

## Sports Betting Integrity Update

For Board approval	
For Board briefing	
For Board steer	
For Board information	

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## Purpose

1. This paper provides information as to:
  - a background briefing of the threat upon which the Sports Betting Integrity (SBI) programme of work is focused
  - the Gambling Commission's (the Commission) programme plan in the context of (a) the United Kingdom's (UK) collaborative approach to prevent and deter match fixing and (b) developments within UK and the international context.
2. The paper also draws to the Board's attention the continuing heavy and increasing demands on the Commission to play a lead role internationally in facilitating collaboration between the sports, betting industries, law enforcement and regulatory bodies and the plan to continue to play that 'lead agency' role subject to DCMS endorsement that this is an acceptable commitment of licence fee income and subject to seeking contributions to costs wherever possible.

## Executive summary

3. The integrity of sports betting and the future of sport as viable social and commercial activities are reliant upon the outcome uncertainty of sporting events and the use (by bookmakers and bettors) of information fairly and legally gained.
4. Clear and coordinated action to prevent and deter match fixing and the misuse of information at national and international levels by sports betting operators/regulators, sports governing bodies (SGB) and state agencies to implement effective risk management controls, understand and respond quickly to emergent issues is universally agreed as necessary.
5. The Parry Report (2010)<sup>1</sup> has provided a framework for UK action, and the Commission is taking a leading role in developing the awareness and capabilities of sports betting operators and others and sustaining the national effort. The Parry Report may not now adequately serve as a strategic narrative that reflects the UK's approach.
6. The Commission programme plan remains on target and within budget. In recognition of the changes within the UK and international contexts, it is appropriate to review our role and our resource requirements for the next two years.
7. The Board is asked to consider the scope of Commission activity in the light of progress to date and the interrelated national and international complexion of the match fixing threat and to note that planning is on the basis that DCMS expects and endorses the Commission's assumption that its SBI work focus upon:
  - not only undertaking its regulatory and SBIU roles and 'lead agency' role within the UK developing necessary international connectivity
  - but also promoting the Commission's international role in support of the UK government's international 'soft power' influence in developing policy and supporting others addressing the threat of match fixing and sports betting regulation.
8. Subject to Board support the Commission will continue to:

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<sup>1</sup> M:\Regulation\Sports Betting Integrity\Parry panel background files\PARRY\_FINAL REPORT

- engage with DCMS to review how to better present the UK approach to the match fixing threat (having the effect of reinforcing the commitment of partners and confirming the role of the Commission)
- identify and obtain DCMS endorsement of the call on fee income to fund the work
- seek alternative funding arrangements for activities outlined above wherever possible and in particular where the benefit accrues as much if not more other organisations or countries.

## Background

9. The integrity of sports betting and the future of sport as viable social and commercial activities are reliant upon the uncertainty of the outcome of the sporting event and the use (by bookmakers and bettors) of information fairly and legally gained. The misuse of inside information and 'match fixing' are inextricably linked but not necessarily the same. Match fixing can take place without involving betting, wherein profit is derived through opportunities of promotion, competition qualification, prize money or television rights<sup>2</sup>. Inside information can be obtained and used for betting purposes without having to affect the outcome of the sporting event.
10. Sports betting is now driven by the high global demand linked to a wide range of national, regional and globally popular sports promoted through widely available technologies; active 24 hours a day. The extremely high levels of liquidity within sports betting markets also provide a stimulus for illegal activity where the risks of detection are considered low.
11. The integrity of sports betting in UK has long been a focus for the Commission's engagement with the sports betting industry. We recognise that the failure of licensees to identify and prevent their betting products being misused to generate criminal profit can present serious risk to the licensing objectives and must form an important element of their regulatory risk management efforts.
12. A number of harms are associated with match fixing and the misuse of inside information:
  - firstly, where linked to sports betting, it affects fairness and undermines the reputation and commercial viability of legitimate operators
  - secondly, where associated with illegal betting providers<sup>3</sup> it sustains local and organised crime with its associated evils
  - thirdly, such activity undermines the reputation of sports betting and the ethos of sport, having potentially serious negative effect upon financial viability through impact upon customer spend, sponsorship and media income.
  - finally, there is potential national impact upon the reputation of the regulation of sports betting and the UK as a country capable and willing to address corruption, thus providing a safe environment within which to conduct gambling related business activity and host sporting events.
13. Match fixing produces inside information, the demand for which is created by those who will use the information to derive criminal profit primarily through betting. The suppliers are sports participants who can directly influence the outcome of events and those with

<sup>2</sup> It cannot be assumed that all involved will be motivated by financial gain. The use of extortion cannot be discounted.

<sup>3</sup> Illegal in terms of being prohibited by the country where the activity is provided from and/or prohibited (unlicensed or absolute prohibition) at the point of consumption. The term 'grey market' is also used to denote a jurisdiction that may license a supplier but exercises little or no effective control over the integrity of the organisation and products.

knowledge. The enablers, those that bribe or coerce sport and betting people and facilitate the distribution of profit. As such, coordinated actions by sports betting operators/regulators and SGBs to implement effective risk management controls, law enforcement agencies to respond promptly to emergent threat and a national capability to coordinate the information flows and intelligence picture are necessary and form the basis of the Commission's and UK approach.

14. Given the international connectivity of sports betting and sport, strategies and organisations must also act concurrently in the national, regional and global contexts. Experience<sup>4</sup> indicates that Commission and national interests are inextricably linked to the ability and engage across international boundaries. The Commission's work programme reflects this complexity.

### **Commission in UK Context**

15. The Parry Report (2010)<sup>5</sup> provided a framework for UK action, identifying priority preventative and deterrence action for SGBs, betting operators, the Commission and law enforcement. The Commission has taken a leading role in developing the awareness and capabilities of others and sustaining the coordination of effort within the UK. The Parry Report does not now serve as a strategic narrative or reference document to inform others of the activity being undertaken. Discussions with DCMS are highlighting the need to revise the UKs communication plans.
16. The Commission has been instrumental in developing the UKs approach and international connections and influence. The Commission has become recognised as the 'lead agency'<sup>6</sup> leader in the development of an effective delivery model and having expertise that is increasingly sought.
17. The Commission's programme of work and UK action plan are very closely aligned, comprising of the following elements:
  - implementation by key partners of the actions identified in the Parry Report and Commission engagement with and between these to coordinate and support actions
  - operation (since 2010) of the SBIU acting as an intelligence development and information gateway with and between SGBs, regulators, betting operators and law enforcement; in the UK and abroad
  - development of effective risk management capabilities by Commission licensed sports betting operators focusing upon high impact operators (HIO)
  - engagement with government and agencies to ensure that betting integrity/match fixing plans are aligned to relevant national strategies
  - establishing an operational coordination capability to ensure a timely and effective response to emergent issues.
  - engagement with relevant international organisations to influence and ensure alignment with international policy and operational procedures.
18. The Commission's programme plan (BI Business Plan) is now aligned within the Commission's Strategic Narrative<sup>7</sup> and structured as:

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<sup>4</sup> Approximately 1/3 of all referrals to the SBIU have all three elements of suspected persons, betting (GC licensed) and the sporting event's location located within the UK.

<sup>6</sup> The Commission although not formally assigned 'lead agency' status, has become so in the view of most UK and international partners.

<sup>7</sup> B3.2 – 'We play our part in making sure that sporting and other events are not affected by gambling related corruption'.

- Intelligence and Investigation.
  - taking action
  - improving performance.
- Working in Partnerships
  - identifying threats
  - gaining commitment
  - strategic connections.

## Plan milestones

19. The 2014 plan is delivering within budget and subject to quarterly review. Progress against current milestones can be reported as:

- implementation of an operational decision making process engaging the Commission, law enforcement, betting operators, and sports organisations to better manage information and the operational response by July 2014. (Completed and agreed by police, National Crime Agency (NCA) and SGBs. Operational arrangements through SBIU, reviewed in spring 2015.)
- development of an indicator framework for operators for reporting irregular and suspicious betting by June 2014. (These have been agreed by Commission and the Association of British Bookmakers (ABB) and betting operators through tripartite forum. To be published August 2104 and incorporated within HIO assessment and aligned to risk management narrative.)
- development of SBIU guidance for stakeholders to clarify decision making policy and procedures. To include publication of the Commission's position on the 'Misuse of Inside Information' in May 2014 (published in May 2014) and the 'Sharing of Information' by September 2014. (This is progressing as originally planned, although the inconsistent understanding and willingness to share information by partners is emerging a priority issue and in the international context.)
- support the functioning of the UK Tripartite Group<sup>8</sup> to sustain the national approach. (Quarterly meetings completed to schedule and increasing engagement within sub group working.)
- include the SBIU within the Crimestoppers/police public reporting facility to promote public reporting of match fixing/betting integrity issues and complement the SBIU confidential reporting line. (This was implemented on 1 July 2014.)
- work with DCMS on the drafting and adoption of the Council of Europe (CoE) Convention Against the Manipulation of Sports Competitions through 2014 and 2015. (Draft by state delegations agreed in January 2014, now progressing through CoE parliamentary scrutiny for state signing in September 2014.)
- support CoE to establish and chair the international Network of Regulators in to focus upon developing state capabilities and international connectivity through 2014 and 2015. (The Commission organised its first workshop in Birmingham on 1 July 2014, in which 17 states<sup>9</sup> and European Commission (EC) attended. The second meeting scheduled for late 2014/early 2015 is to focus upon information exchange.)
- develop and coordinate the International Association of Gaming Regulators (IAGR) 'match fixing' knowledge sharing portal. IAGR conference to be held on

<sup>8</sup> (Comprising the Commission, licensed betting operators, Association of British Bookmakers, major sports governing bodies and UK law enforcement –ACPO/NCA).

<sup>9</sup> 18 if include UK.

27 – 29 October 2014 with continual activity throughout 2014 and 2015. (Portal maintained by the Commission with proposals to improve information provision access being developed. Conference activities planned for IAGR conference 2014; relating to (a) portal development and use and (b) match fixing panel discussion.

## **Commission and UK developments**

20. Information sharing between UK partners remains a significant issue with a range of legal, procedural and awareness issues within and between the parties (eg the reluctance of law enforcement and sport to release information to SGBs identified, lack of understanding by SGBs as to the constraints of public bodies, failure to consider appropriate terms and conditions within sports and betting contracts). The tripartite group has identified this as a priority and work by the Commission, police, sports and betting operator representatives has been agreed to identify the critical issues to be addressed. The terms of reference and commitment of resource are presently being finalised.
21. The development of indicators of irregular and suspicious betting activity is intended to raise reporting levels and provide impetus for the improved use of information by sports betting operators, as being promoted by the Commission. The increase<sup>10</sup> in the number of sports betting HIOs will require increased engagement during 2014/5 to ensure awareness of regulatory requirements and the inclusion with the national approach. The assessment of sport betting controls and guidance is being incorporated within the Sports Betting Integrity and HIO workstream plans in 2014 and 2015.
22. The government is producing a national anti corruption plan, wherein departments are identifying key risks and actions. Match fixing and the Commission's work are likely to feature within the consolidated plan (coordinated by the Home Office) which is likely to reinforce the role of the Commission as 'lead agency'<sup>11</sup>. A national multi agency group is forming to coordinate action focused upon corruption threats. The Commission is a member of this group.
23. **[Exempt Information under Section 41 of the Freedom of Information Act].**
24. The Commission is increasingly engaged by SGBs/major events organisers to advise as to their risk management arrangements most referencing the approach adopted for of the 2012 Olympic Games.

## **The Commission role within the wider international context**

25. The globally revealed scope and scale of match fixing has generated increased political, regulatory, sports and media interest. Although there is widespread agreement that coordinated national and international approaches that align state and private sector actions are required, there are many thoughts as to how states and international sports and betting organisations should develop their approaches and capabilities. The Commission and the UK is widely seen as being at the forefront of developing an effective approach and our advice and support is continually sought. The Commission/IOC model implemented for the 2012 Olympic Games is widely promoted as good practice and has provided the template for the International Olympic Committee's (IOC) strategic approach<sup>12</sup>.

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<sup>10</sup> It is anticipated that 50% of HIO will have sports betting interests.

<sup>11</sup> First draft expected w/c 14 July

<sup>12</sup> The Commission remains engaged with the IOC as expert advisors.

26. Whilst our engagement seeks to advance the Commission's programme and UK interests, it is promoting the Commission's and UK influence and reputation in anti match fixing approaches and other regulatory matters. This is an important element of the Commission's influencing/advising agenda and a contributor to a national 'soft power' strategy<sup>13</sup>. The Commission is continually engaged with individual governments and through the CoE and European Union, and with regulators and betting operators through the International Association of Gaming Regulators (IAGR), Remote Gambling Association (RGA), European Gaming and Betting Association (EGBA), World Lotteries Association (WLA), European Sports Security Association (ESSA) and International Association of Gaming Advisors (IAGA).
27. Within international SGBs, there is develop momentum to establish preventative strategies and improve regulatory frameworks, linking international and national governing bodies, eg IOC, International Cricket Council (ICC), Fédération Internationale de Football Association (FIFA) and Union of European Football Associations (UEFA) and for many the Commission is seen as a value contributor. Law enforcement involvement through Interpol and Europol has also increased, and the Commission is engaged regularly.
28. The political context is similarly active and Commission views are sought. There are an increased number of international political organisations and others involved in the debate as to an effective response to the issue. The United Nations Educational, Scientific and Cultural Organisation (UNESCO)<sup>14</sup> and the United Nations Office on Drugs and Crime (UNODC)<sup>15</sup> are active in international policy development (both highly engaged with the IOC in the development of its strategy<sup>16</sup>) with organisations such as the International of Sport Security (ICSS)<sup>17</sup> and Sport Accord<sup>18</sup> seeking to influence national and international developments.
29. Within Europe, the CoE and European Commission (EC) are increasingly focused upon the threat posed by corrupt sports and sports betting activity. The CoE are proposing a binding Convention (The Council of Europe Draft Convention Against the Manipulations of Sports Competitions) that promotes national and international framework of sports betting regulation, sports governance, criminal justice provisions and collaboration within and between states.
30. The Convention proposes that states align policy and coordinate the actions of SGBs, betting regulators, law enforcement/criminal justice agencies upon and establish platforms that enable international cooperation. The Convention has passed through CoE parliamentary scrutiny<sup>19</sup> for states<sup>20</sup> signing on 18 September 2014. The Commission and DCMS have represented the UK throughout the drafting and scrutiny

<sup>13</sup> The House of Lords Select Committee on Soft Power and the UK's Influence (appointed on 16 May 2013) report on the use of soft power in furthering the UK's global influence and interests was published on 28 March 2014<sup>13</sup>. The report contains sections that one could see directly relating the work of the Commission as regulator and 'lead agency' of the match fixing work in the national interest. In addition to specific focus upon sport<sup>13</sup> to which the match fixing work has direct contribution, the work could be considered to contribute to development of the UK networks<sup>13</sup> and trade promotion and national prosperity<sup>13</sup> within which there is reference<sup>13</sup> of the importance of demonstrating our willingness to address corruption. The Government's response

<https://www.gov.uk/government/publications/response-to-the-house-of-lords-select-committee-report-on-soft-power-2013-14>

<sup>14</sup> Ministers and senior government officials from UNESCO Member States gathered in Berlin (Germany) May 2013 at the 5th International Conference for Physical Education and Sport (MINEPS V). Agenda included Preserving the Integrity of Sport and the fight against match fixing, illegal betting, doping and corruption in sport

<sup>15</sup> Criminalisation Approaches to Combat Match-fixing and Illegal/Irregular Betting: A Global Perspective. July 2013

<sup>16</sup> <http://www.olympic.org/news/ioc-s-new-betting-intelligence-system-ibis-hailed-by-international-federations/229466>

<sup>17</sup> <sup>17</sup> [www.theicss.org](http://www.theicss.org) International Centre of Sport Security.

<sup>18</sup> [www.sportaccord.com](http://www.sportaccord.com)

<sup>19</sup> <https://wcd.coe.int/ViewDoc.jspid=2162397&Site=CM&BackColorInternet=C3C3C3&BackColorIntranet=EDB021&BackColorLogged=F5D383>

<sup>20</sup> Will be open to non CoE states to sign.

process and believe that the Convention being offered is consistent with our national and regulatory interests.

31. The Convention establishes two concepts that have possible role and resource implications for the Commission. Firstly, the establishment of 'national platforms' with a remit largely as that of the present Commission/SBIU activity (annex A) with a requirement for the organisation providing this coordination role to be specifically identified. The Commission would seem to be the appropriate organisation to be identified should the UK become signatories. Secondly, the Convention establishes a 'Follow up Committee' (Annex B) to focus upon reviewing states progress, policy development and promotion of best practice. Given the role the Commission presently undertakes, it is expected that continued demand will be made to contribute on behalf of the UK.
32. To support the development and implementation of the Convention, the CoE have established a network of international regulators to assist with the development of states approaches and capabilities and advise the committee. Nick Tofiluk was elected Chair of this group and the meeting convened Birmingham in July 2014 was attended by 26 delegates from 17 states. A further meeting is planned in November 2014. Whilst the secretariat function is primarily provided by CoE, the Commission strongly influences the agenda and would be expected to continue with this contribution. Should the UK not sign the Convention then this role would change.
33. The European Union (EU) has participated in the CoE Convention negotiations in its own right and the prospect of additional EU legislation relating to gambling or sports regulation cannot be discounted<sup>21</sup>. The importance of sustaining engagement in EU work is an important consideration in protecting UK interests and promoting national influence. This would be particular so with regards to the activity resulting from the European Commission's thoughts contained within "Towards a comprehensive European framework for online gambling"<sup>22</sup> with actions focused upon the match fixing, namely to:
  - adopt a recommendation on best practices to fight against match fixing<sup>23</sup>
  - promote international cooperation and dialogue to prevent match fixing
  - establish contact points with all stakeholders involved against match fixing and;
  - empower legal and administrative systems to combat match fixing.

## Resourcing

34. A quarterly review of the programme plan is underway and the resourcing of the programme over the next two years will be determined by end of August 2014 for inclusion within the Commission business planning process<sup>24</sup>.
35. It is anticipated that the primary drivers of increased workload over the next two years as will be:
  - increasing the focus upon HIO sports betting operators risk management arrangements and engagement with the increased number licensed sport betting

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<sup>21</sup> Corporate Risk Register (Regulatory Framework) reflects the need to be sighted on and apply influence to Council of Europe and European Union thinking.

<sup>22</sup> European Commission: Com (2012) 596 Final. October 23, 2012.

<sup>23</sup> Studies are underway to inform future EU actions in this area and the Commission organised a UK/EU (funded) seminar/workshop in May 2014. Initial feedback was that the UK appeared both knowledgeable as to the issues and advanced in terms of our capability to manage the threats.

<sup>24</sup> Executive Group: 8/07/2014: Item 4 EXG (14) 44.

HIOs resulting from the changes to the Gambling Act 2005 produced by the Gambling (Licensing and Advertising) Bill

- developing the connectivity of UK parties and the work of tripartite forum to reflect the increase in sports betting operators, the need to resolve information sharing issues and establishing the national platform as outlined in the CoE Convention.
- sustaining the Commission's and UK international connectivity and influence in developing match fixing policy and delivery effectiveness.

36. The planning and resource requirements to focus upon the efficacy of sports betting HIO capabilities to identify and prevent betting integrity/match fixing is in hand. Indications are that 50% of the HIO will be heavily engaged in sport betting with likely increase in the provision of referrals to the SBIU. There are intentions to engage through 2014/2015 with HIO integrity teams to promote awareness of their responsibilities, understanding of risk management requirements and encourage engagement within the partnership approach. It is not anticipated that the extension of the Crimestoppers facility to the Commission will in itself require significant additional resource; but will add to the resource pressures.
37. In addition, whilst expenditure by Commission enforcement team activity has reduced due to the engagement of partners and improved SBIU intelligence development work, the increased focus and improving capabilities of our UK partners and other states is increasing the information received and requirements for coordination of effort.
38. The Commission's 'lead agency' role is increasing as more operators, sports governing bodies and agencies become aware of the threat and act individually and through the partnership network sustained by the Commission and through the tripartite forum. This is a primary role for Lorraine Pearman whose secondment from Department of Work and Pension must now end. There is immediate need to accommodate the transfer of Lorraine Pearman to Commission employment. The Commission currently pays her full costs and it is not expected that her transfer will result in any cost increase. Discussions are in hand to resolve this quickly.
39. Finally, developing the UK approach, its international connectivity and contributing to the policy and capability development of others, in effect extending the influence of the Commission and the UK has consumed an increasing proportion of Nick Tofiluk's time. This has increased significantly over the past three years and will likely increase further over the next two years due to the increasing regulatory and political profile of the issues and the interrelated nature of domestic and international activity.

## **Recommendation**

40. The Board is asked to consider the scope of Commission activity in the light of progress to date and the interrelated national and international complexion of the match fixing threat. Further to note that planning is on the basis that DCMS expects and endorses the Commission's assumption that its SBI work focus upon:
- not only undertaking its regulatory and SBIU roles and 'lead agency' role within the UK developing necessary international connectivity
  - but also promoting the Commission's international role in support of the UK government's international 'soft power' influence in developing policy and supporting others addressing the threat of match fixing and sports betting regulation.
41. Subject to Board support the Commission will continue to:

- engage with DCMS to review how to better present the UK approach to the match fixing threat (having the effect of reinforcing the commitment of partners and confirming the role of the Commission)
- identify and obtain DCMS endorsement of the call on fee income to fund the work
- seek alternative funding arrangements for activities outlined above wherever possible and in particular where the benefit accrues as much if not more other organisations or countries.

## **Council of Europe Convention**

### **Article 13 – National platform**

1. Each Party shall identify a national platform addressing manipulation of sports competitions. The national platform shall, in accordance with domestic law, inter alia:

- a. serve as an information hub, collecting and disseminating information that is relevant to the fight against manipulation of sports competitions to the relevant organisations and authorities;
- b. co-ordinate the fight against the manipulation of sports competitions;
- c. receive, centralise and analyse information on irregular and suspicious bets placed on sports competitions taking place on the territory of the Party and, where appropriate, issue alerts;
- d. transmit information on possible infringements of laws or sports regulations referred to in this Convention to public authorities or to sports organisations and/or sports betting operators;
- e. co-operate with all organisations and relevant authorities at national and international levels, including national platforms of other States.

2. Each Party shall, at the time of signature or when depositing its instrument of ratification, acceptance or approval, by means of a declaration addressed to the Secretary General of the Council of Europe, communicate the name and addresses of the national platform. They subsequently may, at any time and in the same manner, change the terms of their declaration.

### **Article 30 – Convention Follow-up Committee**

1. For the purposes of this Convention, the Convention Follow-up Committee is hereby set up.
2. Each Party may be represented on the Convention Follow-up Committee by one or more delegates, including representatives of public authorities responsible for sport, law-enforcement or betting regulation. Each Party shall have one vote.
3. The Parliamentary Assembly of the Council of Europe, as well as other relevant Council of Europe intergovernmental or scientific committees, shall each appoint a representative to the Convention Follow-up Committee in order to contribute to a multisectoral and multidisciplinary approach. The Convention Follow-up Committee may, if necessary, invite, by unanimous decision, any State, which is not a Party to the Convention, any international organisation or body, to be represented by an observer at its meetings. Representatives appointed under this paragraph shall participate in meetings of the Convention Follow-up Committee without the right to vote.
4. Meetings of the Convention Follow-up Committee shall be convened by the Secretary General of the Council of Europe. Its first meeting shall be held as soon as reasonably practicable, and in any case within one year after the date of entry into force of the Convention. It shall subsequently meet whenever a meeting is requested by at least one third of the Parties or by the Secretary General.
5. Subject to the provisions of this Convention, the Convention Follow-up Committee shall draw up and adopt by consensus its own rules of procedure.
6. The Convention Follow-up Committee shall be assisted by the Secretariat of the Council of Europe in carrying out its functions.