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Problem gambling and crime

With a focus on financial crime

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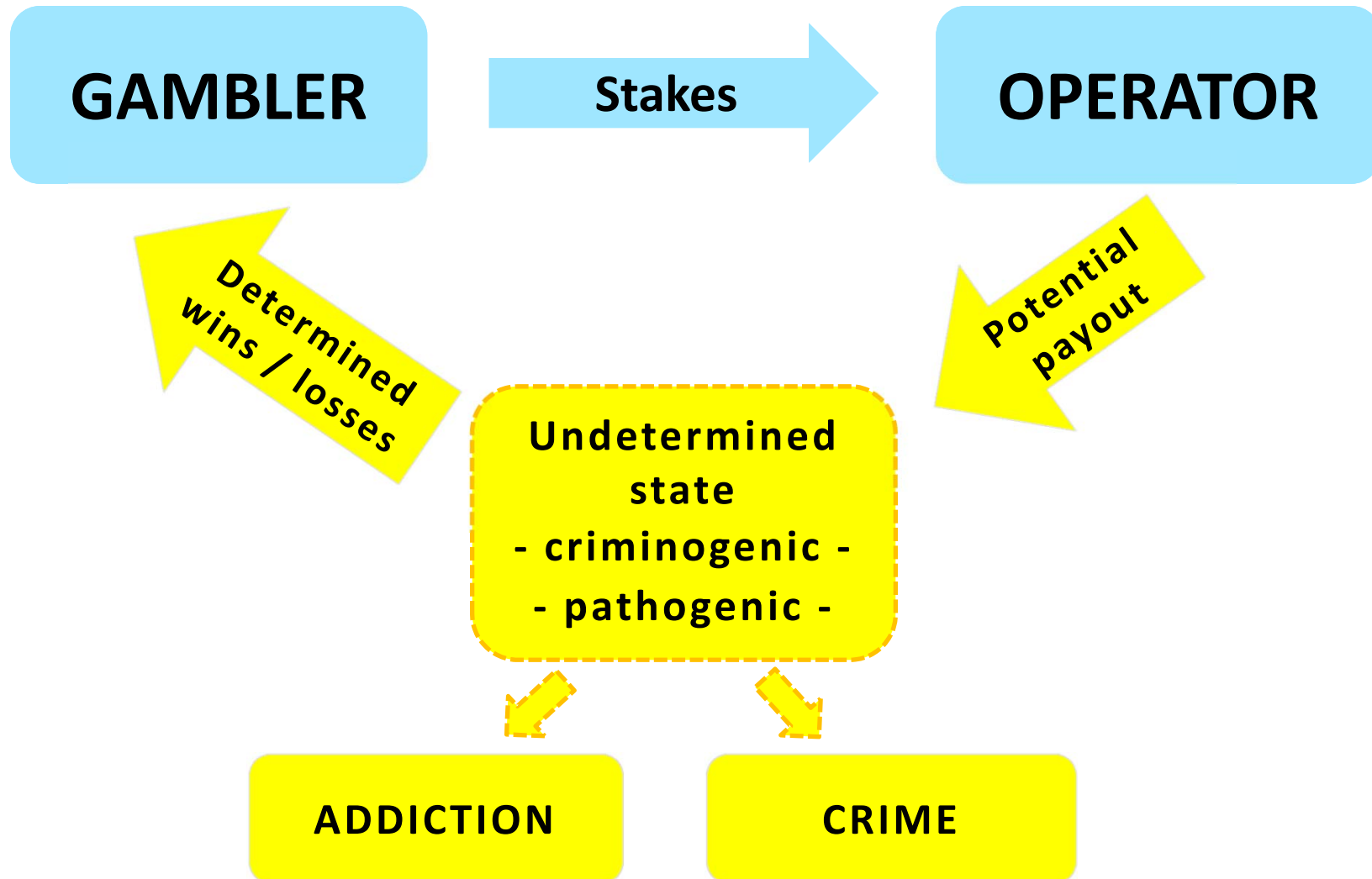
Overview of the lecture

1. Gambling and crime
2. Problem gambling and crime
3. Problem gambling and embezzlement
(my recent empirical study)
4. Comments & Questions

Why specific regulation of gambling?

- **Minimize excesses, addiction and harm**
- **Consumer protection**
- **Preventing crime**

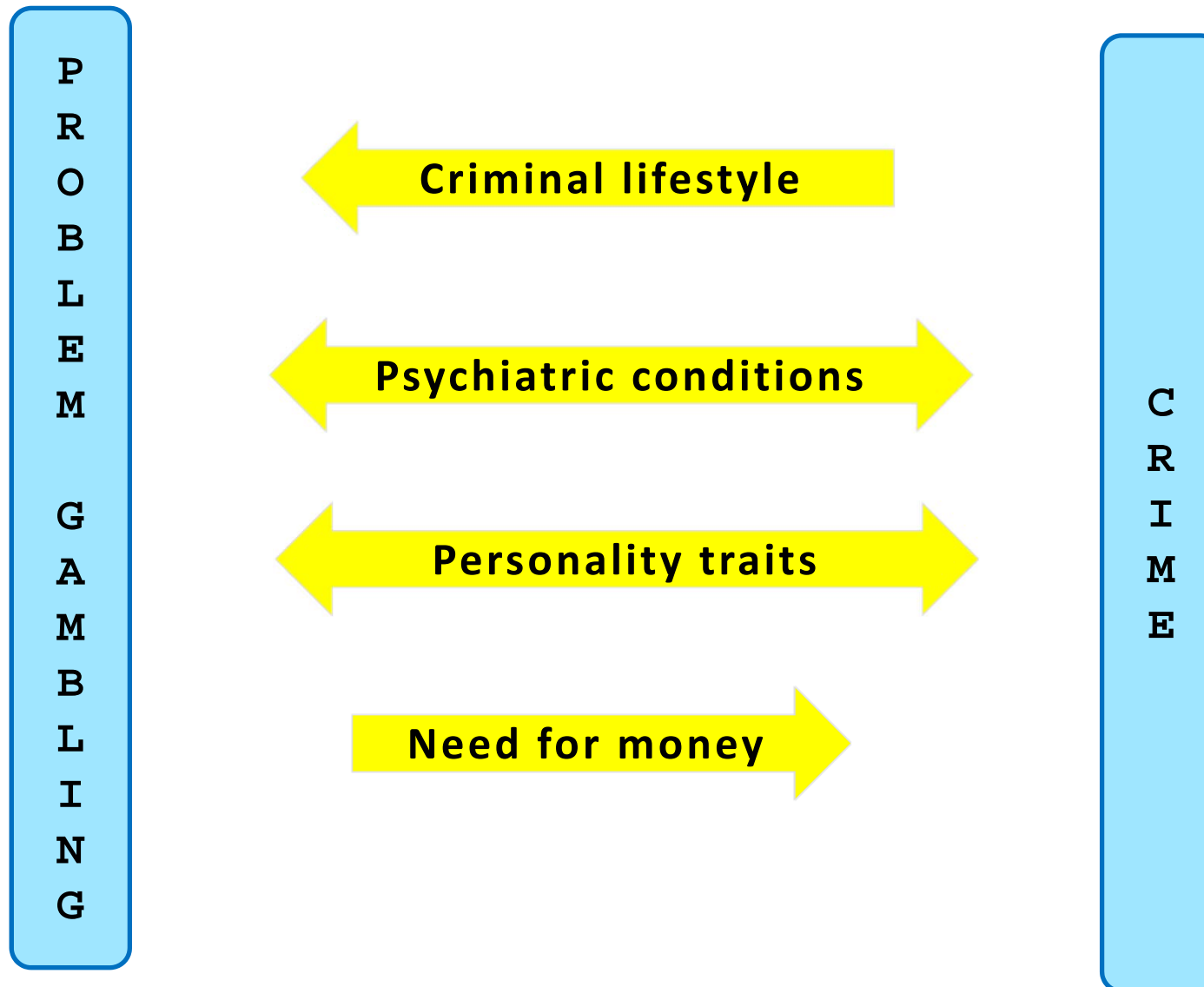
The nature of commercial gambling



Gambling and crime



Problem gambling and crime



My recent study on problem gambling and embezzlement

Aim: explore gambling-related embezzlement and theft of money in the workplace

Suggest preventive measures

Financed by the Public Health Agency of Sweden

One year (2014-2015), part time (exploratory)

Multi-method

(media study, interviews, literature reviews)

“Problem gambling” = the severe form

(a.k.a. disordered or compulsive gambling; gambling addiction)

Problem gamblers' crimes

reported in Swedish newspapers

PROPERTY CRIMES

Theft (of many kinds)

Burglary

Robbery

Shoplifting

Handling stolen goods

Fraud (of many kinds)

Larceny by servant

Embezzlement

OTHER MONEY-GENERATING CRIMES

Drug pushing

Accounting violation

Pimping

Forgery

Gambling-related embezzlement in the news

Swedish newspapers, 2009 - 2014

No. of cases	Professional category	Male/female/unknown sex	Sum embezzled (average)	Sum embezzled (median)	Duration (months, average)	Duration (months, median)
17	Employee or manager responsible for financial transactions at a public authority, municipal office, or private company (other than store, restaurant, or bank)	11/5/1	2,923,000	430,000	25	14
15	Treasurer or other position of trust in non-profit organization (e.g., political party, charity, trade union, sports association, or housing cooperative)	7/8/0	874,000	473,000	32	36
13	Manager or employee in store or restaurant	9/2/2	702,000	115,000	14	8
6	Bank manager (mid-level)	6/0/0	6,340,000	6,719,000	58	66
4	Other (journalist, bus driver, and unknown)	2/1/1	432,000	326,000	13	13
55	<i>Total</i>	<i>35/16/4</i>	<i>2,060,000</i>	<i>386,000</i>	<i>28</i>	<i>17</i>

1 Swedish krona ~ 0.1 Euro

Quantitative data from the media study: number of cases, professional category, sex, average and median values of the sums embezzled or stolen (rounded off to thousands of SEK, 2 missing values), and average and median length in month of embezzling or stealing (11 missing values).

Sweden, 2013

2,1 million Euros

Municipal school administrator

Five years

Sweden, 1996

4 million Euros

(adjusted for inflation)

Gold trader

Sweden, 1996

Accountant in a family business

Millions of Swedish kronor

16 years of embezzlement

Canada, 1980s

10 million dollars

Assistant bank manager

(the movie *Owning Mahowny*)

The typical severe case, all phases

Media study & interviews with councilors, therapists and recovered problem gamblers

1. A "normal" and honest person
2. Employed since long – a faithful servant raised above all suspicion
3. Has always liked to gamble or begins with a new form of gambling
4. Starts to have a gambling problem (hidden)
5. Gambles away own money, may take loans to gamble, might be in a desperate need of money
6. Starts to "borrow" money in the workplace; hopes for big wins that will put everything right; may return some money
7. Embezzles or steals more and more money in the workplace, it becomes routine
8. The greater the shame and guilt, the more difficult to tell anyone about the problem and seek help
9. Increasing difficulties to cover up the crimes, stress is severe
10. The crimes are discovered; the gambler confesses immediately (relief)
11. Discharged from work, sometimes reported to the police and brought to trial
12. In the worse case: unemployed, huge debts, pay damages to employer, divorce, spend time in jail, difficulties finding a new job

(Variations: criminal lifestyle; other crimes; rapid detection; does not conceal gambling)

Why honest people become thieves: four interacting processes

1. The idea that gambling will solve economic problems – which instead makes the problems worse (*cyclical*)
2. The more gambling, lies and crimes, the greater the shame – which intensifies lying and concealment (*cyclical*)
3. Uses gambling to cope with stress and anxiety – which in the long run increases anxiety and leads to even more gambling (*cyclical*)
4. Rationalization of embezzlement as "borrowing", then sometimes as a victimless crime – a progressive moral decay (*linear*)

The systemic character of the four interacting systems is striking. The system appears stronger than individual risk factors for problem gambling (psychiatric & psychological)

How common is it?

About 10% of help seeking problem gamblers have embezzled or committed similar crimes in the workplace

About one third of help seeking embezzlers have been reported to the police

Probably at least ten cases per month in Sweden
(difficult to estimate)

In summary, significant harm to:

- **The problem gambler**
- **Significant others**
- **The employer**
- **Society at large**

(gambling companies may get bad publicity)

How can this be prevented?

Problem gambling prevention in the population

(general; selective; indicated)

Employers

(policies; knowledge; awareness; responses)

Gambling companies

(monitoring; proactivity)

Regulators?



The anthropology of gambling
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