

THE BINGO PROJECT FINAL REPORT

Policy brief for Brazil

Case study led by Toni Williams and Maria Luiza Kurban Jobim



POLICY BRIEF FOR BRAZIL

The final report of the Bingo Project has now been released.

It is available to download:

www.kent.ac.uk/thebingoproject.

Here are some highlights, relating to our case study of land-based bingo regulation in Brazil.

Why bingo?

Bingo is a globally significant, but under-studied, gambling form. It is a social, community activity for many people, and it attracts a distinctive demographic of players: it is often seen as a working class and female form of leisure. In many places bingo is associated with charitable fundraising and mutual aid as much as, if not more than, commercial gambling.

Our aims

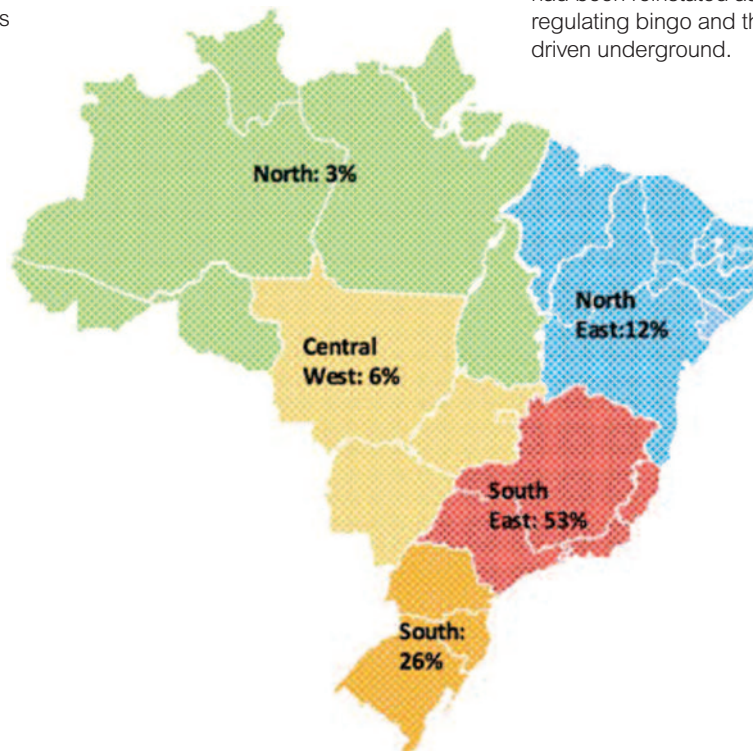
The research sought to better understand how bingo is regulated in different places around the world. We wanted to examine the diverse ways in which bingo is played (eg, online versus land-based; in commercial halls versus in charitable facilities), and regulated (eg, criminal prohibition; licensing as charitable activity; licensing as commercial activity), in order to know more about gambling law and policy as it affects different groups of people.

What we did

The Bingo Project investigated the regulation and practice of land-based bingo in England and Wales, Canada (with a focus on Ontario and British Columbia), and Brazil, and of online bingo across the European Union. We interviewed 255 people involved in bingo and we observed legal bingo games to see how rules and regulations were implemented in practice. We reviewed case law, legislation, regulatory guidance, official records of political debate, consultations, and annual reports from bingo regulators and operators. We have a collection of over 1000 legal cases across the four case studies, stretching back to 1845. Over 100 of these are discussed in the final report. Through this research we examined the diverse ways in which bingo is played and regulated, and we related that information back to debates about gambling that occur in law and policy.

Land-based bingo in Brazil

Bingo in Brazil, as elsewhere, historically evoked family leisure time, charitable fundraising and older women's social activities. These associations persisted throughout the twentieth century even though Brazil prohibited bingo (along with most other forms of gambling) from the 1940s until the early 1990s. After the legalization of bingo in 1993, which was done to help fund the development and democratization of sports, the game was expected to grow and to root itself in popular culture as a safe and social leisure practice. Rapid growth occurred as large, profitable bingo halls were established in many cities, particularly in Brazil's prosperous South and South East regions. However the legalized Brazilian bingo industry and its regulators were repeatedly ensnared in corruption, organised crime and money laundering scandals. Just seven years after opening a legal bingo market the federal government sought to close it. Closure was resisted through political processes, court challenges and defiance. By 2007, however, prohibition had been reinstated as Brazil's mode of regulating bingo and the game had been driven underground.



Regional distribution of bingos in Brazil, 2005.

Source: data reported in the CPI dos Bingos 2006, p.112-3.

The regulation of bingo in Brazil: Key themes from the research

- 1 Brazil's regulatory arrangements from 1993-2007 left the retail bingo market vulnerable to capture by criminals, and significantly damaged public confidence in the capacity of regulation to protect a retail bingo market against crime and corruption risks.
- 2 Prohibition does not benefit Brazil since clandestine play continues and illegality generates costs of enforcement, corruption, foregone jobs and taxable revenues. Gambling problems, including fraud and the exploitation of vulnerabilities, are also driven underground.
- 3 Brazil cannot create a trusted licensed bingo market comprised of private sector businesses without robust, effective and well-funded regulation that is clearly differentiated from, and stronger than, the failed regulatory practices of 1993-2007.

Organised crime and corruption in Brazilian bingo: Findings from the Parliamentary Commission of Inquiry (2006)

Organised crime and gambling are "conjoined twins". There is strong evidence worldwide that casinos and similar businesses mask the real, illegal business that actually control them.

Since the beginning of their activities in 1993, the bingo halls have rendered a disservice to the nation... [S]ome of these entities have been used to launder money coming from illegal activities.

As stakeholders bingo has – sometimes hidden – individuals notably related to crimes and misdemeanours, who sometimes represent the interests of an international organised mafia (CPI dos Bingos 2006 pp.7-8)

The weak regulatory structure governing bingo in Brazil allowed the sector to be exploited for other purposes. Proceeds were used to finance and corrupt election campaigns and to help launder money from crimes (CPI dos Bingos 2006, p.455).

Key recommendations for the Brazil case study

Bingo should be legalised in Brazil as part of an integrated set of reforms. Gambling prohibition should be replaced with a comprehensive regulatory system consisting of well-staffed and properly funded regulatory agencies. Substantive regulatory provisions should draw on international good practice but be tailored to the country's distinctive history, cultures, legal institutions and political arrangements. Specifically:

- 1 Regulatory powers including licensing, inspection, revenue distribution, consumer protection and enforcement should be placed at the state level. State regulators should be supported to develop a network regulatory model to maintain consistency of practice without centralisation.
- 2 Regulation should clearly differentiate bingo as a specific form of gaming, distinct from slot-machines and casino games.
- 3 The concept of responsible gambling in Brazilian bingo regulation should incorporate systematic and effective 'conduct of business' regulation to protect players and improve fairness. It should be based on the principles of Know Your Customer and Know your Provider, and include enforceable obligations on bingo providers to treat customers fairly.
- 4 Brazilian regulation should impose on bingo providers a duty to prevent crime, including fraud, money laundering, bribery and corruption, and to demonstrate compliance. While there are good reasons for the regulation to be drafted as universally applicable, consideration should be given to exemptions from more onerous requirements for small-scale, non-profit and charitable providers of bingo.
- 5 A portion of the revenues from legalised bingo should be used to fund specialist NGOs to develop expertise in gambling regulation, data analysis, and communications. The role of these "Bingo Watch" organisations would be to strengthen the capacity of civil society, independently of the regulator, to assess and where necessary critique the performances of bingo providers against their regulatory duties.

Recommendations for all of the case studies

- 1 **Policymakers** and **researchers** should expand the concept of 'responsible gambling' to focus more on fairness for players and workers.
- 2 **Policymakers** and **researchers** should take better account of non-commercial organisations that use gambling to fundraise, by including them in debates about regulation and by exploring how they use proceeds, how they are connected to players as donors, and how they mobilise volunteers.
- 3 **Regulators** should ensure that rules reflect the distinctiveness of bingo as a game, and a playing environment.
- 4 **Policymakers** and **regulators** may have a role in supporting and preserving everyday forms of play like bingo.
- 5 **Local governments** that license low-level forms of gambling such as bingos should be better supported in their work, including through improved international collaboration.

If you would like more information about the research, please download the report (www.kent.ac.uk/thebingoproject), or email us at klsresearch@kent.ac.uk. If you require hard copies of the report, drop us an email and we will send some along.

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