GAMBLING COMMISSION

21 August 2009 LET09/07

To gaming machine suppliers and manufacturers
Trade bodies

Supply of gaming machines into the unlicensed market

The Commission is undertaking work to prevent the supply of gaming machines by operators who do not hold a Commission operating licence. This includes work to identify the source of gaming machines used by those who illegally site and supply these machines.

Responsible manufacturers and suppliers should be able to evidence that they take steps to satisfy themselves that purchasers of their machines, be they new or used, will use them legitimately. Licensed suppliers who act irresponsibly in this respect should be aware that we are likely to raise questions under S116(2)(c)(i) as to their suitability to hold a licence.

The supply of gaming machines to non-permitted sites and into a non-licensed supply chain sustains a clear risk to the Gambling Act's licensing objectives and to the reputation and economic welfare of those operating in the legitimate gaming machine sector.

Findings to date indicate that the gaming machine (supply and provider) sector is characterised by a relatively high turnover of machines due to customer demand for new and innovative gaming machines. We also consider that a major source of machines into the illegal (unlicensed) market is licensed manufacturers and wholesalers selling used and recycled stock to unlicensed buyers. These buyers are then siting the machines in non-permitted sites or further supplying the machines to smaller unlicensed suppliers, who again place them in non-permitted sites.

In order to satisfy ourselves that the issue is being addressed by operators, the Commission is considering conducting a thematic review across gaming machine suppliers and manufacturers on this specific issue under S116(1). Furthermore we may consider the addition of a licence condition requiring machine sale records (new and used) to be maintained for inspection, or making the disposal or recycling of machines a key event, or part of regulatory returns.

By way of mitigating the business risk, you may wish to consider, if not already in place, the maintenance of records of sales and purchases of machines that contain verified details (including any licence numbers) of the seller/buyers. Such records could then be made available to the Commission upon inspection and would also help to satisfy yourself that you are not contributing to an activity that can have impact upon your own reputation and viability.

Yours sincerely

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