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AI Crime Reduction Matters

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Gambling-motivated fraud in Australia: who, why and how

Gamblers can often resort to criminal activity to support their chronic habit, fraud being one means of obtaining funds (Dohley 2000; Sakurai & Smith 2003). In Australia, it is estimated that 10 to 25 percent of problem gamblers commit gambling-related offences (Lahn 2005). A study of offenders on community corrections orders in the Australian Capital Territory found that, of those who reported problem gambling, 26 percent admitted that it contributed to their offending, and 46 percent said they had obtained money illegally to pay for gambling or related debts (Lahn 2005).

A new study, based on an extensive review of online reports of 528 legal judgements of 12,662 criminal offences heard in Australian courts, indicates that in the past decade more than a quarter of a billion dollars may have been lost to fraud related to gambling, most of which is never recovered (Warfield 2008). Around 12 percent involved amounts in excess of \$1 million; another two percent, amounts over \$5 million. Generally, gambling-motivated frauds were practised for relatively short durations (more than 62% lasting for less than one year), but 24 percent lasted for at least three years (10% lasting for more than five years). Frauds included defrauding of the government, falsification of accounts, forgery, fraudulent misappropriation, stealing as a servant, and use of false documentation.

Of offenders prosecuted for gambling-motivated fraud, more than 58 percent were male, and most (65%) were between 31 and 50 years of age. The most likely victims were employers (67%), but the largest amounts were stolen from state governments (an average of nearly \$3.8 million per state government) and from clients of financial advisers, accountants and solicitors (an average of \$1.45 million). The misappropriated money was used to fund a poker-machine addiction in more than half (56%) of the cases (average amount stolen, nearly \$65,000), followed by casinos (23%; average, \$71,000), horseracing (8%; average, almost \$71,500), and TAB gambling (6%; average, just over \$5,600).

The chances of ever recovering the fraudulently obtained money were regarded as slim at best. Despite the often large amounts stolen, the offenders often had large debts and asset losses as a consequence of gambling, with bankruptcy relatively common. From the study, it appears that the lower the amount of the fraud, the more likely was repayment, either immediately or by instalments over time.

While court records were not always clear on the causes of the gambling-motivated fraud, the study concluded that a significant number of people believed that they could win at their gambling, and that those charged with stealing from their employer believed they could win the money required to pay back the money they had stolen.

The report stressed that it did not estimate the size of the problem, as the researchers did not have access to all court files and cases. It stressed too that the sample was not representative of all cases nationally. Online reports are likely to include only the larger cases, and failed attempts at fraud were excluded. In addition, many corporations and organisations may be unwilling to report such matters for reputation reasons, and family and friends may allow the offender to discreetly repay the money stolen.

References

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