10 to 20 years where the power of technology is used to regulate the growth of gambling and the use of new distribution channels, which are also as a direct result of technology.

This solution proposes a far-sighted and pro-active approach which anticipates new developments rather than the traditional reactive approach, eg "what should be done about Internet gambling now it's here..".

Over the next few years governments and problem gamblers will be faced by a range of new technologies, which provide new forms of gambling. Australia has been described as 'a nation of gamblers'.

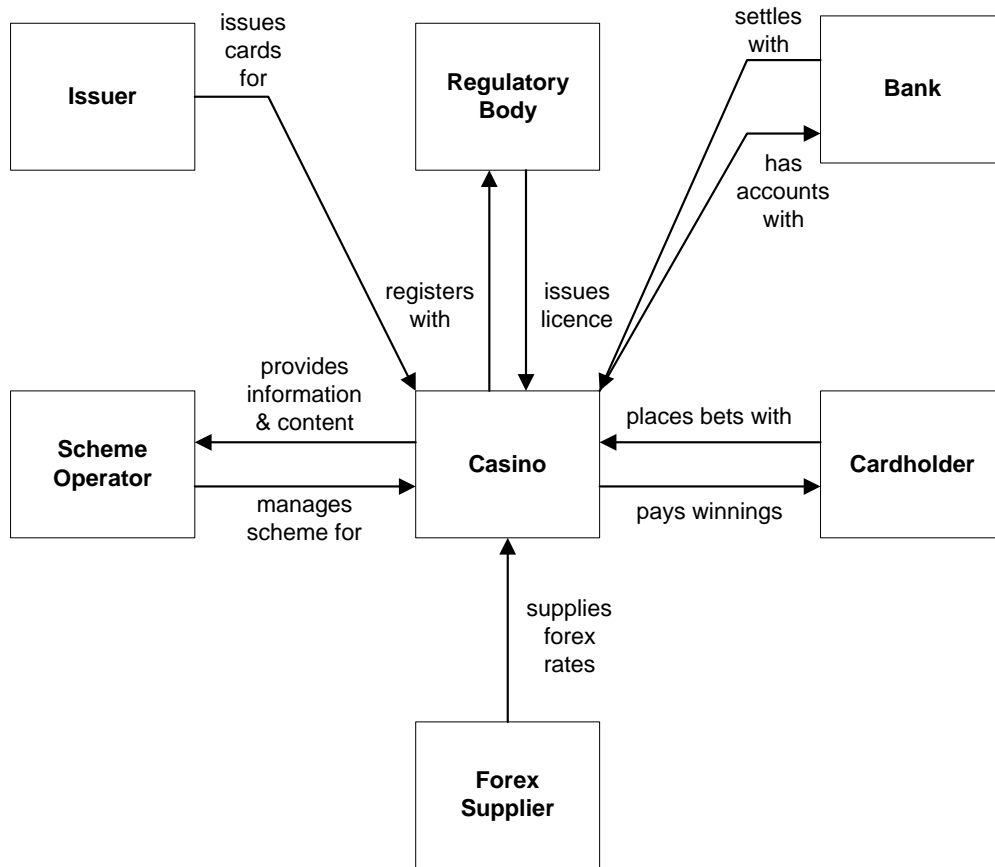
We are proposing a world-leading solution to address the excesses of problem gambling via all the main distribution channels but still enabling the 8.8 million regular gamblers in Australia to participate responsibly and enjoyably without major damage to themselves and their families.

The attached Australian Patent provides the complete detail of the Regis System which can be licensed to appropriate gaming system providers and subject to State Government regulation.

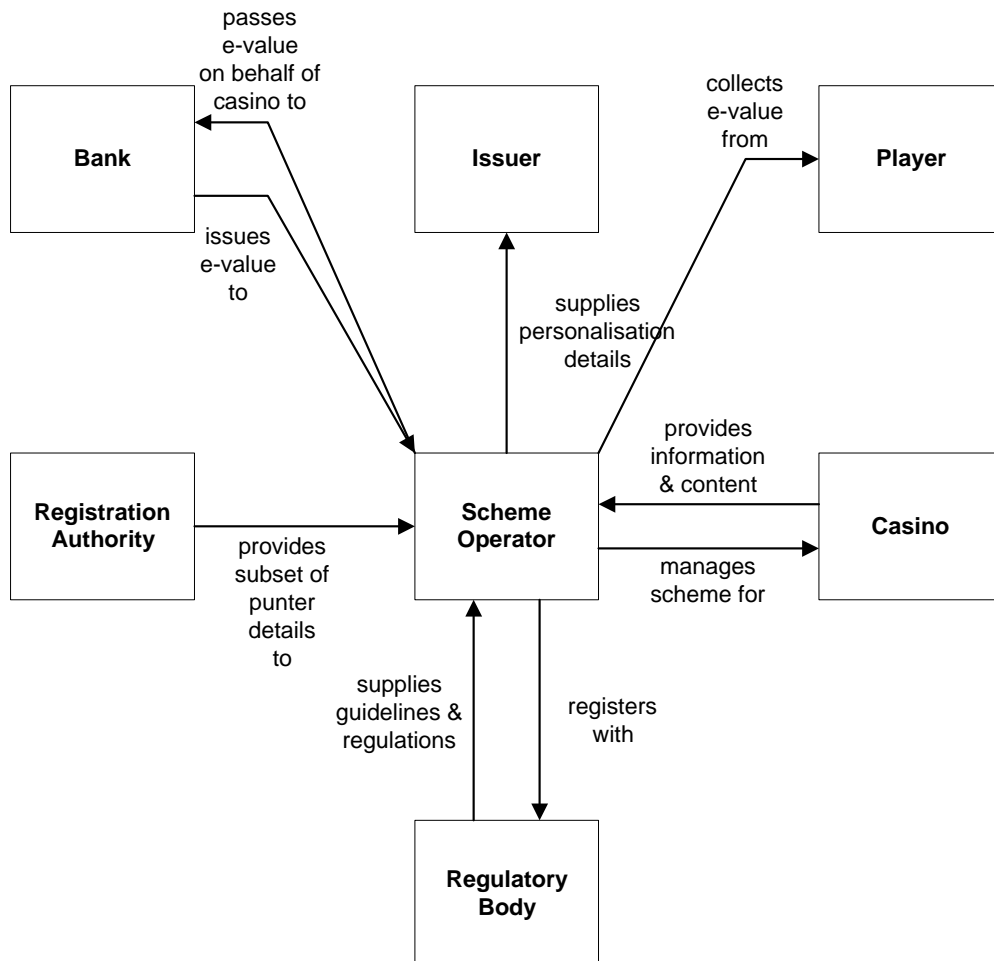
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## Interaction Model

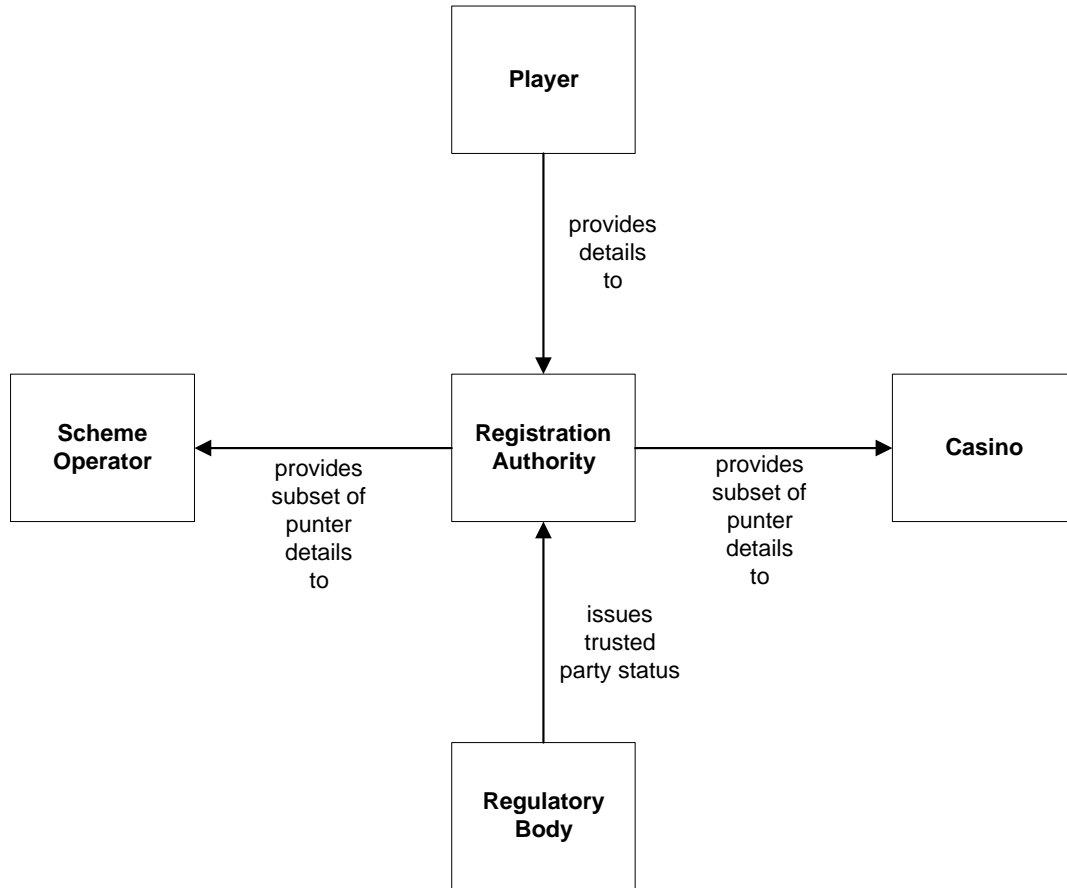


## Scheme Operator

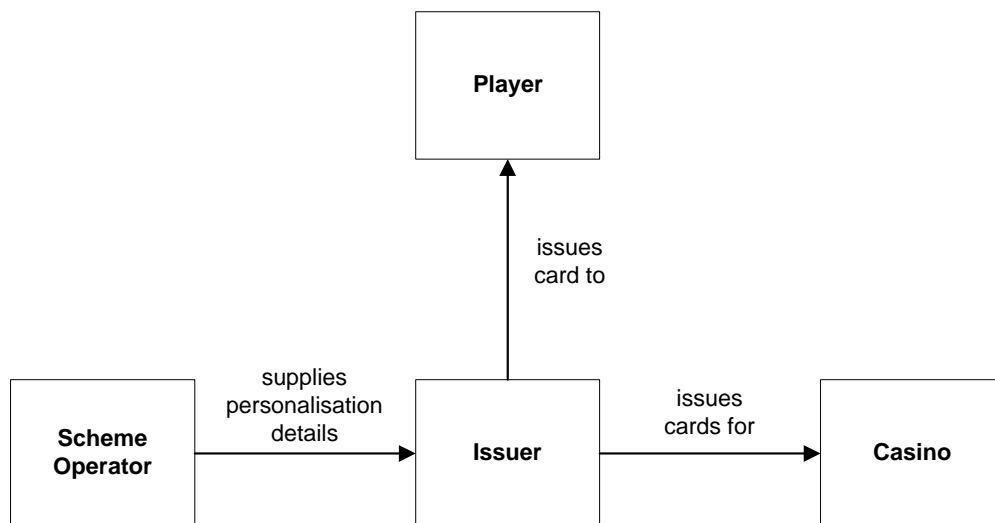




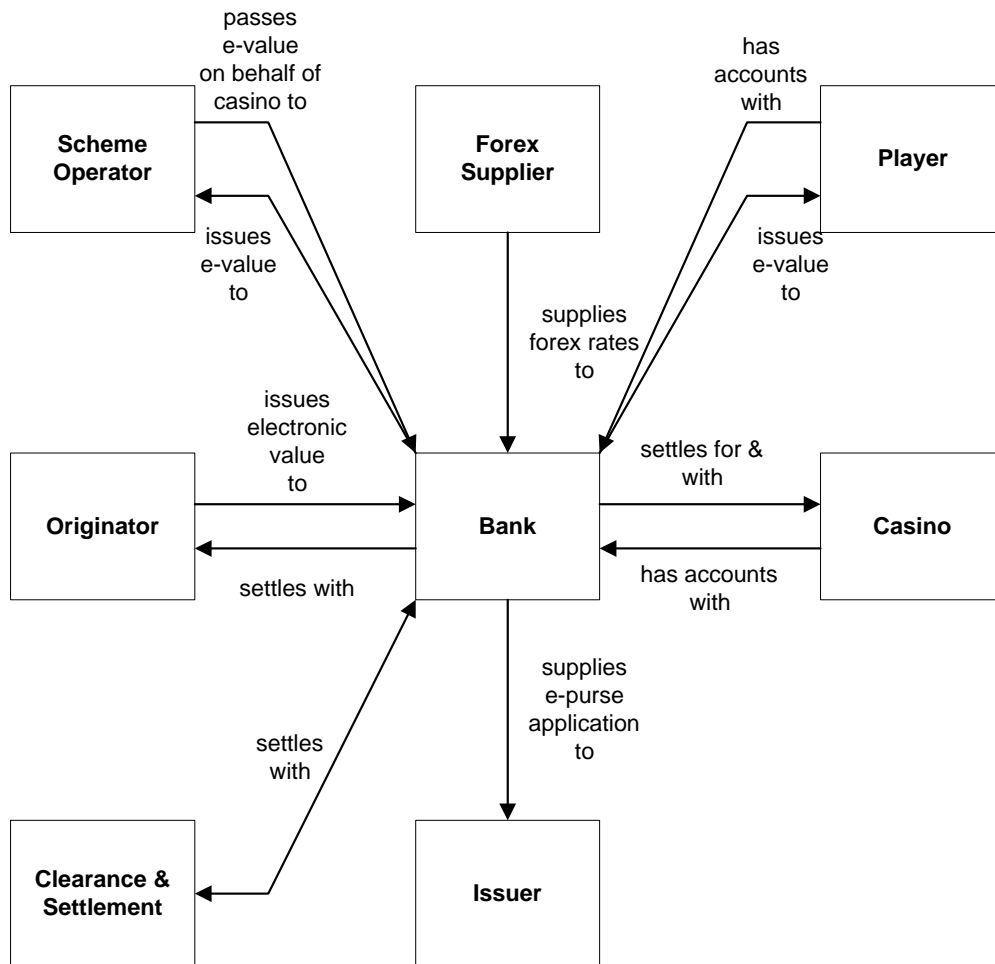
## Registration Authority



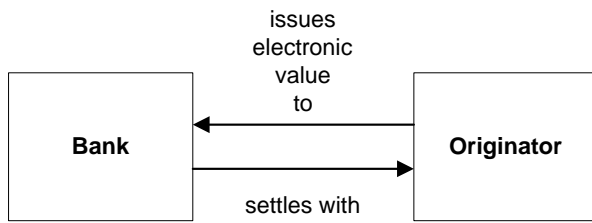
## Issuer



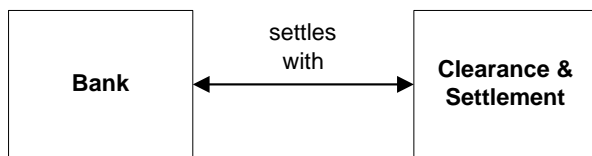
## Bank



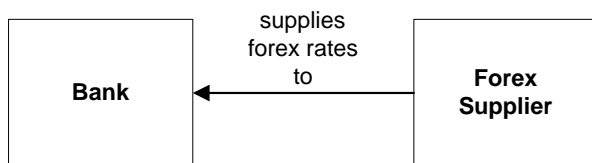
### Originator



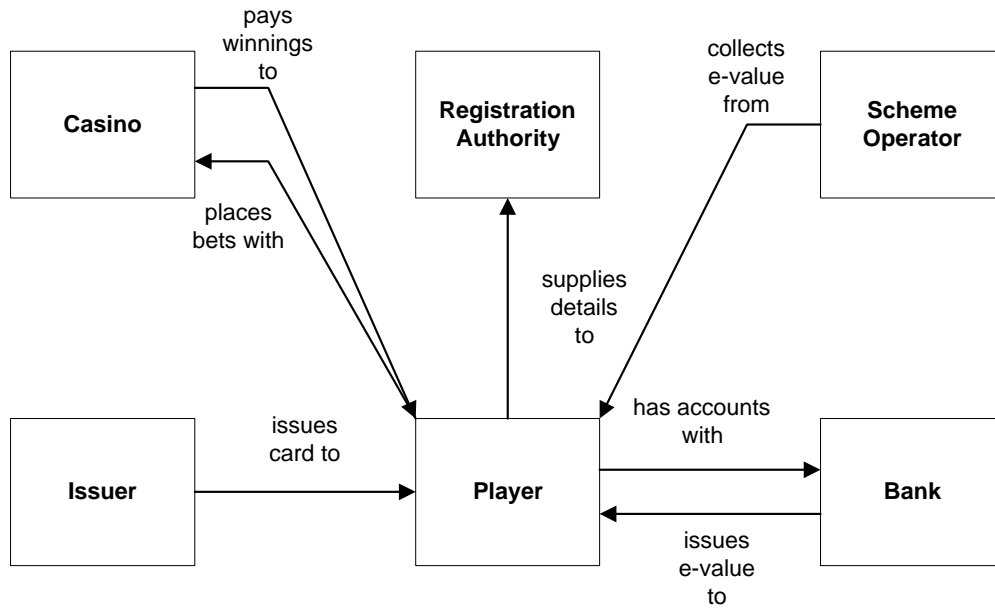
### Clearance & Settlement



### Forex Supplier



## Player



## Regulatory Body

