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How to maximise opportunities and minimise the risks

The sports industry cannot prevent the existence of sports betting, in spite of serious issues with the way some betting practices are carried out. Governments are working across the industry to minimise the risks associated with 'dishonest' practices. Jody MacDonald, Solicitor at Couchmans LLP, examines how the industry is promoting integrity and transparency in sports betting.

The legal sports betting market worldwide is currently worth in excess of £200bn and with the potential liberalisation / legalisation of significant markets where sports betting is currently illegal or heavily restricted (such as the EU, India, the US and China) sports betting looks set to become one of the growth industries of these post-recession times.

Regrettably, the proliferation of sports betting (in particular the evolution of online betting and in-play betting) increases the risk of a sport's integrity being damaged by corrupt elements. 2010 saw high profile match fixing allegations and tabloid betting stings against members of the Pakistan Cricket team and snooker's world number one John Higgins. Other sports as diverse as greyhound racing and lawn bowls have also been forced into a public debate about how they protect the integrity of their competitions.

So, how should governing bodies react to these issues? Refusing to engage with the betting industry or failing to put internal procedures in place to defend against corruption will only leave a governing body more vulnerable. Proactive governing bodies that accept the existence of the threat and work with the betting industry to protect against it put themselves in a much better position.

Rules and regulations

Governing bodies must develop rules and regulations that deal effectively with the risks associated with contemporary sports betting practices. Earlier this year, The Sports Betting Integrity Panel, a government commissioned panel of key figures in the betting industry, police, players, fans and sports governing bodies, produced a report in which they found many governing bodies are failing to do this. As a result, the Panel set out some minimum standards which governing bodies should adhere to in their rules. These include having prohibitions and obligations on participants around placing bets or accepting or offering bribes on competitions in which they participate, reporting approaches that may contravene the sport's rules and performing to the best of their abilities.

One key challenge for governing bodies is defining what constitutes a 'participant'. It is not just players that can be involved in irregular betting activity. Each governing body will have a different approach as to the class(es) of persons it will want to legislate against in its rules on betting and it must ensure it drafts a definition of 'participant' that is wide enough to include these persons. It is also difficult to draw a clear line between information that is in the public domain and information which is known by a participant as a result of his/her position and is therefore 'insider information'. Misuse of insider information is one of the most common forms of corrupt behaviour and one of the most difficult to police so it is vital to have a clear policy to deal with this.

In addition to effective rules and procedures, governing bodies must take responsibility for educating participants about what the rules are, how they will be interpreted and the problems that can be

caused by participant betting and disclosure of insider information. Player associations and clubs themselves have a significant role to play here. Clear and well publicised rules on who can bet on what and what the sanctions are for breach of these rules help governing bodies to maintain integrity. Such rules can also help betting operators to identify if a participant's behaviour is a breach of their sport's rules.

Official data

Many sports, through the activities of the Sports Rights Owners Coalition (SROC), have been campaigning hard to obtain statutory rights at national and international level to control who is allowed to offer bets on their sport, the types of bet that can be offered and to ensure a fair return for sports from their relationships with the betting industry. SROC hopes that the UK authorities will follow the example of the State of Victoria and France where so called 'sports betting rights' have been introduced requiring betting operators to obtain a licence from the relevant governing body if they want to offer bets on a sport. However, the betting industry remains vehemently opposed to such a right and it is unlikely that any legislative solution will be found imminently. In the meantime governing bodies must find other ways to maintain and fund integrity measures and obtain a 'fair return' from the profits that gambling operators make from betting on sport. One pro-active measure available to a governing body is to take control of the collection and licensing of the data produced by their sport. A governing body that licenses its official data to gambling operators can obtain contractual commitments from those operators to notify it of unusual or

suspicious patterns of activity and not to offer certain types of 'sensitive' or easily manipulated bets such as the time of the first throw-in in football or no-balls in cricket. These contractual relationships are a platform from which a governing body can achieve closer cooperation with the betting industry. A second major benefit is that the licence fees generated can help to fund other anti-corruption initiatives.

As part of developing an official data service governing bodies often introduce provisions in the ground regulations and ticket conditions of each club or event under their control that specifically prevent the collection of data by anyone present at the match. This helps to combat a common feature of illegal betting (especially in overseas markets) which is to have 'spotters' at grounds with mobile phones who relay match data. Under the ground regulations, these people can be ejected and banned from attending matches, thereby shutting down another avenue for corruption.

Information gathering/sharing

As part of their anti-corruption strategy governing bodies should have mechanisms in place to recognise and capture intelligence. Investigating instances of suspicious activity on an *ad hoc* basis is not sufficient – these systems need to be able to analyse large amounts of data to identify patterns and trends. Sports such as cricket, horseracing and tennis have set up dedicated integrity units to perform focused intelligence gathering and identify patterns of suspicious activity. Evidence produced by these integrity units is ultimately used to bring disciplinary charges. Not all governing bodies can justify the expense of creating their own integrity unit. For those that

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cannot, the Sports Betting Intelligence Unit (SBIU) - which has been set up by the Gambling Commission to collect information and develop intelligence about potentially corrupt betting activity - may be of assistance. The SBIU's main role is the investigation of crime in relation to betting but its founders hope that it will build up intelligence across sports and betting and be able to support sport governing bodies in their efforts by providing pooled intelligence.

Governing bodies cannot deal with illegal betting and match-fixing alone; they must work closely with betting industry to identify and deal with these issues. Allegations of irregularity within a sport are as damaging to the interests of the sport as they are to bookmakers who offer bets on that sport so in reality the interests of the two parties are very well aligned. The Gambling Commission's licensing regulations contain a basic obligation on betting operators to share information about suspicious transactions with the Gambling Commission and sports governing bodies. Many governing bodies have also signed up to memorandums of understanding (MoU) with betting organizations under which the betting organization will provide betting-related information to the governing body to help with identifying suspicious betting activity. However, it is uncertain how effective the arrangements are.

Is there a difference between behaviour a governing body would see as a significant risk and want to pursue and behaviour it would see as unusual but a commercially acceptable risk and therefore not report? How quickly should betting operators notify governing bodies of activity they do deem to be suspicious and when they do

how much and what type of information should they be obliged to disclose? The current arrangements do not deal with these issues in a satisfactory way. Indeed, most MoUs have been created by the bookmakers themselves are not actually legally binding - the bookmakers are not obliged to supply any information.

With governing bodies under more pressure than ever to do (and be seen to be doing) everything within their power to defend against the threat of match fixing it seems the information sharing arrangements between governing bodies and betting operators need an overhaul in order to be fit for purpose. A legally binding agreement with clear obligations on both sides regarding information sharing and detail about what each side considers 'suspect' behaviour would be a much more useful tool in the fight against corruption.

Conclusion

Sports betting and in particular online and in-play betting will be a feature of the sports business landscape for many years to come. Worldwide governments are beginning to accept betting as inevitable, fans like it and gambling operators see huge commercial potential in it. Governing bodies have the most to lose from match-fixing allegations but if they adapt their rules and regulations, take control of their data and improve their information sharing agreements with the betting industry it is possible to benefit from the commercial opportunities whilst at the same time minimising threats to the integrity of their sport.

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