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Gambling and Crime in the Workplace: A Growing Problem?

This Week

Article

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Just under one *per cent* of the UK adult population have a gambling problem (Griffiths, 2004). Furthermore, with the introduction of the new Gambling Bill, gambling is likely to increase. Think about it. For every 100 employees, one of them is likely to be a problem gambler. The growing availability of Internet gambling, telephone betting and spread betting is making it easier to gamble from the workplace. For most people gambling is not a serious problem and in some cases may even be of benefit in team-building and/or creating a collegiate atmosphere (eg, National Lottery syndicates, office sweepstakes on the Derby or Grand National). However, for those whose gambling starts to become more of a problem, it can affect both the organization and other work colleagues. It can also lead to criminal offences.

Nowadays, employees do not even have to leave their desks as they can set up endless Internet accounts and have a telephone betting account with two or three different bookmakers. Part of the problem stems from the fact that British employers are reluctant to acknowledge gambling as a work-place issue and the possible financial and criminal implications that may arise from it. Internet gambling and spread betting are perhaps two of the fastest growing areas in gambling. They highlight the ease with which gambling can intrude in the workplace.

So how serious can gambling in the workplace be? Earlier this year, a 32-year-old accountant earning £50,000 a year from the engineering firm Charter plc stole more than £9m from his bosses to fund his gambling addiction (Smith (2005)). He was given a five-year prison sentence. Wing Kit Chu transferred thousands of pounds a time by borrowing the identities of company executives to his spread-betting account. On more than 100 occasions, Chu managed to steal amounts of between £2,000 and £150,000 at a time by logging on to in-house computers using the passwords of company executives. He would access Internet gambling sites up to 30 times a day so that he could gamble.

Despite the large amounts, Chu's consistent stealing went unnoticed for more than five years. Most of the money was used to gamble on the performance of the stock markets although he also gambled on sporting events. As is typical with many addicted gamblers, he became increasingly desperate as he lost ever-larger sums of money and started to chase his losses. In one three-day period alone, he withdrew almost half a million pounds. By the end of 2003, Chu had already stolen and lost £5m of his company's money. The thefts accelerated in the first eight months of 2004 when he stole a further £4.2m to fund his gambling addiction.

A total of £9,237,312.68 was missing from the company's funds by the time Chu's crime was discovered. As is typical in cases of workplace theft, Charter plc only realized the missing money after Chu had handed in

his notice. Once the company had uncovered the discrepancies, Chu turned himself in at a police station in central London. Chu subsequently pleaded guilty to 28 counts of theft between January 1, 2000 and August 18, 2004. He also asked for 74 similar offences to be taken into consideration.

Chu's case is quite unusual given the large amounts of money that were gambled away. However, there are similar cases including the infamous Nick Leeson who almost single-handedly brought down Barings Bank by gambling on the derivatives markets.

For addicted gamblers, criminal acts in the workplace are not uncommon. Griffiths (2002) reported that one of the most common offences committed by problem gamblers is theft from an employer (eg, embezzlement, fraud etc). He also reported that addicted gamblers are more likely to i) have a higher incidence of general illegal activity, ii) run books (to make extra money), iii) steal money from work colleagues, iv) put in fraudulent expense claims, v) sell stolen goods at work, and vi) sell drugs at work (to make extra money). All of these associated types of activity have criminal implications.

Very often, a gambler may be in a position of financial trust (as highlighted by the case above) and, as their gambling problem develops, the employee "borrows" from the organization in order to cover debts and/or to chase losses. Such a situation, as we have seen, can have serious financial implications for the organization. It is not uncommon for a whole company to go out of business because of the criminal actions of one problem gambler. A key indicator here can be employees who do not take holidays other than a couple of days here or there (so that no one needs to cover during absence). In the case of Wing Kit Chu, his stealing was only discovered once he had left the organization. All the research evidence suggests that problem gamblers never believe that they are stealing from their employers and that always in their mind they have every intention of paying the money back. This is why in their own accounts of their behaviour they consistently use the word "borrow" to explain their actions. However, their actions are still criminal despite what they believe in themselves.

One of the problems with a gambling addiction is that it has few observable signs and symptoms that are commonly associated with other addictions (eg, alcoholism, drug addiction etc). This makes identification of problem gamblers hard for employers. However, there are a number of behaviours and "warning signs" that might be indicative of a gambling problem. Many of these involve the exploitation of time (eg, arriving into work late, long lunch hours, mysterious disappearances from the workplace etc) and finances (eg, constantly borrowing money from work colleagues, constant asking for salary advances, etc). However, the identification of problem Internet gamblers may be even harder than other problem gamblers. This is because many of the behaviours concerning the exploitation of time may simply not apply as Internet gamblers will be gambling from within the work environment rather than gambling at an outside gambling establishment.

Gambling (and problem gambling) in the workplace is a little researched area despite the potential far-reaching financial and criminal consequences. Part of the problem stems from the fact that employers are reluctant to acknowledge gambling as a work-place issue and the possible implications that may arise from it. Most people (including employers and those in the criminal justice system) need to have their awareness of this issue raised as the incidence gambling will almost certainly increase as the Government allows more opportunities and access to gamble.

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