

PBS NewsHour 'Reveal'

## How social casinos leverage Facebook user data to target vulnerable gamblers

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<https://www.pbs.org/newshour/show/how-social-casinos-leverage-facebook-user-data-to-target-vulnerable-gamblers>

Video 10:16 total; Audio File also available

From Reveal at the Center for Investigative Reporting  
Reporter: Nate Halverson

Interviewed or shown:

- Gambling Addiction client Suzie Kelly from Dallas; participated in court case against Big Fish Casino
- Keith Whyte, National Council on Problem Gambling
- Jose Brotons - worked for Aristocrat - designed the VIP targeting system
- Julien Codorniou, a Facebook executive, spoke at a game conference in 2014 about social casinos.
- Sam Lessin is a former top executive at Facebook

### TRANSCRIPT

Every year, more people are playing games on their phones, and a category of apps called social casinos has quickly become a multi-billion dollar industry. But are game developers targeting vulnerable users, with Facebook's help and massive trove of personal data? Nate Halverson of Reveal at the Center for Investigative Reporting has the story of this treacherous platform for addiction.

#### **Amna Nawaz:**

Every year, more people are playing games on their phones. And one category, called social casinos, has quickly become a multi-billion dollar industry. But new evidence shows game developers are targeting vulnerable users, all with the help of Facebook and its massive trove of personal data. For the record, "PBS NewsHour" produces some content as part of a business relationship with Facebook.

From Reveal at the Center for Investigative Reporting, Nate Halverson has the story.

#### **Nate Halverson:**

Suzie Kelly is a grandmother from suburban Dallas. Five years ago, she and her husband were thinking about retirement. But, all that changed one afternoon, when she sat down to watch TV.

#### **Suzie Kelly:**

There was a commercial for Big Fish Casino. I thought it was a casino-casino at first, and then I realized it was a game.

*Ad: Big Fish Casino. Play for free. Play for fun. [Giggle.]*

**Nate Halverson:**

The game she downloaded is part of a rapidly- growing industry called "social casinos" that launched on Facebook about 10 years ago. These apps bundle together games like poker, roulette and slot machines.

Kelly's slot machine game was free to play, at first. But, once her free chips ran out, she had to buy more to keep playing.

**Suzie Kelly:**

I would say that my spending increased to hundreds of dollars and thousands of dollars within the first month.

**Nate Halverson:**

How much could you win playing Big Fish Casino?

**Suzie Kelly:**

Real money? Zero. Nothing at all.

**Nate Halverson:**

Why?

**Suzie Kelly:**

Because they don't pay real money. They only take money, to give you virtual chips to continue to play on their app.

**Nate Halverson:**

Fully aware she could never cash out her chips, that first month, Kelly still spent nearly \$8,000.

**Suzie Kelly:**

I just couldn't stop. You know, it's like, holy cow, what the hell have I done again?

**Nate Halverson:**

Nine months after downloading the free game, Kelly had spent more than \$40,000.

**Suzie Kelly:**

I have an addiction. I just — I realize I had to get out of it. I needed out.

**Nate Halverson:**

She decided to quit, and emailed the game company. Kelly showed me hundreds of messages between her and Big Fish Casino.

And you write to them, and the subject line is, all caps, "cancel account."

**Suzie Kelly:**

Right. I wrote, I just can't do this anymore. I've maxed out my AmEx twice.

**Nate Halverson:**

Did they delete your account?

**Suzie Kelly:**

No, sir.

**Nate Halverson:**

Kelly asked Big Fish Casino to delete or permanently ban her from playing, nearly a dozen times. The company never did.

She continued spending, hiding it from her husband. In total, Kelly would lose more than \$400,000.

**Suzie Kelly:**

You know, I had to come clean with my husband. I took a breath, I remember this, and I said, its like I said, I'm sorry, Chuck. I said, I think we might lose. I don't want to lose everything.

**2:55**

**Keith Whyte:**

I mean, it's absolutely predatory. And it should be unacceptable.

**Nate Halverson:**

Keith Whyte is the executive director of the National Council on Problem Gambling. He said real casinos would be required to cut her off, or face big fines. But there are no regulations on social casino games.

**Keith Whyte:**

Those people who, like Suzie, appear to have very severe gambling problems, or gambling-like problems, they can't just walk away.

**Nate Halverson:**

Whyte said their helpline is increasingly filled with people addicted to social casinos, and they've lost serious money. He said social casino games appear to be five times more addictive than traditional casinos.

**Keith Whyte:**

In the U.S. alone, you're talking well over 100 million people who report playing somewhat regularly on social casino apps. And again, no one's tracking this, because it's not being regulated.

**Nate Halverson:**

Last year, social casino companies earned more than \$5 billion, nearly as much as all the casinos on the Las Vegas Strip. But companies like Big Fish claim their games are just entertainment, and have avoided any gambling regulations.

**Keith Whyte:**

It's a very highly lucrative but somewhat secretive industry that has exploded across the United States in the past decade.

**Nate Halverson:**

Big Fish declined our request for an interview, but sent a written statement saying the company is "dedicated to delivering great entertainment experiences," and that "we strive to ensure that our social games comply with all applicable standards, rules and requirements."

I spoke to former employees of these social casinos. None wanted to go on camera, but described a darker side, saying it was widely known some players were addicted, and their warnings to management went ignored. One player spent so much on the game, she couldn't afford her prescription medicine, and they told me another's home was in foreclosure.

Suzie Kelly said the first time she tried to quit, Big Fish called her on the phone, not to cancel her account, but to assign her a personal **VIP host, Byron Scott**, who gave her free chips to keep her from leaving.

Where would this relationship with Byron Scott go? What did it become?

**Suzie Kelly:**

This was a daily thing, back and forth. It was like a friendship. And you know, my mother passed away in 2016. They sent me flowers. And they also sent, of course, chips to keep me playing.

**Jose Brotos:**

Hi, guys.

**Nate Halverson:**

We tracked down footage from a 2013 tech conference of **Jose Brotos, who helped pioneer the VIP system for social casinos**. He is speaking on stage to a roomful of game developers.

Brotos worked for **Aristocrat**, the same company that owns Big Fish Casino. He designed the VIP system to target the tiny fraction of players who will actually pay to play the games.

**Jose Brotos:**

You've got to think that about 3 percent of your users are going to be generating 80 percent to 90 percent of the value for the company.

**Nate Halverson:**

We obtained leaked company documents that show how his VIP system tracks players by their Facebook IDs, closely monitors their game play, and then prods people to keep them spending. They refer to their VIPs as **whales**, a term taken from the casino industry to describe big spenders.

**Social casinos now use behavioral analysis** software to quickly identify people who are likely to become big spenders. Behaviors like increasing your bet, or playing frequently, are signals to the companies, and they target these players with heavy marketing, and label them, **proto-whales**, as Brotos explained to a roomful of game developers back in 2015.

**Jose Brotos:**

We are now capable of predicting proto-whales within their first gaming session, so we can assign a very high likelihood that a person's going to be a proto-whale.

**Nate Halverson:**

I show Kelly documents outlining the creation of the VIP program,

**Suzie Kelly:**

Yes, bingo. For me, that's like, let's find the weakest person and destroy their life.

**Nate Halverson:**

Does it feel like they're targeting your addiction?

**Suzie Kelly:**

Absolutely.

**Nate Halverson:**

There is another company profiting from these games. Facebook makes hundreds of millions of dollars selling virtual chips to players like Kelly.

**Julien Codorniou, a Facebook executive, spoke at a game conference in 2014 about social casinos.**

**Julien Codorniou:**

It's the number one category on Facebook. It's a category that, you know, never stops growing. Every year, we see new companies out of nowhere coming up with amazing games, amazing IP, launching on Facebook, launching on mobile, making significant money.

**Nate Halverson:**

Facebook's website shows how it tracks people online, and can predict who is likely to spend big by analyzing user data. Facebook helps social casinos find those potential whales. It charges a premium to nudge players to spend more, to target people whose online behavior might be a sign of addiction.

**Julien Codorniou:**

It's very good for gaming companies because they can decide to target on Facebook, or on mobile, you know, specific users, or just the whales.

**Nate Halverson:**

Facebook declined to speak on camera, but sent a written statement saying that while they don't build ad products specific to social casinos, they understand that certain games or products can impact some people differently, and they are working to understand the long term impact of certain kinds of content.

**Sam Lessin is a former top executive at Facebook.** He now runs his own venture capital firm. But back in 2012, he wrote an email to his then-boss and close friend, Mark Zuckerberg. Lessin wrote that he wasn't proud of their work with slot machine companies. "I'm fine with it," he wrote, "just not proud of it."

Lessin won't discuss his time at Facebook, but agreed to speak generally about how companies are targeting people like Suzie Kelly.

She ended up spending over \$400,000 playing a slot machine game.

**Sam Lessin:**

Yes. I mean, it sounds disgusting, right? You know, we're going to have to live in a world where both very, very good people, and very, very bad people have better tools.

**Nate Halverson:**

Do we want hyper-targeted ads from beer companies to alcoholics? Do we want hyper-targeted ads from casinos to gambling addicts?

**Sam Lessin:**

No, of course, we don't want those things, right? Like, no thinking person is like, that's great. But then the question is, well, OK, like, let's be really clear, what rule do you want to write? Right? And how are you going to enforce that rule?

**Nate Halverson:**

Suzie Kelly joined a lawsuit last year in the state of Washington, where Big Fish Casino is based, arguing that the game constitutes illegal gambling, and she is asking for her money back. She is now getting help for her gambling addiction, and says she no longer spends money on Big Fish. But, she is still dealing with near financial ruin from the game.

If you could go back in time to that moment when you were about to download the app, what would you tell yourself?

**Suzie Kelly:**

Don't do it. You don't know this until you play this game, but you've got a problem. If you have an addiction, you're screwed.

**Nate Halverson:**

And there is nothing stopping companies from continuing to target people's addictions.

For "PBS NewsHour", I'm Nate Halverson with Reveal, in Plano, Texas.

**Amna Nawaz:**

If you have spent hundreds or thousands of dollars playing a social casino game on Facebook or a mobile device, Reveal wants to hear from you. To share your story, go to [revealnews.org/whale](http://revealnews.org/whale).

