

THE POKIES PLAY YOU

Time for Clubs NSW chair to resign after Steelers scandal

Friday, October 5, 2018,

The Alliance for Gambling Reform today called for the resignation of long serving Clubs NSW and Clubs Australian chairman Peter Newell after the local Wollongong pokies club he has chaired for decades, The Steelers, was hit with the biggest fine in the history of NSW pokies regulation.

The Alliance was shocked to read [this SBS story](#) and the contents of today's [30 page report](#) into The Steelers by Liquor and Gaming NSW after an 18 month investigation which lifted the lid on an appalling culture which involved plying gamblers with free liquor and facilitating large illegal cash withdrawals for gamblers of up to \$40,000.

Scott Miles, the long serving CEO of The Steelers, is already serving a [4 year prison sentence](#) for embezzling more than \$1 million from the club to feed his own gambling addiction and now he has been banned for life by LGNSW.

In addition, the club itself has been fined a record \$100,000 and ordered to pay almost \$30,000 towards the cost of the 18 month probe which has produced one of the most [troubling regulatory reports](#) in the history of Australia's increasingly notorious poker machine industry.

The Alliance's Tim Costello said he believes the [LGNSW report into the Steelers](#) is a long overdue wake up call for regulators and politicians across Australia to get tough with the gambling industry which has displayed cowboy practices again and again.

"Clubs NSW is pressuring the NSW Coalition to sign another [pre-election MOU](#) to prevent meaningful gambling reform but as long as Clubs NSW is led by the Steelers chairman, the Government should be saying 'no deal, clean up your own act'," Mr Costello said.

"Having served on the board of The Steelers since 1989, if there is to be any board room accountability for these disgraceful practices then the chairman of the board should resign rather than everyone blaming the former CEO."

"The Clubs NSW AGM is coming up on October 13 and the members should be insisting on a change of leadership after Mr Newell's 14 year tenure, as should the various interstate clubs organisations which have supported Peter Newell as chair of Clubs Australia for the past decade."

The Alliance urged all NSW politicians to [read the report](#) and then commit to introduce policies which will reduce the world record levels of gambling losses in Australia. NSW is at the centre of the epidemic with average annual pokies losses of more than \$1000 per adult and total losses approaching \$7 billion a year, including The Star Casino.

"There must be no more cosy agreements with the gambling industry," Mr Costello said. "The major parties should instead unite behind a platform of significant reform going into the next election."

Key quotes from the [LGNSW report](#):

Lots of illegality over a long period of time:

"While the unlawful conduct was instigated by Mr Miles, it occurred over a substantial period of time and involved substantial sums of money. It included the cooperation of managerial staff, several of whom clearly knew these practices to be wrong but acquiesced."

Fabricated cash withdrawals to maximise gambling losses

"The Authority is satisfied...that all of those five staff members were directed by Mr Miles to provide cash to gaming patrons by fabricating EFTPOS transactions to appear as sales, rather than a cash withdrawal."

Free liquor supplied to encourage more gambling

"The Authority is satisfied...that Mr Miles caused or permitted free liquor to be provided as an inducement to play, or to play frequently, approved gaming machines on the Club's Premises, contrary to clause 55(a) of the GM Regulation."

Board didn't know, but Club is responsible

"While the Authority accepts the Club's submission that the Complainant has not provided sufficient evidence that the board members were on notice of the practice, the Authority does not accept the proposition that a prolonged and systemic contravention of clause 55(a) of the GM Regulation, committed by the Club's CEO in concert with several managerial staff may not be attributed to the Club itself. The Club acts through its officers and the relevant conduct was perpetrated by the Club's highest-ranking employee along with managerial staff who were responsible for the Club and its gaming machine operations at relevant times."

It has taken 18 months to conclude this matter:

"On 23 March 2017, the Club contacted LGNSW and reported that Mr Miles had instructed his duty managers to facilitate cash withdrawals via the Club's EFTPOS system that were disguised as legitimate sales in order to facilitate gambling on the Club Premises."

Huge illegal cash advances to gamblers of up to \$40,000:

"The Authority is satisfied...that: facilitating EFTPOS transactions started quite a while ago with some Asian clients and Mr Miles had instructed management to put these EFTPOS transactions through as a purchase; if the transaction was large, Mr Summerrell would contact Mr Miles and seek comfort and Mr Miles would advise Mr Summerrell to keep going with the transaction as they could not afford to lose that kind of patron; he held concerns regarding the large transactions, putting pressure on the Club's safe balance but when raised with Mr Miles, Mr Summerrell was told while there's money in the safe you do the transactions; and that the largest transactions that he was directed to facilitate ranged from \$20,000 to \$40,000." – p15.

Club tries to pass the buck to ex CEO – paragraph 94

“In response to Ground 2 Particular 2, the Club argues in its submission dated 23 May 2018 that the duty imposed under section 109(1) of the Liquor Act applies to a “responsible person for licensed premises” and that person was Mr Miles, not the Club itself; that Mr Miles conduct should not be attributed to the Club but only Mr Miles personally; that none of the Club’s directors were aware of the breaches of this statutory provision until after termination of Mr Miles’ employment; that there is no evidence before the Authority to establish that any Club directors had any knowledge of, or reason to suspect, that such breaches had occurred; that all Club directors have provided sworn declarations to the effect that no such concerns were raised with them and that they were otherwise unaware of these matters and that there was no deliberate and systematic culture of non-compliance with this provision of the Liquor Act at the Club.”

Fine could have been \$275,000 – paragraph 121

“With regard to the third proposal, the Complainant notes the seriousness of the findings that have been made in relation to the Club and the need for a message to be sent to this Club and other registered clubs that such conduct will attract sanctions. Without specifying a figure, the Complainant submits that the Authority impose an “appropriate” monetary penalty that reflects the seriousness of the conduct, noting that the maximum penalty is \$275,000.”

Steelers plead for clemency based on financial problems – paragraphs 128-129

The Club contends that it has been “devastated” by the financial impact of Mr Miles’ fraud on the Club, leading to the Club reporting losses for the following financial years:

- \$550,000.00 for 2014;
- \$278,000.00 for 2015;
- \$565,000.00 for 2016.

The Club further contends that while a “partial recovery” of the financial position lead to a surplus of \$216,000.00 during 2017, preliminary figures indicate that the Club will incur a “small loss” for the 2018 financial year.

Background

[Illawarra Mercury story](#) after Scott Miles admits to \$1m fraud

[Illawarra Mercury story](#) shortly before Scott Miles sentenced

[Illawarra Mercury story](#) after Scott Miles sentenced to 4 years jail

[Board profiles](#) of Clubs NSW directors from 2017 annual report (page 6)

[Board profiles at Clubs Australia](#) which Peter Newell has chaired since 2008

[Peter Newell’s chairman’s address](#) in 2016-17 Steelers annual report

[Profiles of the all male Steelers board](#) from 2017 financial report (page 2)

[Disclosure of fraud impact](#) on Steelers financials (p21, 2017 financial report)

[Peter Newell ACID interview](#) about good governance (Oct 2015)

[Peter Newell lecturing](#) Essendon FC on appalling corporate governance (2015)

[Peter Newell says](#) boards can’t hide behind a bad CEO (17 minute into video)

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