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«Preventing the criminal risks linked to the sports betting market»

// PREVENTING CRIMINAL RISKS LINKED TO THE SPORTS BETTING MARKET (Update on the Precrimbet programme)

Interview with Pim Verschuuren, Research Fellow at IRIS, Coordinator of the PreCrimBet Programme.
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/ WHAT ARE THE RESULTS OF THE PRECRIMBET RESEARCH PHASE, WHICH JUST ENDED?

The goal of this research phase was to analyse the nature and extent of criminal risks linked to the sports betting market and underline the responsibilities of betting operators, regulators and law enforcement with regards to risk management and mitigation. The objective was also to identify and promote good practices and existing solutions which have already been implemented at national and international levels.

We used different sources of information. The first one is a series of interviews conducted in various countries such as France, Italy, Belgium, Estonia, Greece and Singapore. We also sent questionnaires to a number of regulators and betting operators who informed us about their regulations and policies, as well as their opinions on sensitive matters.

An important lesson is that the subject of criminal risks in sports betting has become a critical issue. Many public authorities expressed their concern. We are not only talking about match fixing, which is already being addressed within the EU, but about money laundering, criminal infiltration within the betting industry, illegal betting or cybercrime. We see that high divergences exist between the evolution of criminal behaviour in general, expanding through globalisation and the Internet, and the capacities of law-enforcement against contemporary crimes. In this sense, national situations are very diverse. Some countries have more knowledge and expertise, especially on subjects such as cybercrime or money laundering, than others.

The betting sector is vulnerable because it is highly liquid (around 500 billion euros bet each year worldwide), has a strong virtual dimension, and is transnational. Many operators are based offshore, and around 70-80% of the bets are placed by consumers from jurisdictions where the concerned betting operators do not have an authorization to accept the bets. That represents a major problem because it means that many potential criminal risks are not rightly monitored and addressed by national regulators.

We conducted a risk assessment of betting market at the EU level and we set a number of priorities. One of the most important risks today regards the potential criminal infiltration of the betting industry, as revealed in 2015 through a major case involving Italian mafia and Maltese-based websites. Controlling betting operators allows criminal networks to easily launder money and raise profits through the provision of illegal betting, especially if these betting networks combine retail and online activity. The risk-based approach must be adapted to each national context, depending notably on the level of organized crime infiltration and the size of the illegal betting market.

During the research phase, Dr Ingo Fiedler conducted a “mystery benchmarking” of 19 betting operators in order to check if they respect national legislations of several countries such as Belgium, Italy Germany, France and Spain. It proved that most of the tested operators were indeed compliant and law-abiding. It further shows that fighting illegal betting bears results.

At last, we propose 14 recommendations to the national and to the European level which regards mostly public authorities. Those recommendations are ambitious and level the challenges of the fight against this modern criminal threat. We naturally promote the existing tools at national levels, but also international instruments, such as the Convention of the Council of Europe on the manipulation of sports competitions or the implementation of the 4th EU Anti-Money Laundering Directive.

/ THE FIRST PRECRIMBET SEMINAR TOOK PLACE LAST WEEK IN FRANCE. WHAT WERE THE OBJECTIVES OF THIS EVENT?

The first Precrimbet seminar took place at the premises of the French betting regulator, the "Autorité de régulation des jeux en ligne" (ARJEL), which demonstrated a real interest in hosting it. The participants were the representatives of the entities that compose the French national platform against match fixing, built in anticipation of the entry into force of the Council of Europe Convention.

The French betting regulation (2010) is rather restrictive. In particular, ARJEL issues a list of authorized competitions (in cooperation with sport organisations), pay-out rates are limited and a strong emphasis is put on the fight against illegal betting (retail betting is controlled by a monopolistic operator, FDJ). In terms of control, ARJEL implements a quite unique technical system which gives it the possibility to control all the betting transactions placed online on the licensed operators. This frontal system can automatically detect suspicious sports events.

During this seminar, we presented to the participants the Precrimbet preliminary results, which were confirmed by law-enforcement. We also gained information from ARJEL on their specific risk-management approach, and how it is shared within the national platform.

A specific session dwelled upon the exchange of information and cooperation. The goal was to analyse how an information or an alert linked to match-fixing is managed by the platform. At last, we had a session on the implementation of the anti-money laundering directive, as some provisions of this implementation are still under discussion.

/ WHAT NEXT FOR THE PRECRIMBET PROGRAMME? WHAT ARE YOUR PRIORITIES?

In total, 12 seminars will be organized among EU Member states. The seminars agendas and official dates will be updated on the Precrimbet programme webpage on the IRIS website. Greece (15 of December) and UK (24 of January) are the two next countries we will visit, and they will again be organised in collaboration with the national betting regulators.

The subject of criminal risks linked to betting is as critical as it is new for the public authorities of many States, that's surely why we had a positive response from the betting regulators we contacted and to whom we proposed to organize those events. The current priorities for the Precrimbet programme is to adapt our research findings to national needs, because each country has a different vision, different available tools and experiences in addressing this type of criminal risks.

Also, the goals are to disseminate knowledge and expertise and good practices. Many States are currently building their national platform against match fixing, as required by the Convention of the Council of Europe, even though this Convention has not entered into force yet.

The objective of the national seminars is moreover to test our preliminary findings and collect additional information regarding the national frameworks and experiences. In June 2017, two months after having organized the last seminar, we will publish a comprehensive White book which will be sent to all relevant national and international authorities in the EU. It will draw all the conclusions of our research and seminar phases. The publication will also be an opportunity to present our work to the European Commission, which funds our program. The EU commission is in a strong position to favour transnational cooperation, exchange of information and assist Member States in their apprehension of the criminal risks. ■

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