

# **DRAFT GAMBLING BILL**

---

## **EXPLANATORY NOTES**

### **PART 3: GENERAL OFFENCES**

#### **Chain-gift schemes**

1. This clause makes provision for the prohibition of chain-gift schemes. A chain-gift scheme is an arrangement in which, in order to join, persons must pay a joining fee to one or more of the other participants in the scheme. Persons who take part in the scheme are required or invited to encourage other persons to join. A person who participates in the arrangement does so having been encouraged to believe that he will receive back more than his initial joining fee, from the fees paid by other participants. The joining fee must be a payment of money or money's worth. It does not include goods or services.

2. Subsection (1) makes it an offence to invite another person to join such a scheme. It is also an offence to knowingly participate in the promotion of the scheme. It will not, however, be an offence for a person merely to join the scheme - a person must also promote the scheme or to invite others to join it in order to be liable. Persons who participate unwittingly in the promotion of the scheme, such as the host of an internet discussion forum upon which a posting promoting a chain-gift scheme has been made, will not commit an offence, provided they are unaware that the posting promotes a chain-gift scheme. Persons who knowingly participate in the administration or management of the scheme will also commit an offence.

3. Subsection (3)(b) provides that the offence is committed irrespective of whether the joining fees are paid directly between the participants in the scheme or through a person responsible for managing or administering the scheme.

### **PART 5: OPERATING LICENCES**

#### **Credit and inducements**

4. Subsection (1) of this clause provides expressly that conditions attached to operating licences under clauses 62 or 64 by the Gambling Commission, and under clause 65 by the Secretary of State through regulations, may restrict or make provision concerning the giving of credit in relation to licensed activities. The clause also allows conditions to be attached concerning the making of offers to induce people to participate, or to increase their level of participation, in these activities. It also allows conditions to be attached concerning participation in arrangements for

inducing, permitting or assisting persons to gamble.

5. In addition to the broad provision made by subsection (1), subsection (2) imposes particular mandatory conditions on non-remote casino and bingo operating licences. Under these licences, the licence holder may not give credit to be used to finance participation in the gambling activities, and may not participate in, arrange or knowingly facilitate the giving of such credit. Subsection (3) provides for an exemption from this provision, allowing the licence holder to permit another person to offer credit on the premises, provided that the licence holder has no commercial relationship with the credit provider and does not receive any payment or reward for this. Subsections (4) and (5) define “credit” for the purposes of this clause.

## **PART 10: GAMING MACHINES**

### **Credit**

6. This clause makes it an offence to supply, install or make available for use, a gaming machine that accepts payment by way of a credit card. Subsection (2) defines “credit card” for the purposes of this clause.

Department for Culture, Media and Sport

March 2004