

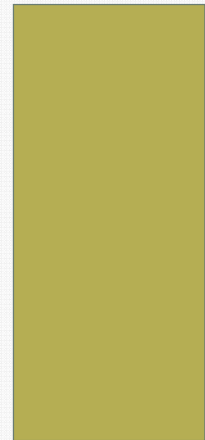
**SOME THOUGHTS FROM THE SORBONNE-ICSS  
INTEGRITY REPORT FROM THEIR SPORT  
INTEGRITY RESEARCH PROGRAM**

*BY PROF. LAURENT VIDAL  
HEAD OF THE SORBONNE-ICSS  
RESEARCH PROGRAM*

*CRIMINAL THREATS AND INTERNATIONAL ANSWERS IN THE  
GLOBAL SPORTS INDUSTRY*

*MILAN, 12-13 DECEMBER, 2014*

UNODC – UNICRI – ISPAC



## THE TREND

**Manipulation of sports competitions shows no sign of slowing down.**

***Actually, it's getting worse.***

## THE FACTS

- 1) 28 October 2014: Latvia. Two men arrested in Latvia in connection with Aberdeen FC's Europa League tie with Daugava Riga, were charged with match-fixing, tax evasion and serious fraud.
- 2) 22 October: Spain. Manchester United player, Ander Herrera came under investigation for match-fixing in connection to the Levante - Zaragoza game.
- 3) 20 October 2014: Darwin Doronis Bonilla Salgado was summoned by a Salvador court in connection with the match-fixing scandal involving the national team. The 24-year-old former national player is accused concealment of money laundering and illicit association.
- 4) 20 October 2014: Norway: Seven people were charged in Norway in connection with a 2012 match-fixing scandal in the Norwegian third division.

# THE FACTS

5) 17 October 2014: Spain. Sport Society Huesca filed a complaint against the football clubs Racing de Santander and Hercules de Alicante alleging that both clubs manipulated the match which they played against each other in June 2013 and which had a direct impact on Huesca's relegation to the Segunda B division.

6) 15 October 2014: Badminton World Federation. Badminton officials have asked the Malaysian police to investigate what the Badminton World Federation president called one of the most serious cases of match fixing in recent history.

7) 15 October 2014: Italy. Italian tennis players Daniele Bracciali and Potito Starace are facing corruption accusations after intercepted Internet conversations claiming they sold matches were published in Italian media.

8) 8 October 2014: Singapore. Singapore has extended detention orders that allow it to hold, without charge, four people accused of being involved in a global match-fixing syndicate, the Ministry of Home Affairs said on Wednesday.

## THE FACTS

9) 10 October 2014: Sweden. Sweden's Crime Prevention Council (BRA) is to launch an investigation into match-fixing in the country as part of an effort to establish how the system works and who it involves.

10) 29 September 2014: El Salvador. The Salvadoran General Prosecutor has asked for the 'provisional detention' of six of the eleven players who are being prosecuted for their alleged involvement in match-fixing because they did not appear at their court hearing.

11) 24 September 2014: Georgia. Eight football referees of 16-team Georgian football league have been arrested in connection with alleged spot-fixing in matches.

## THE FACTS

12) 21 September 2014: Links between Philippines' websites and organised Crime (and especially IBCBet)

13) 18 September 2014: match-fixing in Denmark, one of the safest country

14) 12 September 2014: Match-fixing syndicates in Hungary

15) 10 September 2014: Suspected match-fixing in the Swedish football

## THE FACTS

16) 10 September 2014: Up to 80 countries concerned by match-fixing this year (Interpol)

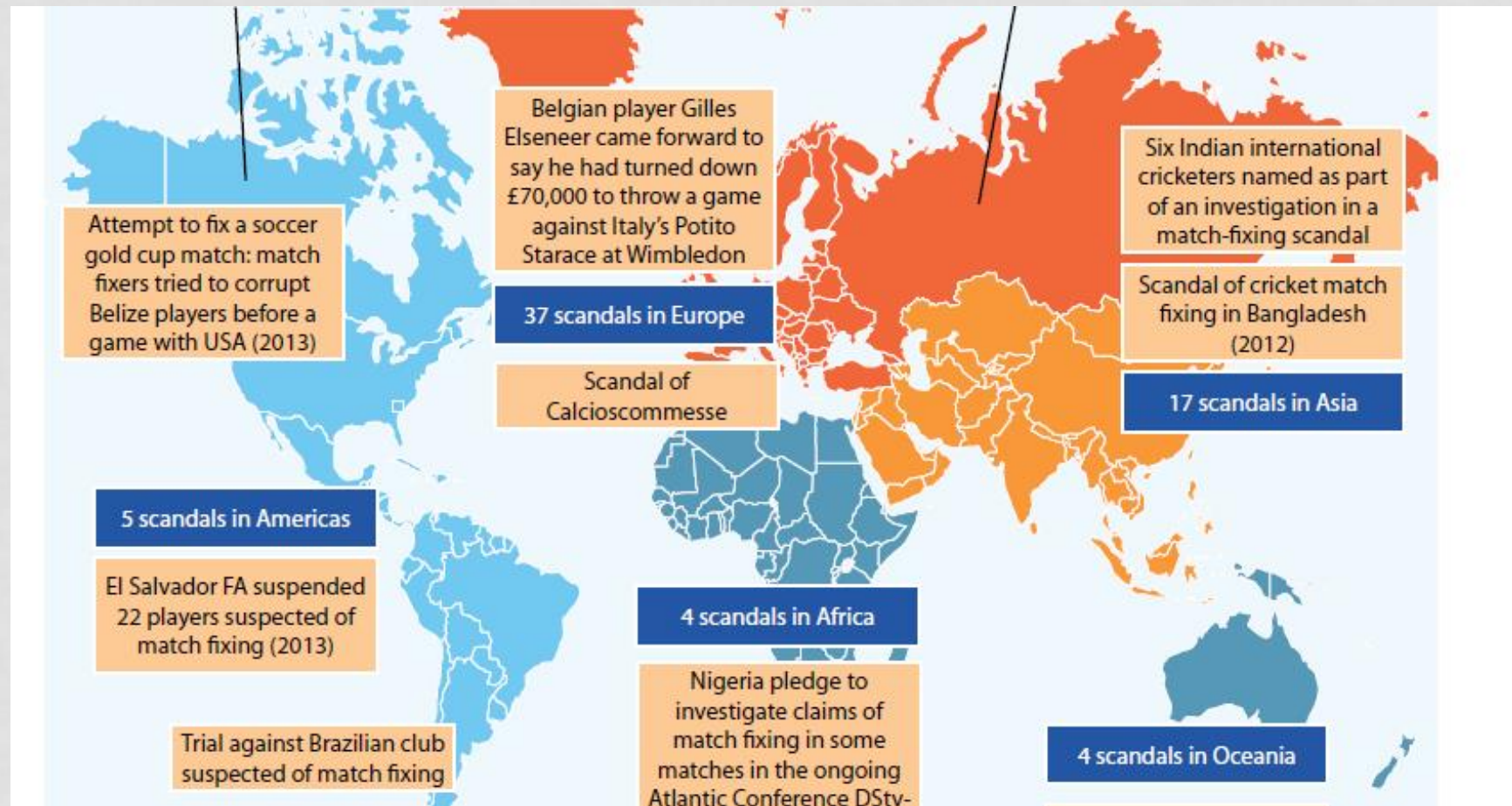
17) 6 September 2014: Many English football players accused of match-fixing

18) 5 September 2014 : many matches in the Greek championship fixed?

19) 1 September 2014: 23 tennis matches might have been fixed (average, every year)

20) 1 July 2014 : Match fixed during 2014 World Cup in Brazil?

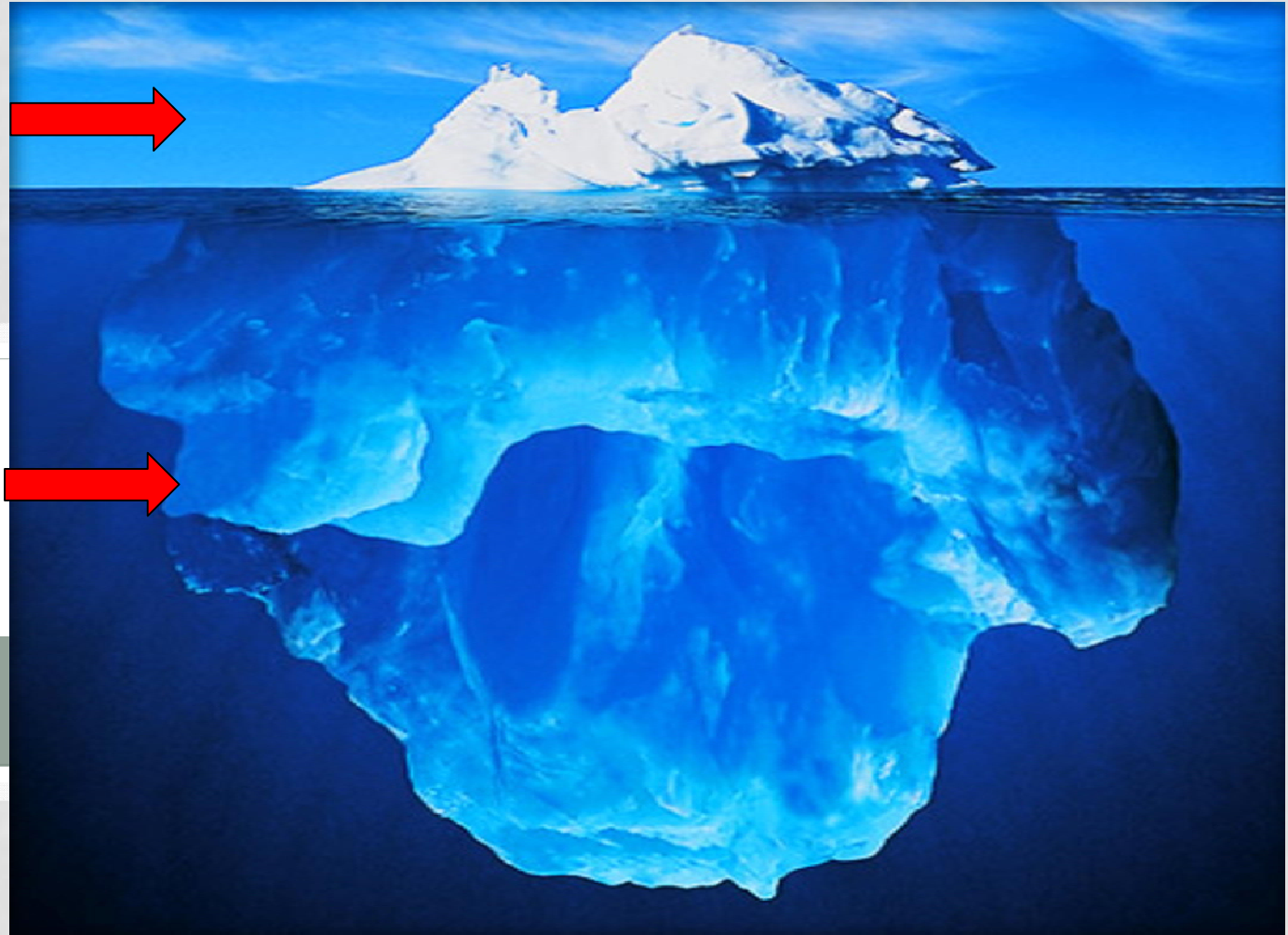
# WHAT IS COMMONLY BELIEVED ABOUT MATCH-FIXING





Between 300 and 700 reported cases every year since 2010 according various sources

?



# WHAT IS MATCH-FIXING?

	<b>Manipulations without offering compensation to a participant in the competition</b>	<b>Manipulation with the offer of compensation to a participant in the competition</b>
<b>Manipulations unrelated to sports bets</b>	<b>Sports arrangement (Match of "shame")</b>	<b>Corruption by bribes</b>
<b>Manipulations linked to sports bets</b>	<b>Agreement regarding the score at half-time</b>	<b>Organised crime and manipulation of matches</b>

## THE CONSEQUENCES

20 % drop in attendance for football clubs punished in the Calciopoli scandal.

40 % drop in TV audience of Tour de France between 1990 and 2012 after doping scandals.

Collapse of Chinese Jia-A League (2003): withdrawal from league sponsor (Pirelli) and broadcaster (China Central TV).

Sports leagues, sports events can disappear completely.

# THE CONSEQUENCES

## MATCH-FIXING SCANDAL →



**Revenues** ↘  
*broacasting rights, commercial rights, matchday revenues*  
**Brand value** ↘ **Monetization potential** ↘

**Drop in stadium attendance** : *Italy, Greece.*

**Loss of commercial partners** : *South Africa, Turkey.*

**Collapse of League** : *Malaysia, Singapore, China.*

1. Product quality deterioration
1. Loss of confidence from the fan base, consumption drop.
1. Every sources of incomes are threatened.
1. Financial Imbalance.
1. Best assets leave to protect their own value.
1. Further product quality deterioration.

# DO WE WANT EMPTY STADIUMS?



They might attract tourists of the 40<sup>th</sup> century, though...

# DO WE EXPECT OUR SPORTS PARKS TO LOOK LIKE...



Sarajevo 1984 bobsleigh track

# THE KEY FIGURES TO UNDERSTAND WHAT IS AT STAKE

Today, the worldwide sports market (with the exclusion of the parallel market of illegal sports bets) comprises almost 2% of the global Gross Domestic Product (GDP): between €800 and €900 billion.

In the last century, the number of international or global sporting events has increased exponentially from 20 in 1912 to 1,000 in 2005.

Over the last two decades, the sports betting market has developed exponentially thanks to more than 8,000 operators offering bets worldwide through the Internet.

More than 80% of the bets on the global sports betting market are illegal.

# THE KEY FIGURES TO UNDERSTAND WHAT IS AT STAKE

**Today, the main online betting operators offer pay out rates superior to 90%, allowing new money laundering and match-fixing opportunities.**

**Does sports ethics in integrity really exist today or is just lip service? An ethical approach to sports consists in identifying conflicts of values and understanding how a reference to value judgments constitutes a part of the practices, rules and institutions.**

**Regarding manipulations, the responsibilities of “sports authorities” and “public authorities” should be seen as complementary and not in opposition.**

**Very few countries have implemented coordination involving the main stakeholders on the issue of fixed matches cf. Australia or Norway.**



# THE KEY FIGURES TO UNDERSTAND WHAT IS AT STAKE

Of 60 identified sports integrity education programmes, 75% started after 2011.

The disciplinary power of sports institutions constitutes an efficient tool of repression for the manipulation of sports competitions.

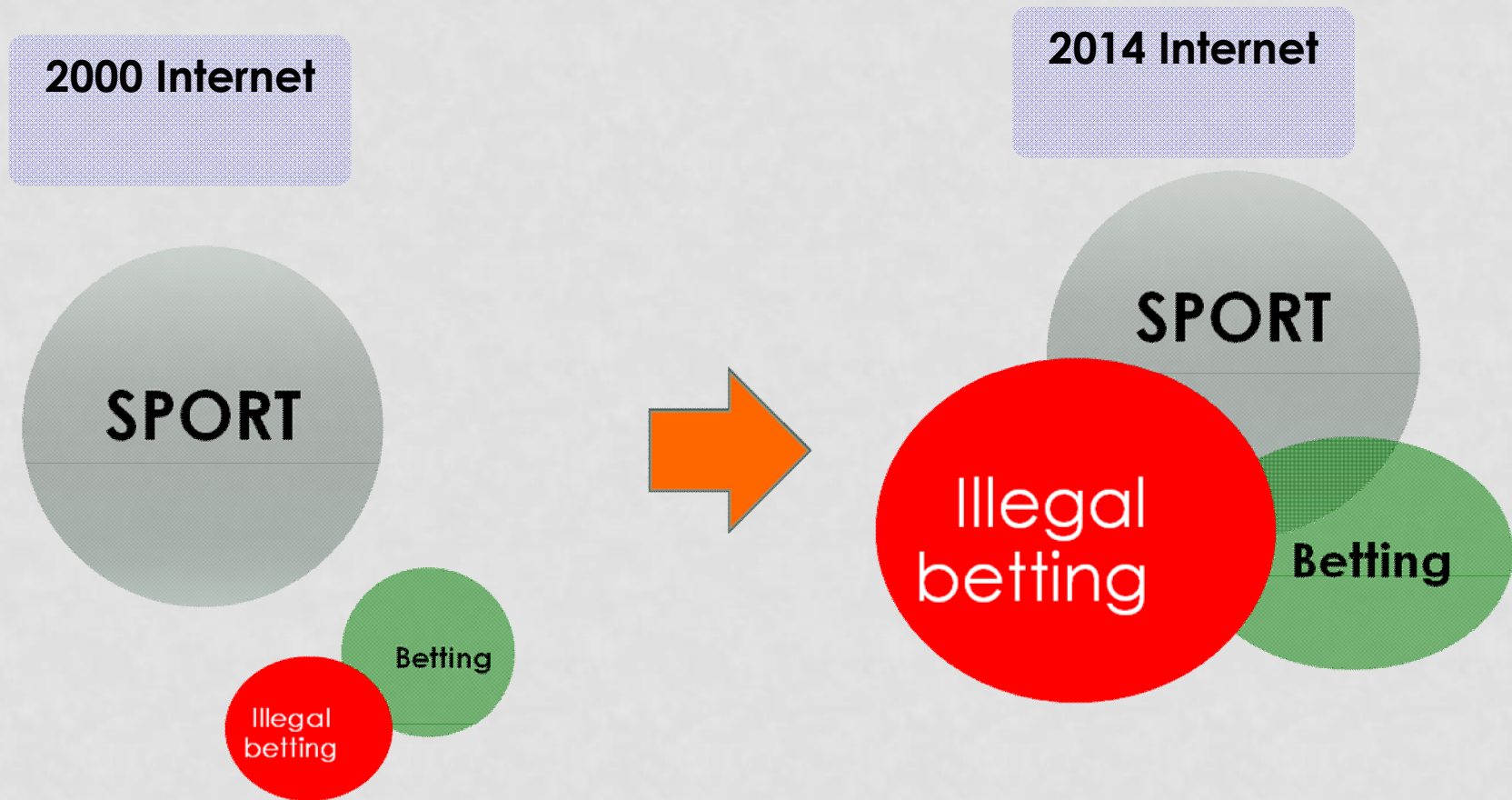
There are two major conventions regarding corruption: the United Nations Convention against Corruption (2003) and the Criminal Law Convention on Corruption adopted by the European Council (1999).

To fight against the manipulation of sports competitions, Australia, New Zealand, Turkey and France adopted a concept of a betting tax.

# SOME DETAILS

- 1. Fixes and betting**
- 2. Sports betting**
- 3. Sizing the market**
- 4. Sports betting regulations**
- 5. Sports betting taxes**
- 6. Sports betting restrictions**
- 7. Sports betting actors**
- 8. Betting and Sport: Love or money match ?**

# 1. 2014: 90% OF FIXES ARE RELATED TO BETTING



## 2. MODERN SPORTS BETTING

FIXED ODDS BETTING  
(Winnings = Stakes x Odds)

PARI  
MUTUEL  
(Pools)

LIVE BETTING

BETTING  
EXCHANGES

SPREAD  
BETTING

# 1. TODAY IT IS POSSIBLE TO BET ON EVERYTHING

1X2

Half time/full time

ASIAN HANDICAP

**MORE THAN 60 SPO**

TOTAL GOALS  
OR NEXT GOAL

DOUBLE CHANCE 1X

Over/U  
nder

NUMBER OF  
CORNERS

# 1. TODAY IT IS POSSIBLE TO BET ON EVERYTHING

Level 1

- 1 X 2 - Full time/Half time - Next Goal/Total Goal - Odd/Even - Both teams to score/to score half time - Over/Under – Draw no bet – Correct score

Level 2

- Double bet - Double chance - Triple Chance

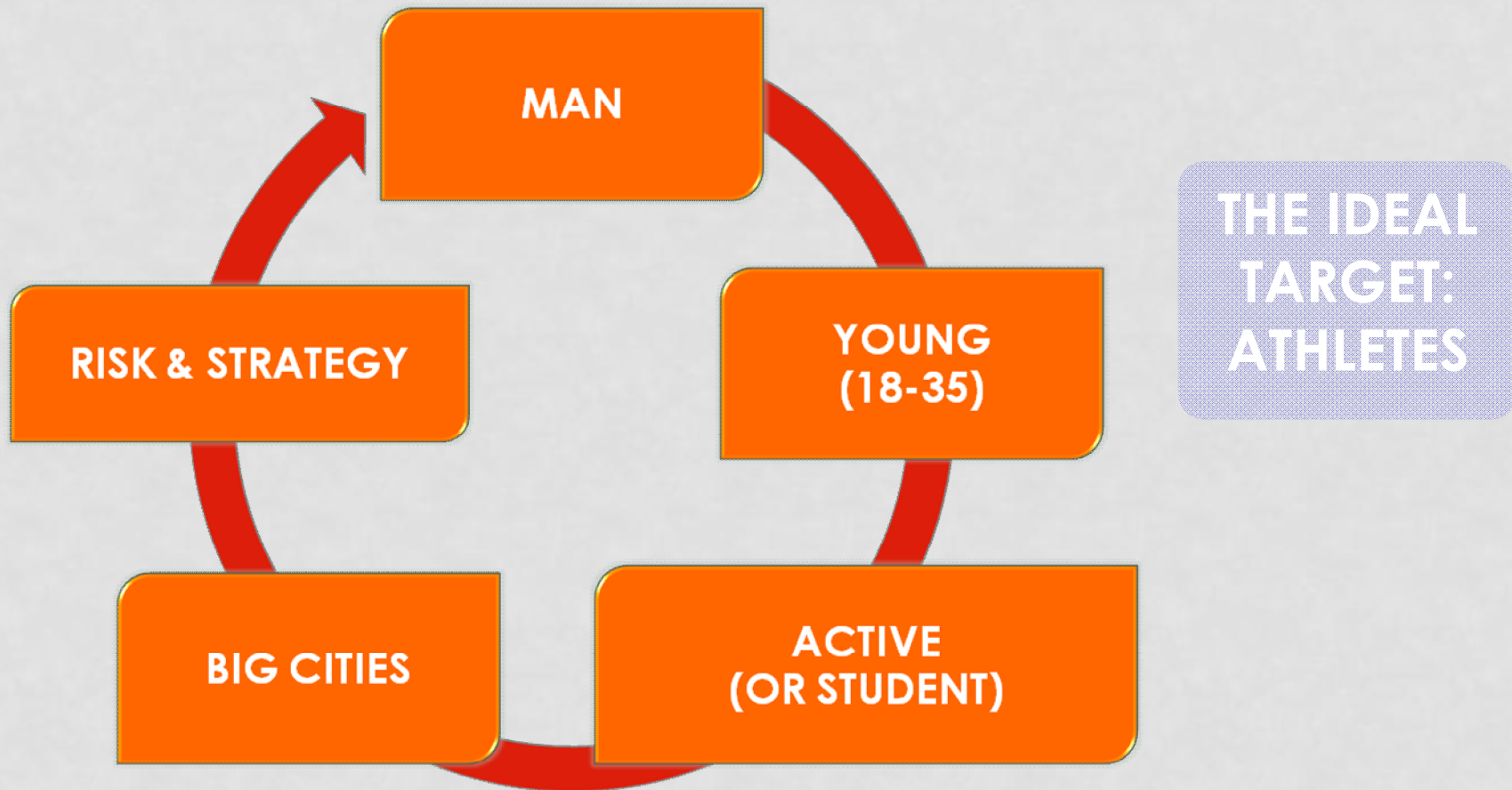
Level 3

- Betting Exchange - Live betting - - Spread Betting –(Handicap – Asian Handicap)

Level 4

- System Bet: Lucky 15 Bet (4)-Canadian Bet (5)-Heinz Bet (6)-Goliath Bet (8)...

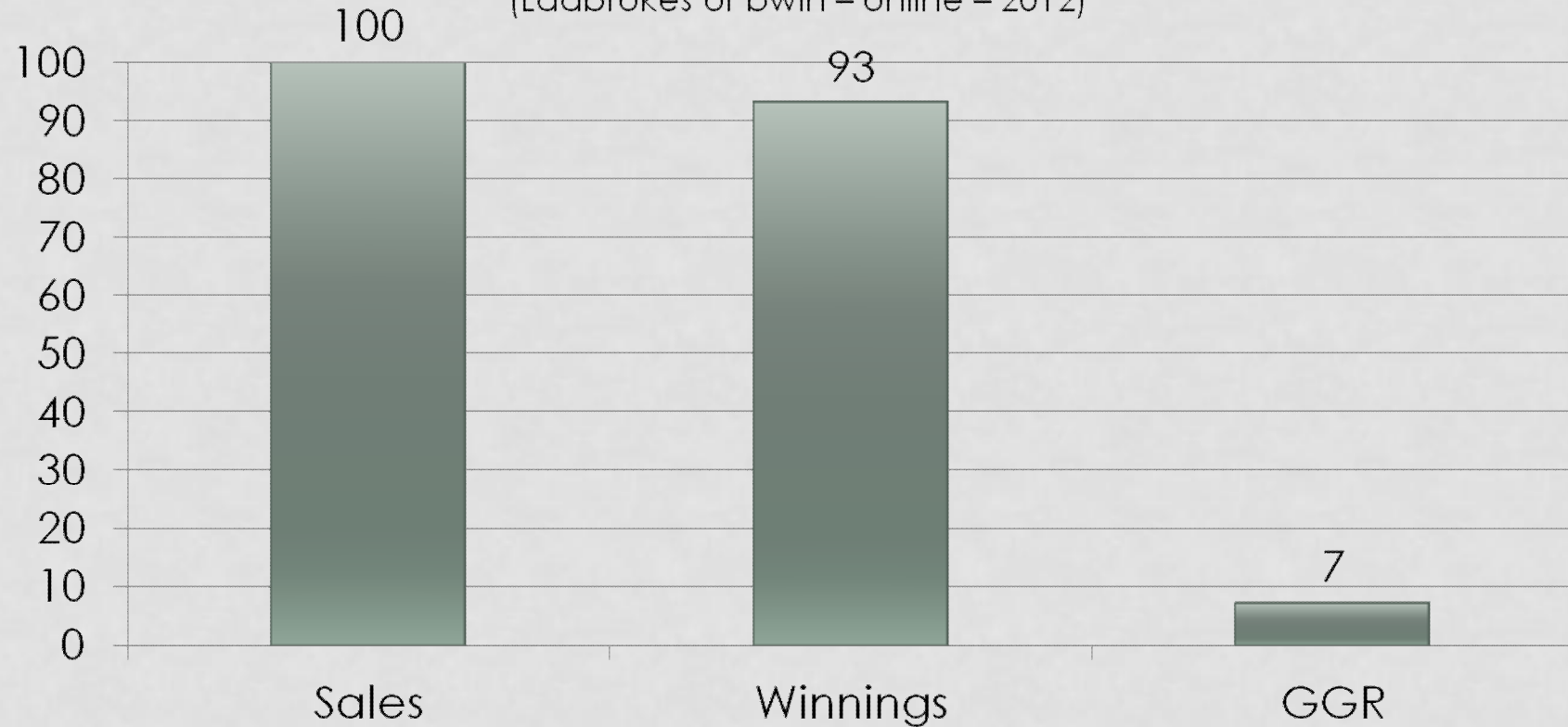
# 1. WHO IS THE TRADITIONAL BETTOR?



# 1. SALES/GROSS GAMING REVENUE A HUGE DIFFERENCE

**Example : Pay out = 93%**

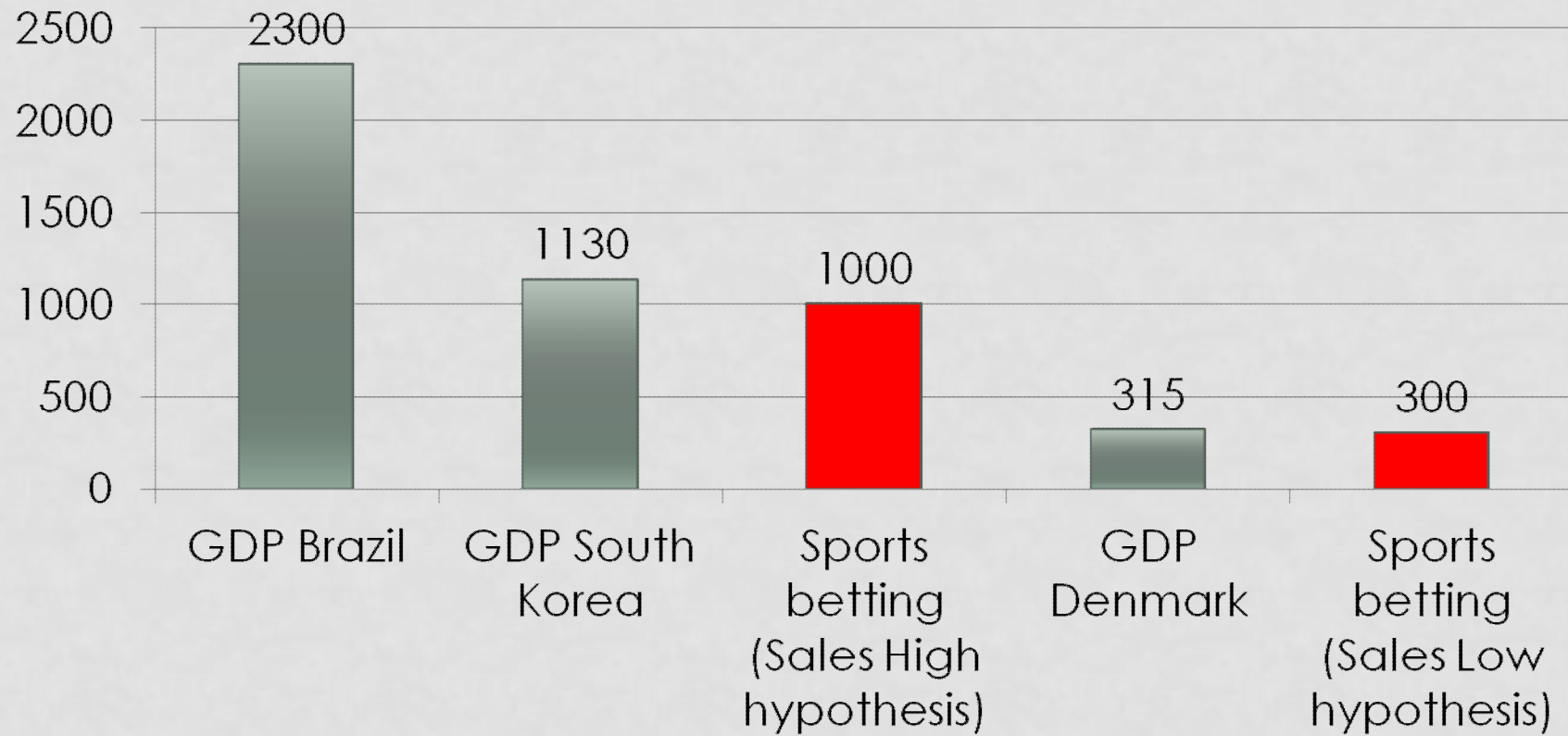
(Ladbrokes or bwin – online – 2012)





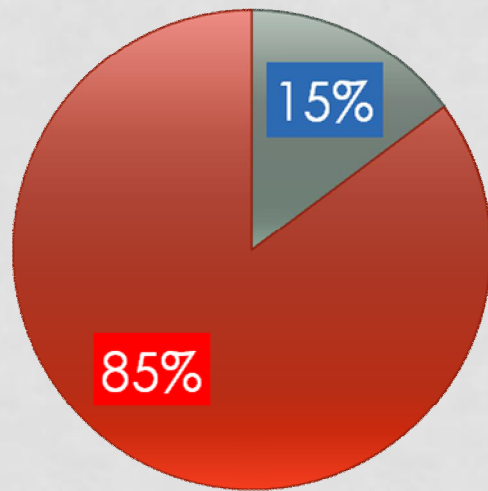
## 2. SIZING THE MARKET

(in US\$ billions - 2012)

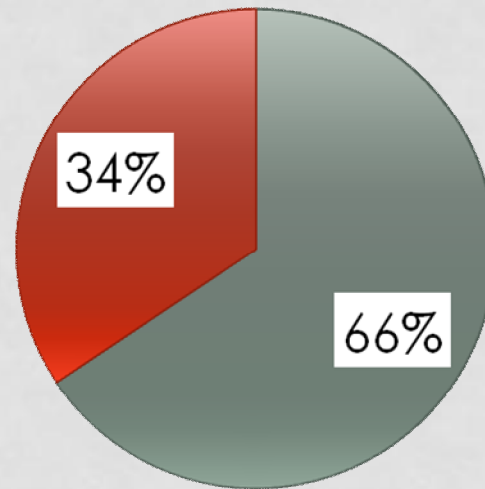


## 2. MORE THAN 80 % OF THE BETTING MARKET IS ILLEGAL

Sales 2011: € 320bn

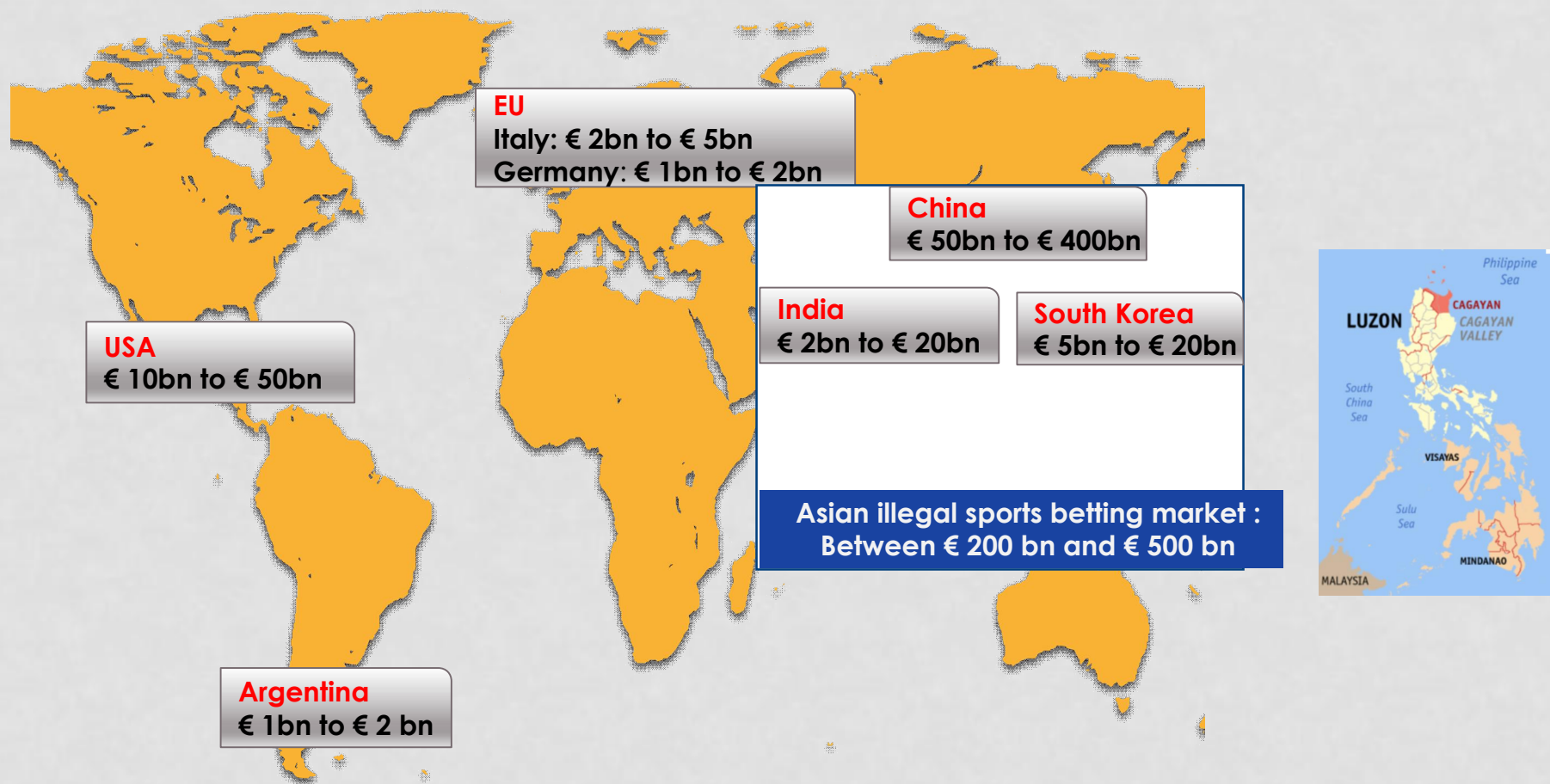


GGR 2011: € 16bn



■ Legal market  
■ Illegal market

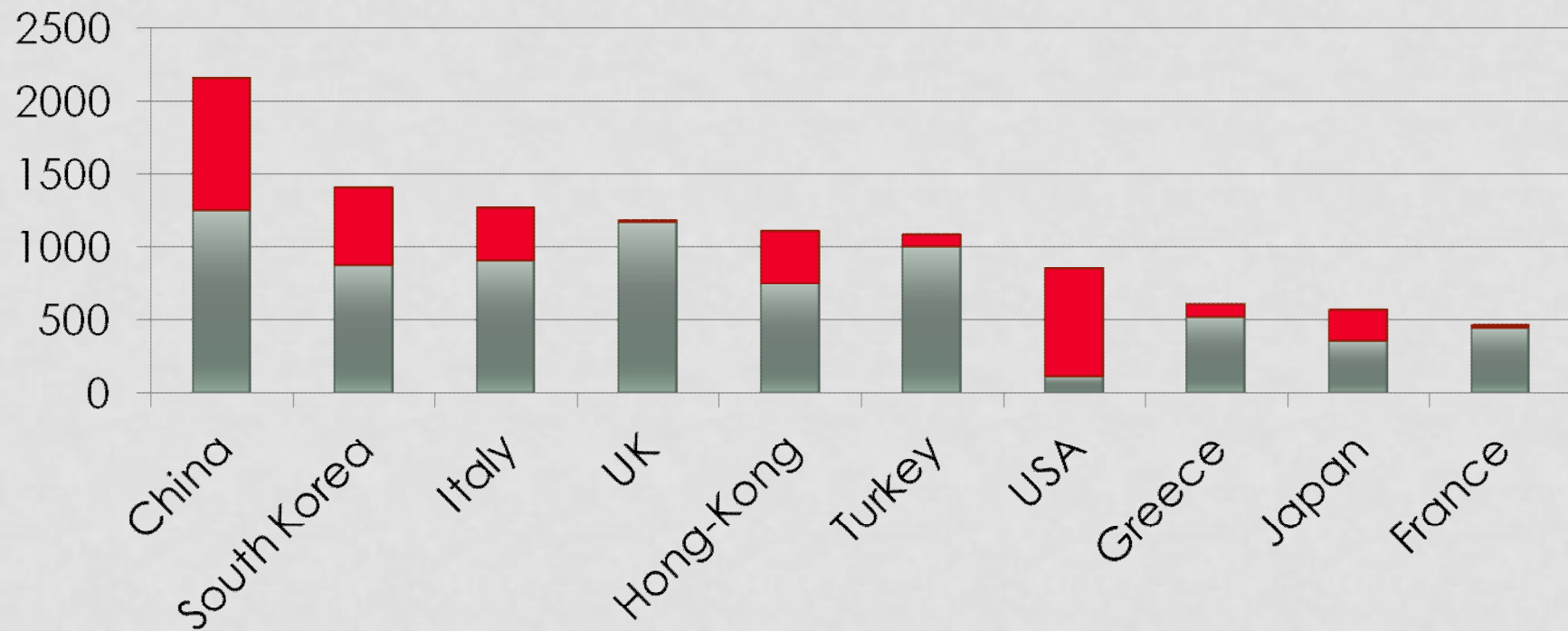
## 2. ASIAN ILLEGAL MARKET IS HUGE THANKS TO « CAGAYAN »



## 2. ASIA AND EUROPE FIGHTING FOR THE LEAD

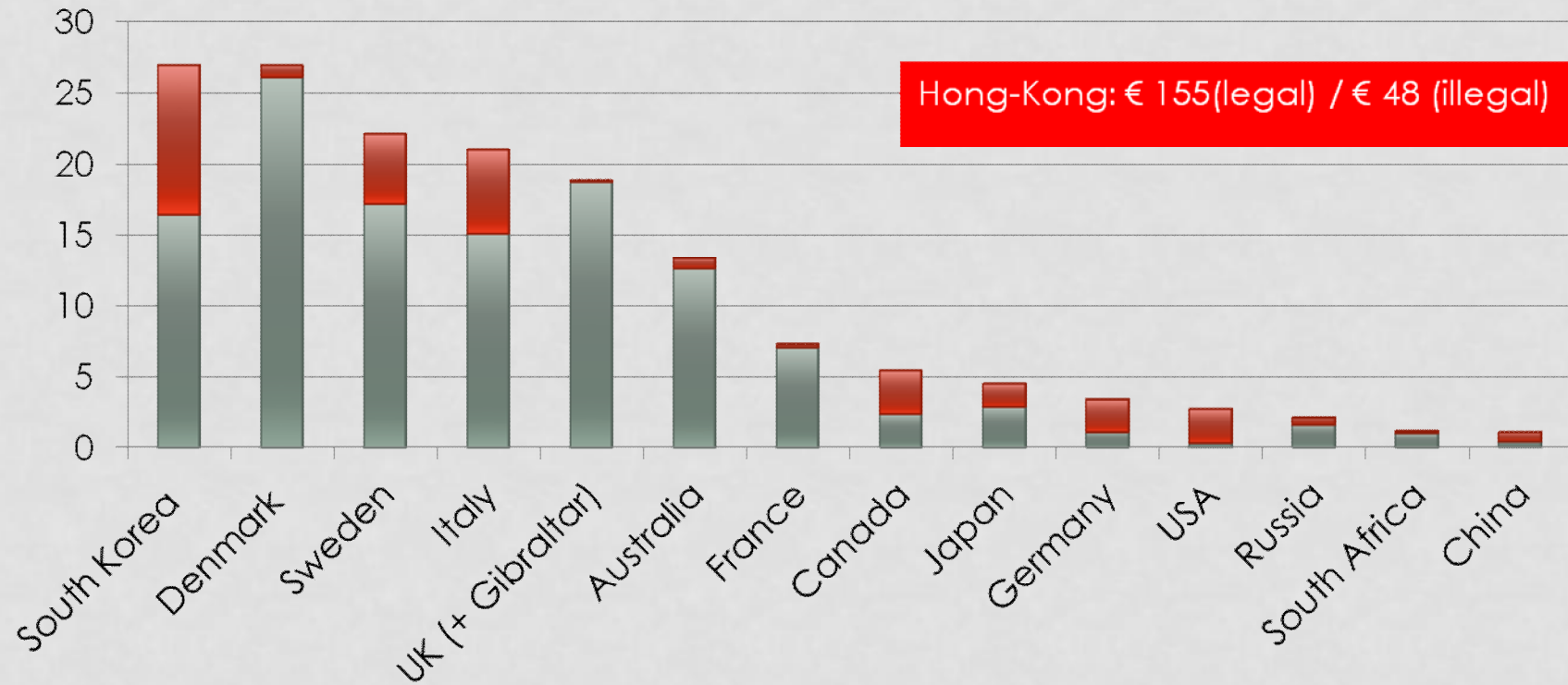
### GGR 2011 (in €m)

■ Legal ■ Illegal



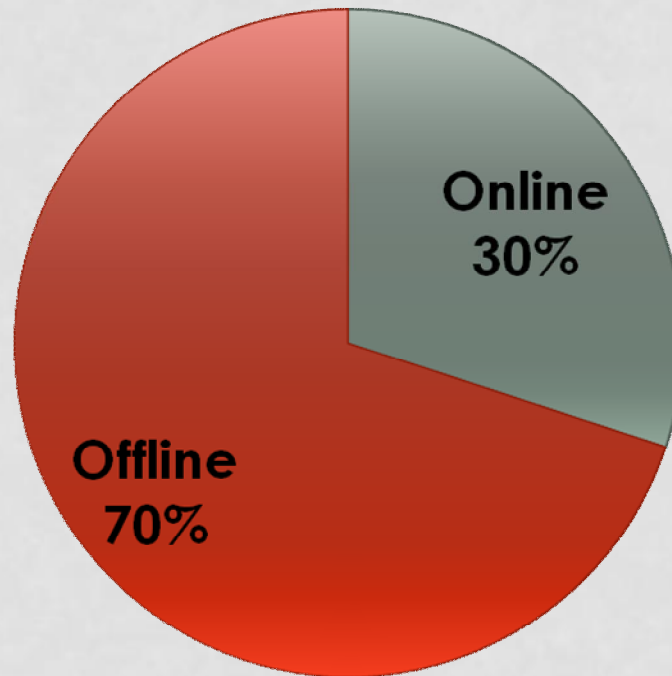
## 2. MANY COUNTRIES ABOUT TO REACH A CEILING

Average annual GGR per capita (2011 - in €)  
Legal (blue) / Illegal (red)



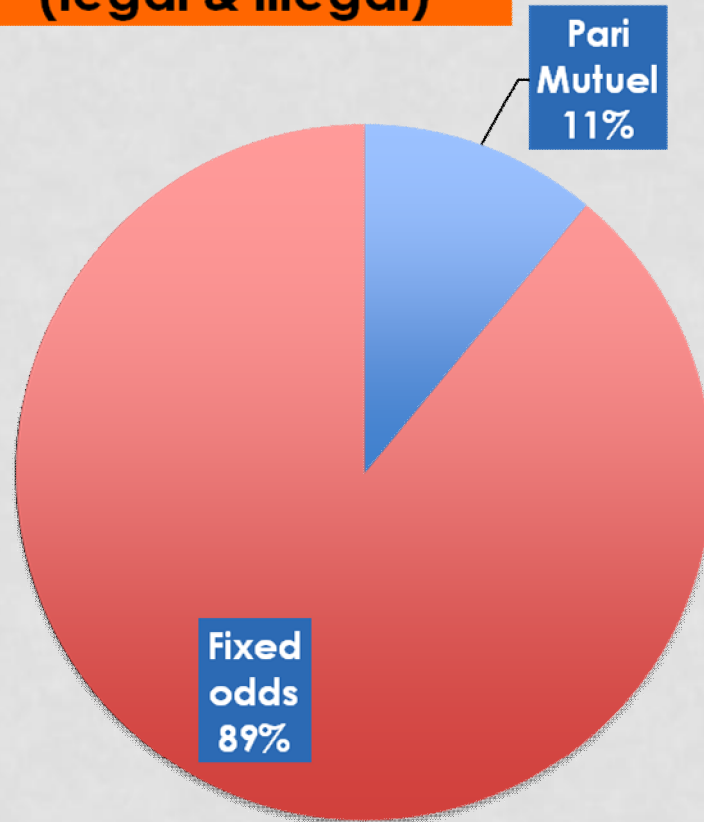
## 2. OCEANIA & EUROPE: ONLINE REPRESENTS ALMOST 40% OF THE MARKET

**GGR worldwide 2011 (legal & illegal)**

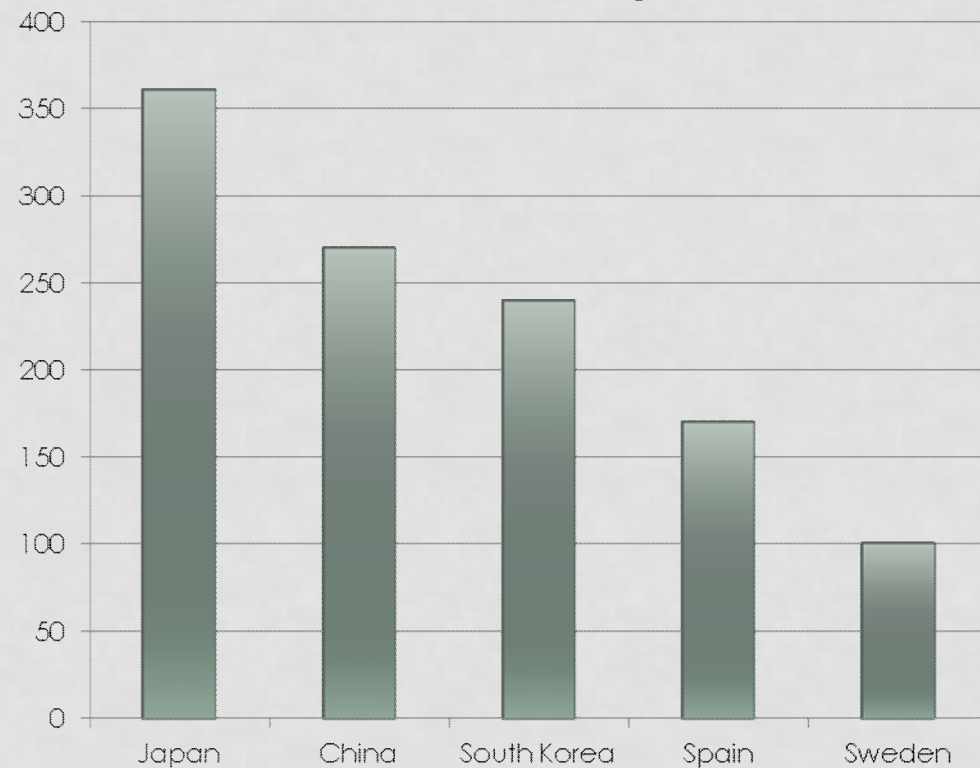


## 2. PARI MUTUEL DISAPPEARING IN EUROPE BUT STILL STRONG IN ASIA

**GGR worldwide 2011  
(legal & illegal)**



**TOP 5 2011 (GGR Pools Games –  
in €m)**



### 3. SPORTS BETTING REGULATION BETTING: A SENSITIVE SECTOR

SOCIAL  
RISKS



PUBLIC  
ORDER  
RISKS



Gambling  
addictions

Frauds

Money  
Laundering

Match-  
Fixing



### 3. EVERY COUNTRY ADAPTS ITS REGULATION TO ITS OBJECTIVES

#### Prohibition

Example :

- ~India
- ~Qatar
- ~USA (outside Nevada-Delaware)
- ~Venezuela

#### Monopoly Exclusive right

Example :

- ~Canada
- ~China
- ~Japan
- ~Sweden

#### Licences

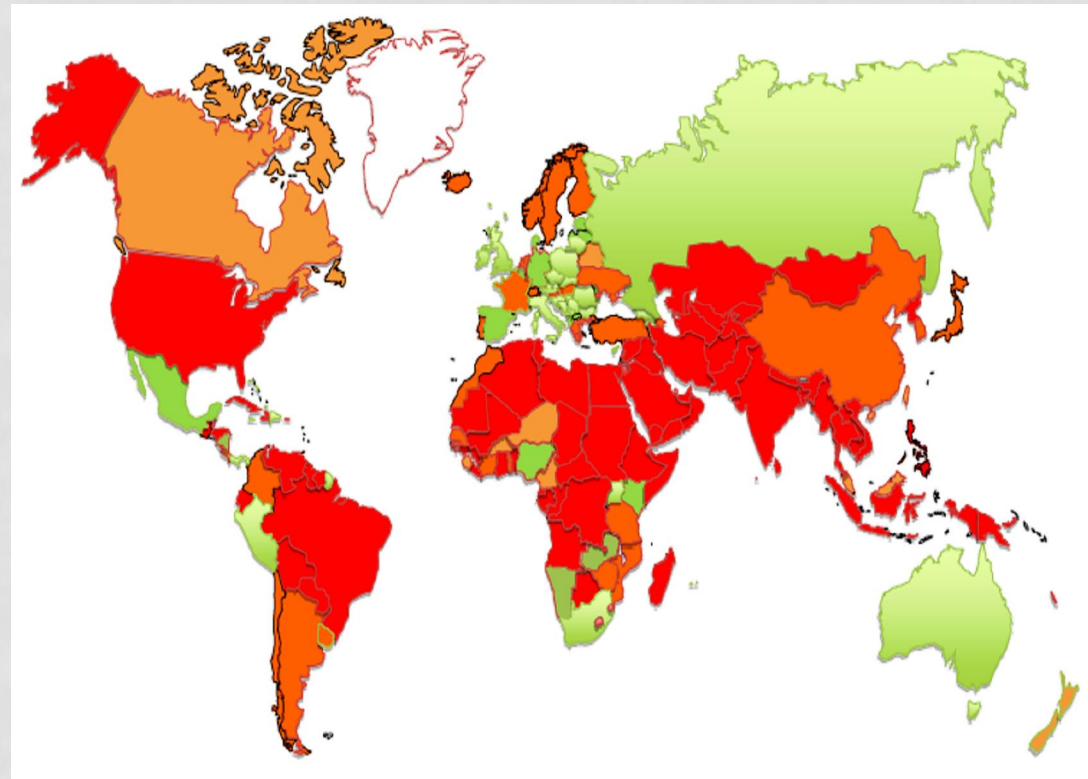
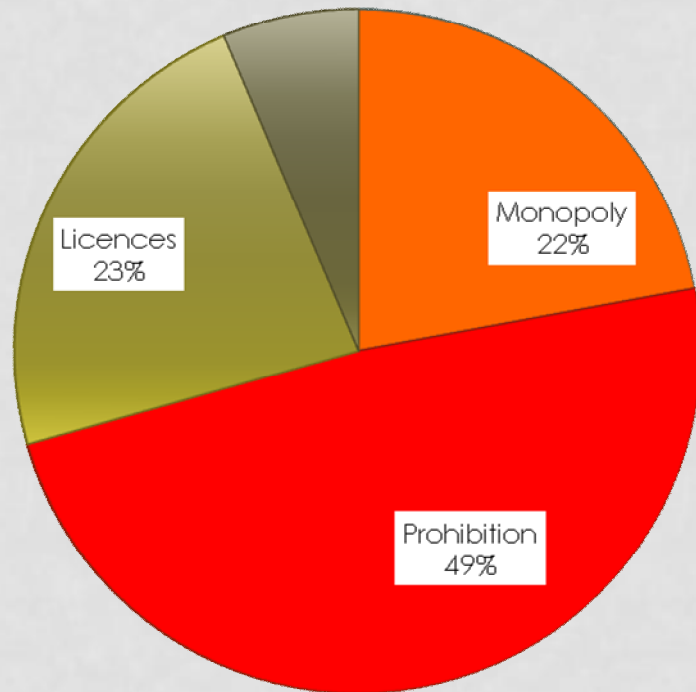
Limited number or not

Example :

- ~Australia
- ~Italy
- ~Mexico
- ~**UK (general authorisation)**

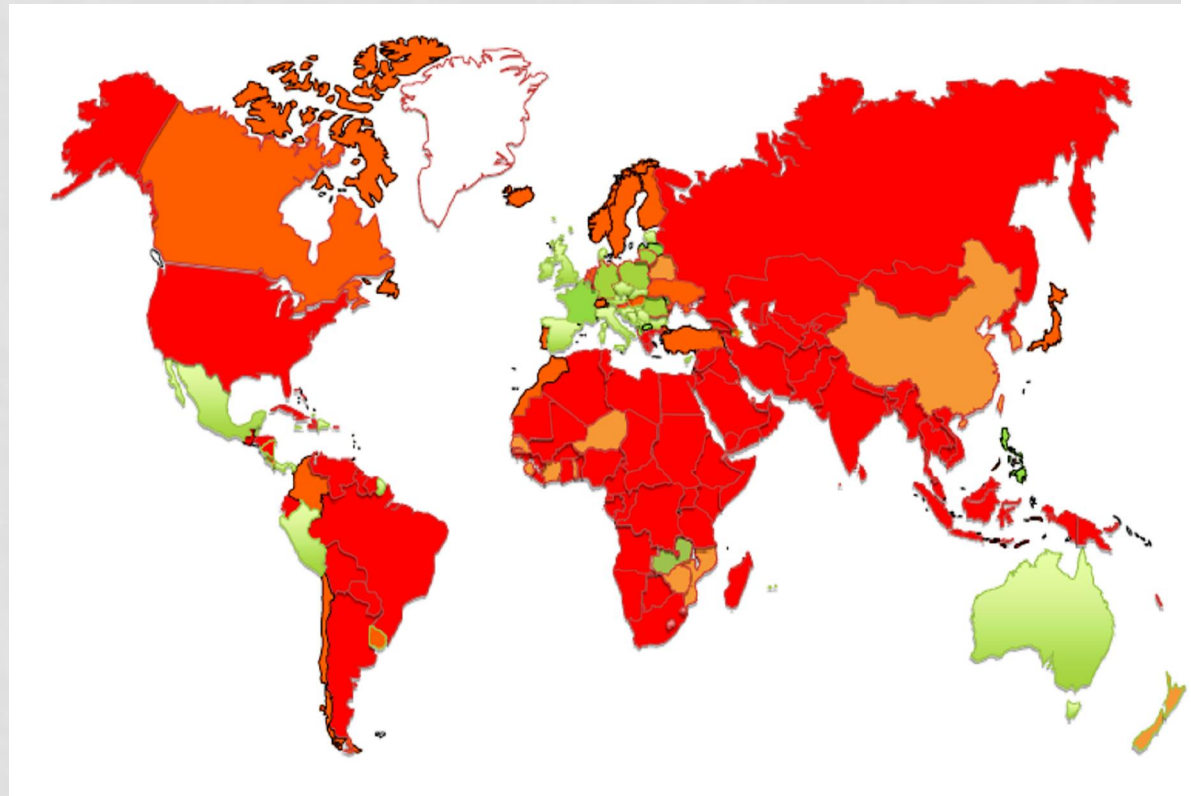
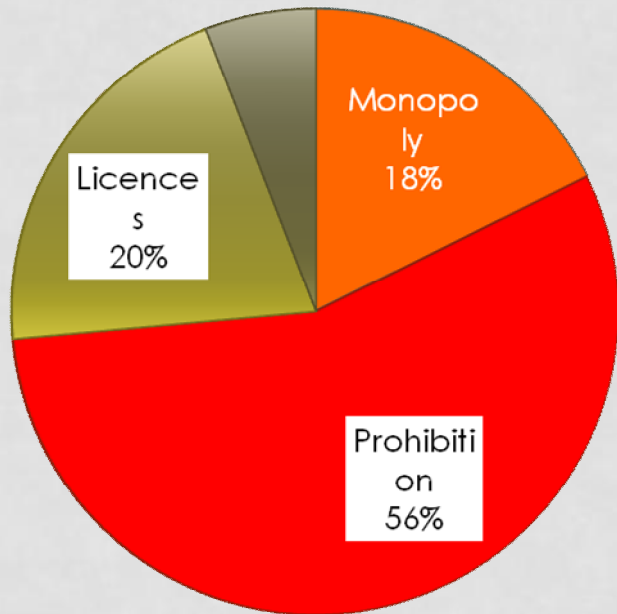
### 3. MAPPING OF LAND BASED MODELS OF REGULATION

204 IOC COUNTRIES (2012)



### 3. MAPPING OF INTERNET MODELS OF REGULATION

204 IOC COUNTRIES



### 3. WHICH MODEL IS THE BEST? TWO APPROACHES



## 4. SPORTS BETTING TAXES FOUR GROUPS

### Very low

(< 5% of  
GGR)

Alderney, Antigua,  
Cagayan, Costa  
Rica,  
Isle of Man, Malta,  
etc.

### Quite low

(10-20%  
of GGR)

Australia, Austria,  
Denmark, Italy,  
Mexico, Russia, South  
Africa, UK, etc.

### Average

(20-50%  
of GGR)

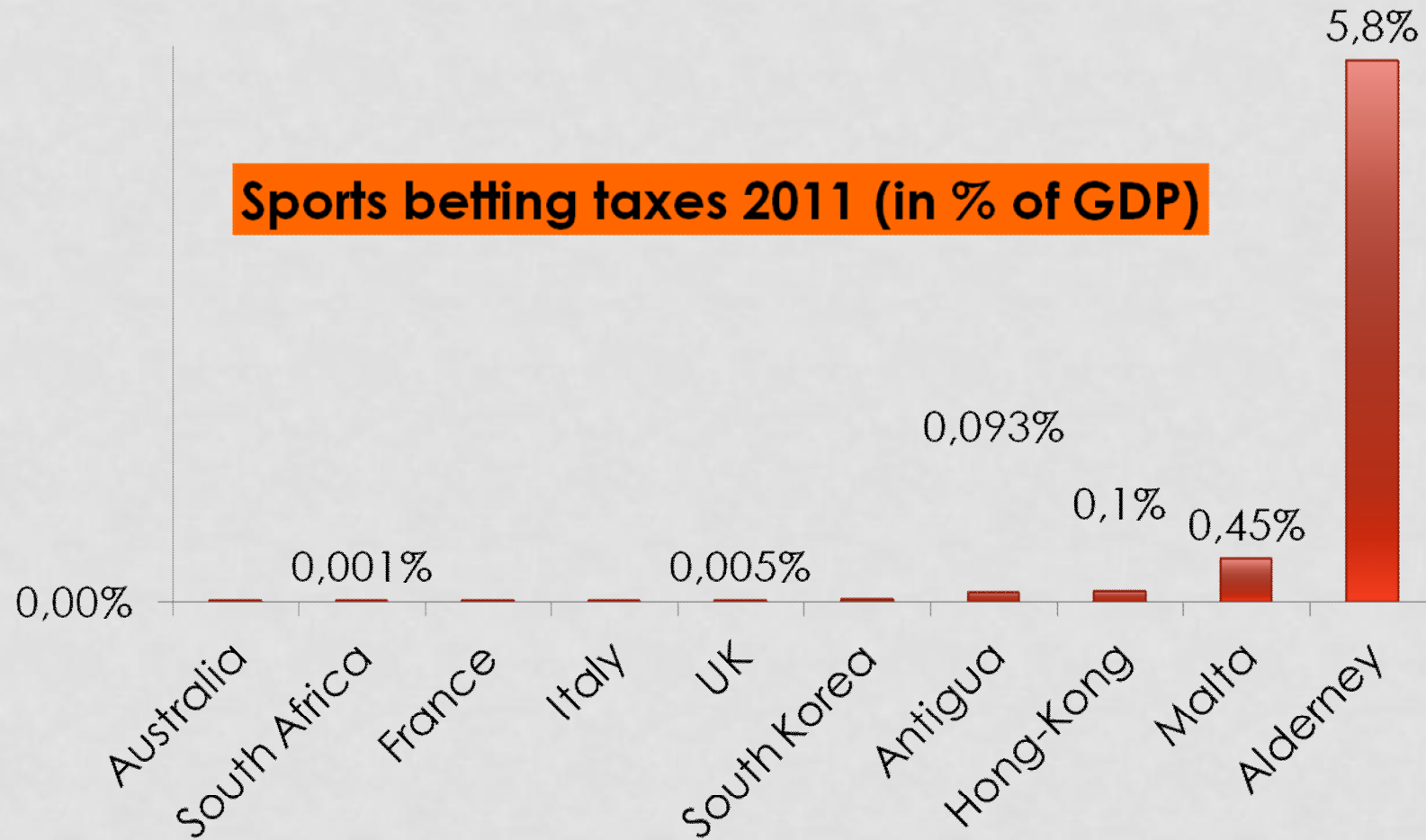
France, Germany,  
Poland, Spain, etc.

### High

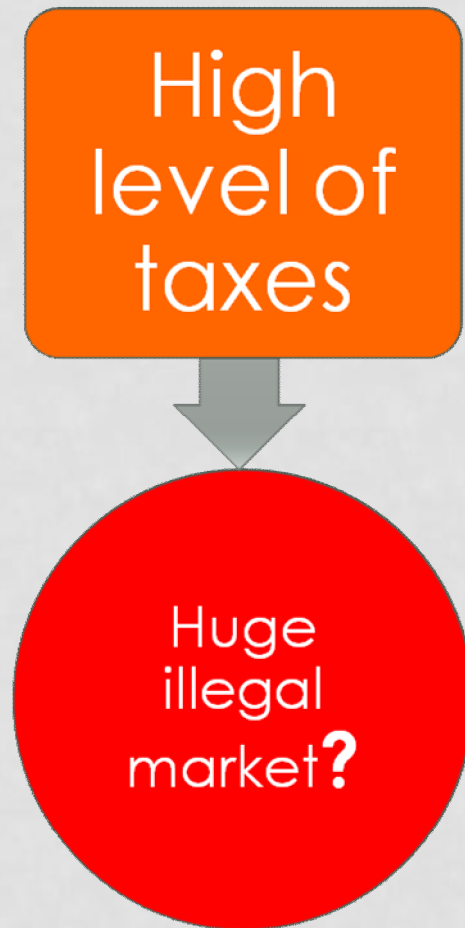
(> 50% of  
GGR)

Canada, China,  
Finland, Japan, NL,  
South Korea, Sweden,  
Switzerland, etc.

## 4. HUGE SPORTS BETTING TAXES: A KIND OF JOKE?



## 4. HIGH TAXES & ILLEGAL BETTING NO CORRELATION



## 5. SPORTS BETTING RESTRICTIONS TO LIMIT RISKS FOR SPORT

**Japan:**  
No fixed odds

**Australia:** No Live  
betting

**Canada, Korea,  
Switzerland:**  
No single bets

**Hong-Kong:** No  
bets on local  
matches

**France:** Pay out  
limited to 85%

**Germany,  
Finland:**  
Daily/Monthly  
stake limits



## 5. FIGHT AGAINST ILLEGAL BETTING DO IT... IT WORKS!

**France, NL:**  
Injunction

**Belgium, Denmark,  
Greece:**  
IP blocking (through  
obligations for ISPs)

**Belgium, Denmark,  
France:**  
Advertising ban

**Greece, Israel, USA:**  
Payment blocking

**Poland:**  
Fine for gamblers betting  
illegally

**Singapore:**  
Access blocking to  
websites, advertising ban,  
payment blocking from  
and to the sites

## 5. FIGHT AGAINST ILLEGAL BETTING DO IT... IT WORKS!

### **New Zealand:**

Match-fixing will be a criminal offence carrying a seven-year jail sentence

### **El Salvador:**

To consider match-fixing as a very serious and punishable offence

### **Australia:**

AFL players could soon have an athletes' own integrity unit to which they can report any concerns

### **United Kingdom:**

Tough new rules introduced by the FA will outlaw all football-related betting for players, club employees and match officials in the top eight tiers of the English game (mean betting on any match, be it domestic or anywhere in the world)

### **Italy:**

The Gov. stepped up penalties for players involved in match-fixing and sporting fraud (2-6 year prisons)

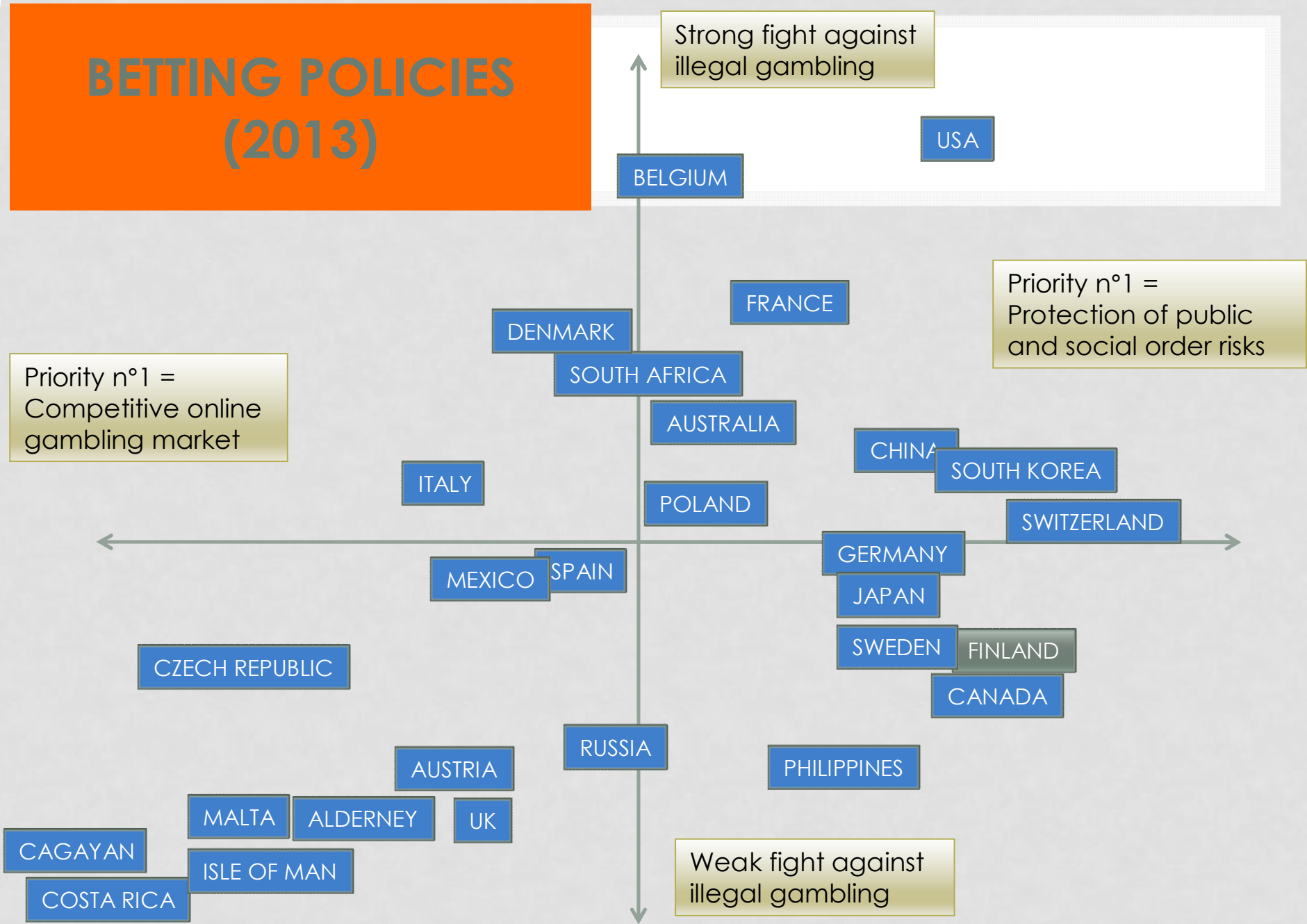
### **India:**

The Central Bureau of Investigation has established a Sports Integrity Unit

### **Cyprus:**

To allow police to shut down venues where suspected illegal gambling was taking place without waiting for judge's blessing. Illegal gambling proprietors to face sentences of five-years in jail and fines (300.000 €)

# BETTING POLICIES (2013)



## 5. TYPOLOGIES OF STATES REGARDING BETTING

Group n°1: Betting for money  
and/or employment  
(ex.: Cagayan, Malta, UK, etc.)  
OPEN MARKET

Group n°2: Fight against illegal  
betting  
(ex.: Denmark, France, Italy, etc.)  
CONTROLLED MARKET

4 GROUPS

Group n°3: Strong restrictions and  
fight against illegal betting  
(ex.: China, Korea, USA, etc.)  
MONOPOLY/PROHIBITION

Group n°4: Strong restrictions but  
no strong fight against illegal  
betting  
(ex.: Canada, Finland, Japan,  
etc.)  
MONOPOLY BUT LOOPHOLES

## 6. SPORTS BETTING ACTORS 3 GROUPS

### Lotteries

Draw  
games

Internet:  
<20%

### Bookmakers

Betting &  
FOBT

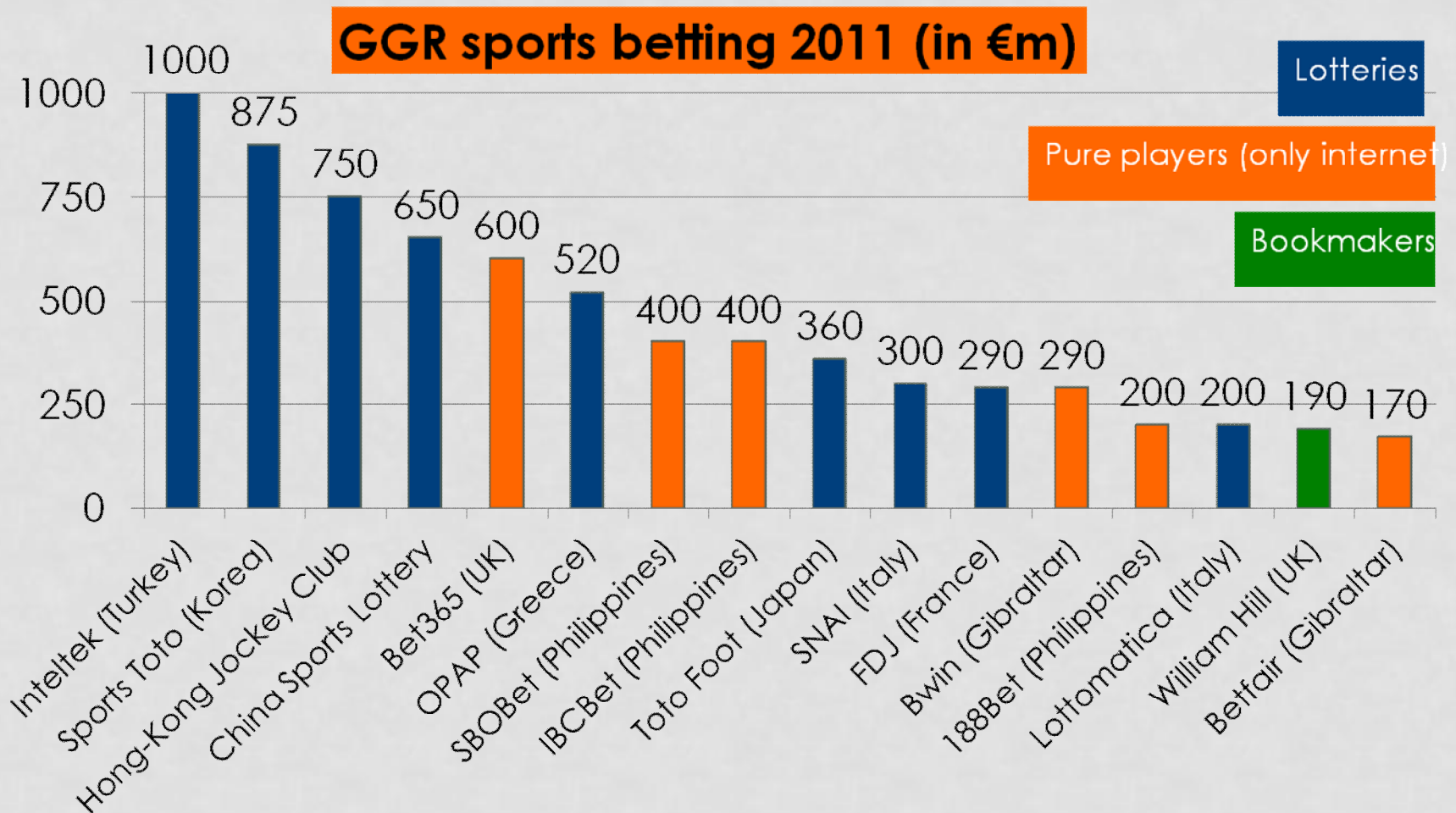
Internet:  
20-50%

### Pure players

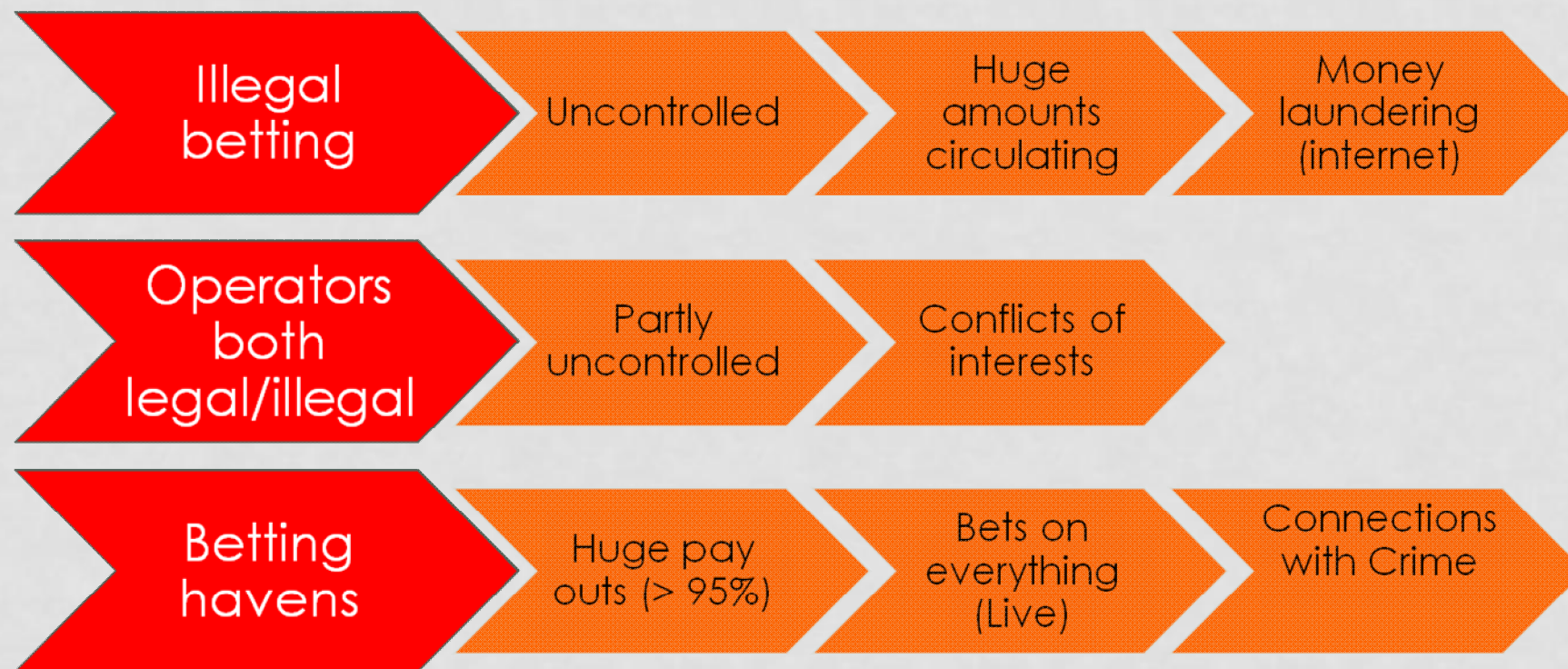
Casino-  
Betting-  
Poker

100%  
Online

## 6. NONE OFFERED FIXED ODDS 20 YEARS AGO (EXCEPT W. HILL)



## 7. SPORTS & BETTING: WHAT ARE THE RISKS?



## **7. WHERE IS THE GREATEST DANGER?**

**In sports: most likely football, tennis, cricket;**

**In events: friendly matches, matches with asymmetric issue;**

**In some types of betting: derivative betting, live betting, betting exchanges;**

**Is any event eligible to a fix.**



## 7. SPORT & BETTING THE IDEAL MATCH

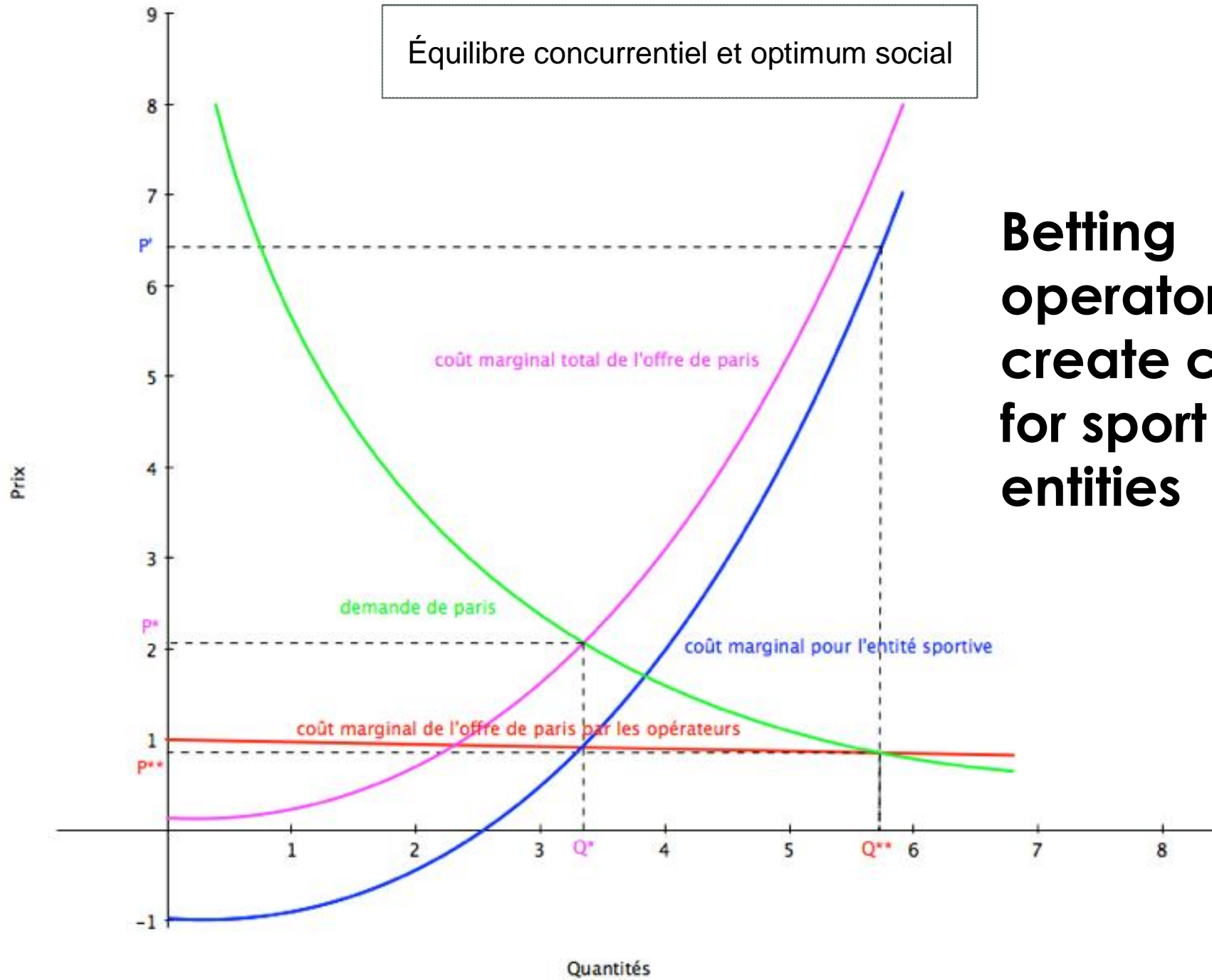


ARE THE INTERESTS OF THE STAKEHOLDERS  
CONVERGENT?

ARE THE INTERESTS OF EACH STAKEHOLDERS  
CONVERGENT?

LESSONS FROM ECONOMICS

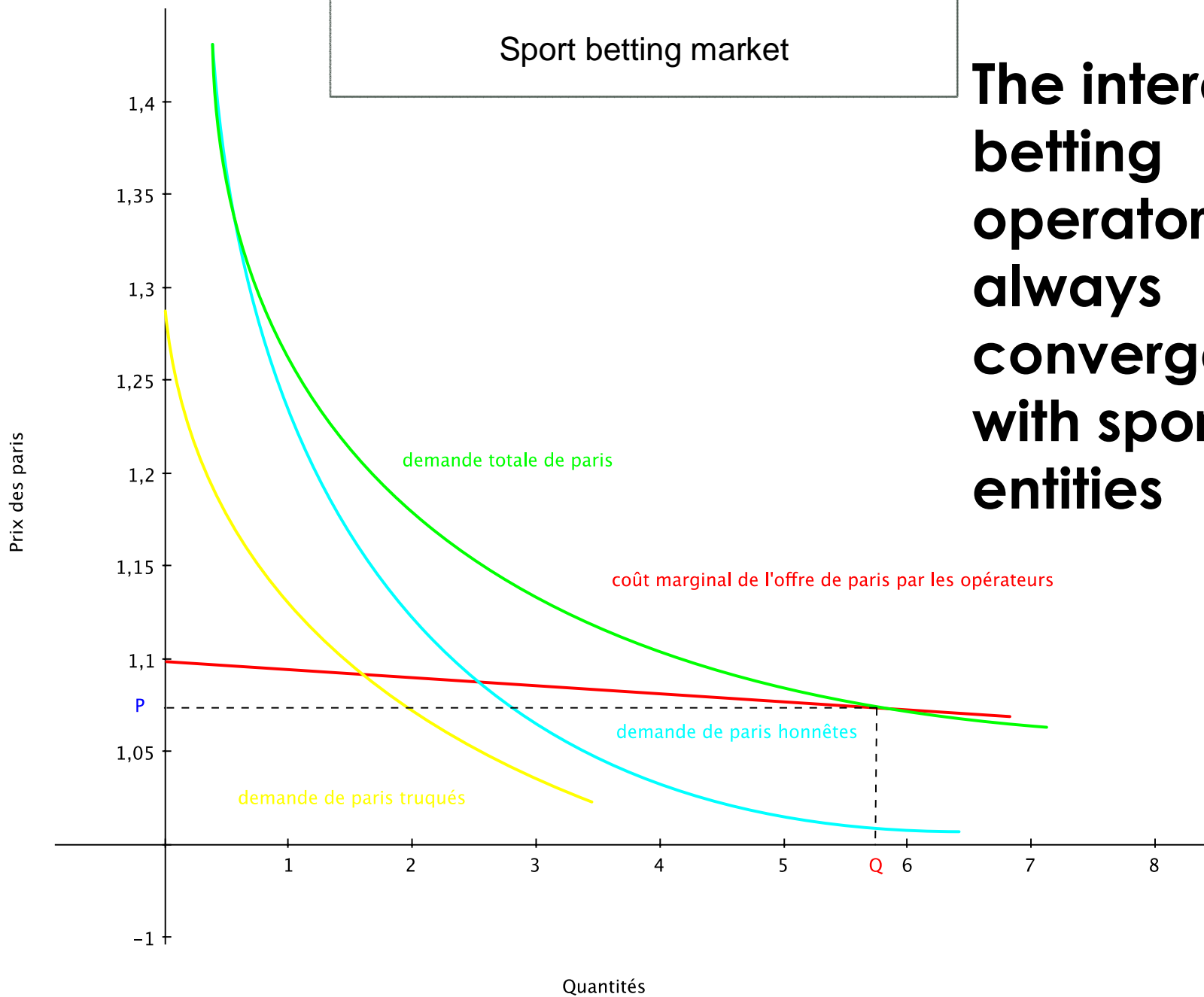
Équilibre concurrentiel et optimum social

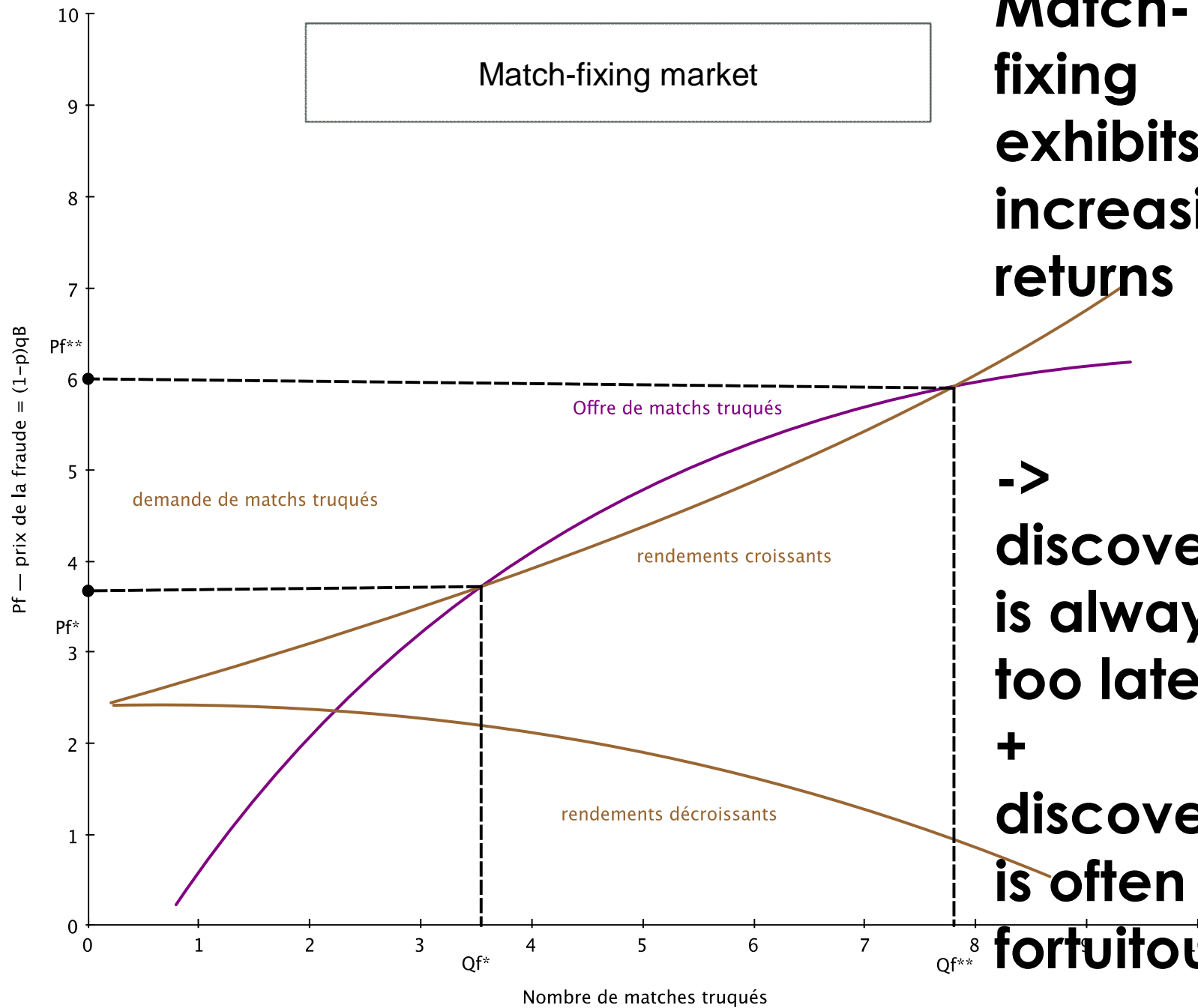


**Betting operators create costs for sport entities**

## Sport betting market

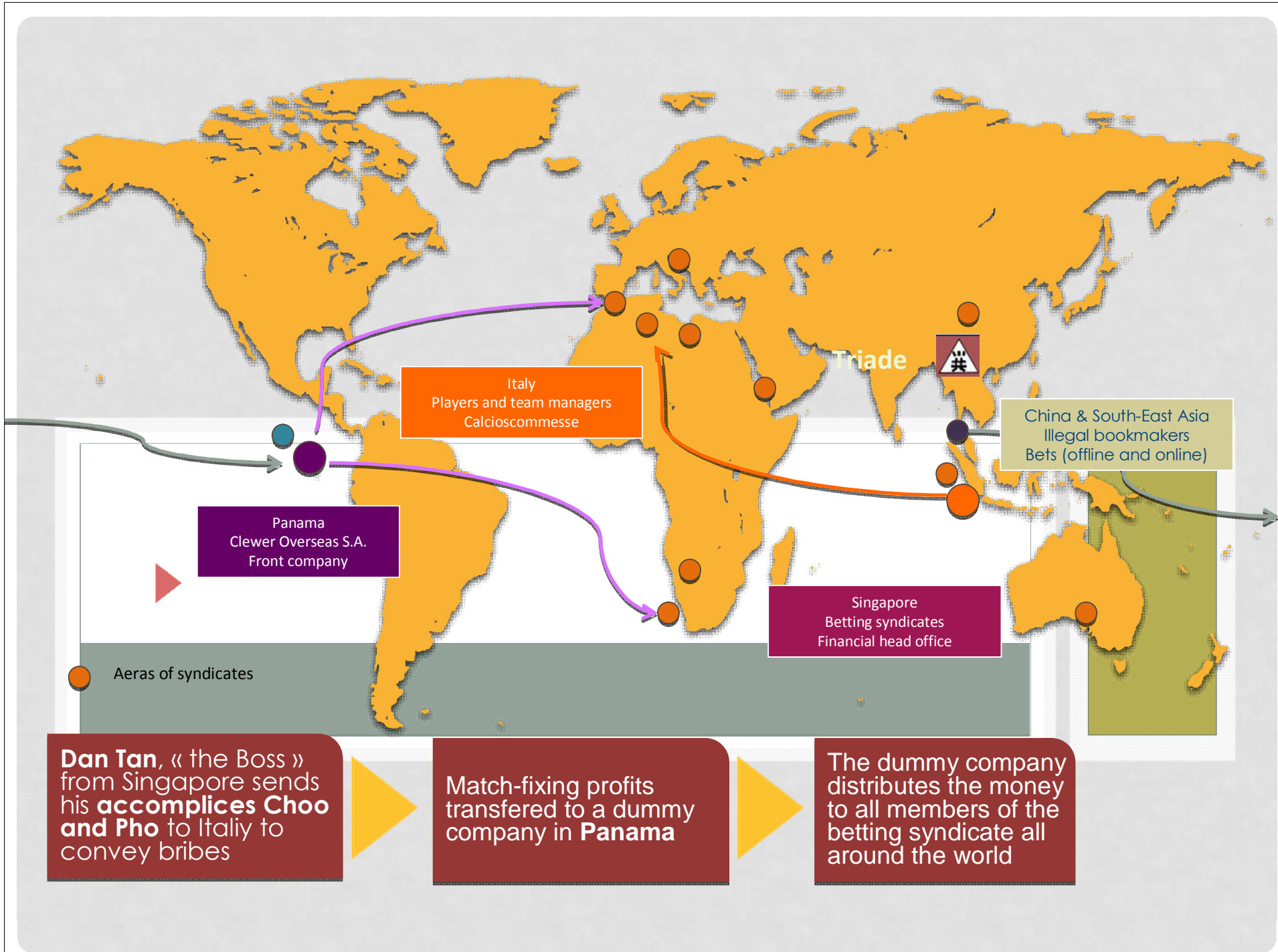
**The interest of betting operators is not always convergent with sport entities**





Match-fixing exhibits increasing returns

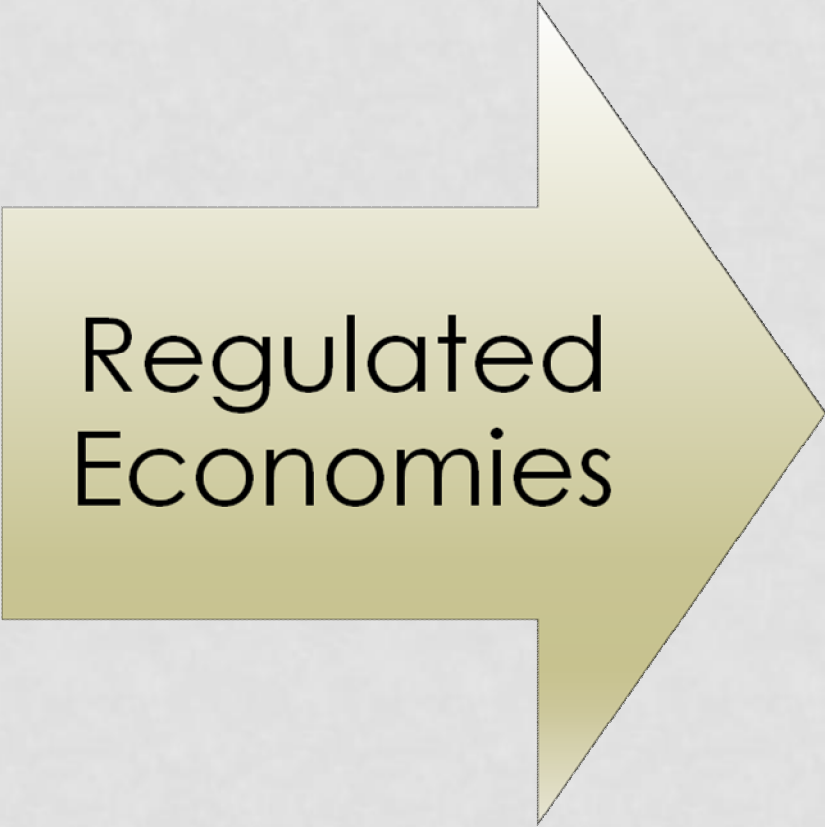
-> discovery is always too late + discovery is often fortuitous



# WE ARE AT A CROSS-ROAD



Gambling  
Havens



Regulated  
Economies

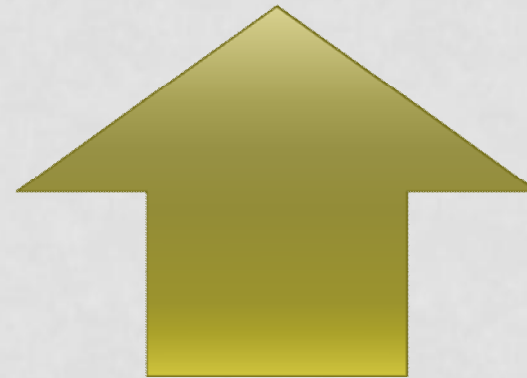
# WE ARE AT A CROSS-ROAD



Betting haven  
does not fight  
fraud



Smart  
regulation  
fights fraud





## THE CAUSES

- "Historical linkage between sports and betting
- "National / cultural habits of betting and betting regulation (often via selfregulation)
- "Everything changed with the advent of Internet
- "Online betting lowered betting costs
- "Online betting ignores national prohibitions
- "Online betting offers new betting formulas
- "Online betting attracts huge betting volumes
- "**LIQUIDITY attracts criminals.**

## RECOMMENDATION N°1 → STATES: PLEASE GO ONE STEP BEYOND

More resources for investigation (Police)

Sports betting tax

Centralisation of all national betting data

Limitation of bets after sport's advice

Strong fight against illegal betting and transnational cooperation

Clear alert procedures for betting operators

## RECOMMENDATION N°2 → SPORT: PLEASE GO TWO STEPS BEYOND

Good governance rules  
and risk management

Limitation of financial  
risk: UEFA Financial  
Fair-Play

Education of all top  
athletes at least once  
every two years

Advice on risky bets

Adoption of  
“comfortable  
satisfaction” as  
standard of proof

Publication of all  
decisions on sports  
integrity

## RECOMMENDATION N°3 → BETTING OPERATORS: PLEASE GO THREE STEPS BEYOND

Be legal in all the jurisdictions where you offer bets

Adopt strong anti-money laundering procedures (FATF / 4<sup>th</sup> EU Directive)

Support sport (with expertise and money)

**RECOMMENDATION N°4 → ALL STAKEHOLDERS: COMPLY WITH WITH COUNCIL OF EUROPE'S CONVENTION STANDARD AND ACCEPT GUIDING PRINCIPLES**

**Level 3**: Adheres to all of the Guiding Principles

**Level 2**: Adheres consistently to some of the Guiding Principles (going beyond the substance of the CoE Convention)

**Level 1**: Accepts basic standards required to protect sports integrity (substance of the CoE Convention)

**Level 0**: : Doesn't accept the basic standards required to protect sports integrity