



# SEMINAR “PRECRIMBET - LITHUANIA”

**Date:** 27-28 February 2017

**Place:** Kaunas (Lithuania)

**Participants:** cf. appendix

## 1. Main issues raised during the seminar

### Illegal betting:

- The illegal betting market in Lithuania seems to be difficult to assess. Nevertheless, there was a more important illegal market before the country set up some measures against illegal betting (2016), including the blacklisting of 151 websites.

### Money laundering:

- The money laundering risk in Lithuania is considered by the participants as quite high but less important than for casinos, first of all because the country didn't investigate a lot of cases (some suspicious reports have been sent by licensed betting operators).
- For Lithuanian public authorities, betting operators should be compliant with the 4<sup>th</sup> EU Directive on money laundering, in the framework of the new law against money laundering.
- Some clear links have been identified between money laundering, match fixing and organised Crime, in particular through the buying of football teams (allowing them to use money from other criminal activities).
- Nevertheless, in Lithuania, at this time, betting operators have not been sanctioned for being uncompliant with AML measures.
- Virtual currencies are reported to be quite widely used in Lithuania.

### Manipulation of sports competitions:

- The risk of the manipulation of sports competitions in Lithuania is considered by the participants as high. Law enforcement has received information about 77 suspicious matches since 2014. Moreover, according to a Transparency International survey (2014), 55% of the football players (and 45% of the

Lithuanian basketball players) have been approached at least once, or were aware of fixed matches.

- Nevertheless, some participants assume that various sports federations still deny the problem (basketball has been mentioned).
- Since 1 January 2017, there is a new legal framework in Lithuania. Namely, the Criminal Code was supplemented with Article 182-1<sup>1</sup> on “Manipulation of Sports Competitions”, and the Law on Physical Education and Sport, as well the Law on Criminal Intelligence, were supplemented by new provisions creating a State level system of legal resistance against the Manipulation of Sports Competitions in Lithuania.
- The new Criminal Code provision on match-fixing imposes criminal liability for manipulation (influence on course or results) of professional sports competitions, and also provides the sanctions. The most severe is imprisonment for up to four-years.
- Furthermore, the new criminal provision provides the exemption from criminal liability, when the person, before acquiring the status of a suspect, voluntarily provides the relevant information to the law enforcement authority, and actively cooperates in investigation matters. It also says that a legal person could be found liable for match-fixing activities as well.
- In addition, the crime Manipulation of Sports Competitions itself is assigned to the category of less serious crimes, which still allows for the use of criminal investigation means if needed.
- Nevertheless, many loopholes are still mentioned, showing that practically it is not so easy to investigate and prosecute match-fixing. In particular, a minority of the Lithuanian athletes have a status of professionals in accordance with the aforementioned legal provision (only approximately 10% of Lithuanian football players are professionals). Prof. dr. Armanas Abramavičius insisted on the loopholes of the new legislation.
- The Lithuanian betting regulatory authority developed many partnerships with the sport movement (FIFA, UEFA, FIBA, etc.), Sportradar, Interpol, Europol and Sirene. These partnerships are very important, especially because most of the cases are international.
- The Lithuanian Football Federation faces different match-fixing issues (bribes of € 50,000 have been offered to first league payers – Average salary per player under € 2,000 per month) but complains that most criminal (preliminary) investigations don’t lead to sentences. Four years ago, the strong mobilisation of the football federation on the match-fixing issue had a negative impact on sponsorship contracts (some important companies refused to sponsor Lithuanian football because of image risks). The Federation developed partnerships with FIFA, UEFA, Betfair and Sportradar. In 2013, the Federation has appointed an Integrity Officer (who plays a central role in decisions regarding integrity). Since 2014, the Federation set up different tools to fight against match-fixing:

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<sup>1</sup> Article 182<sup>1</sup> Manipulation of Sports Competitions:

1. A person, who illegally influences a fair course of a *professional* sports competition or its results, shall be punished by community service or by a fine or by restriction of liberty or by arrest or by imprisonment for a term of up to four years.

2. A person, who commits the act indicated in Paragraph 1 of this Article may be released from criminal liability where he voluntarily notifies a law enforcement institution about it before he is found a suspect and actively assists in detecting this criminal act.

3. Legal entities shall also be held liable for the acts provided for in Paragraphs 1 of this Article.

- Due diligence of clubs' ownership (the disciplinary committee takes a decision, including thanks to the Sportradar' database –one team went to CAS after a negative decision but it lost)
- Whistle blowing tools (Hotline) with quite good feedback
- Education and prevention sessions (Declaration to be signed by players and staff attesting that they play fair)
- Sportradar reports and match analysis (video scrutiny)

As a result of this mobilisation, the number of alerts concerning Lithuanian football has sharply dropped (Only 5 suspicious cases in 2016). The sponsors have also come back.

- The question of the “autonomy of sport” has been considered as a central issue. There is a need of a “code of conduct” for national sports organisations. Many national sports organisations don't use international federations' codes of conduct because they don't receive any funds from these organisations.

#### National platform (Sport integrity):

- At the moment, Lithuania has not set up its national platform in order to protect sport integrity. Lithuania has first to determine an organisation including a leading independent public authority.

#### Sports betting regulation:

- The Lithuanian Gaming Control Authority is an independent public authority in charge of regulation, supervision and control of the market. It has been created in 2012 and counts (in February 2017) 27 employees.
- The law on Gambling has been implemented in 2001 but Internet has been properly regulated more recently (2016).
- The Authority is monitoring gambling figures of licensed operators since 2012. Today there are 8 licensed betting companies in Lithuania (both offline and online except BalticBet): Olybet, Nese Sport, Admiral, Orakulas, Top Sport, Cbet, TonyBet, Balticbet (no online betting).
- The level of betting taxes is quite low in Lithuania: 15% of GGR (Retail) – 10% of GGR (Online)
- Operators report suspicious activities on a voluntary basis. There is no lack of cooperation but a need of better coordination. It seems really important to create a network through a national platform.
- The gambling authority can access directly to all the betting operations online (through a platform and a website). It also conducts random checks at the premises of betting operators to check if there is a difference between the website access and the central system of the operators.
- The gambling authority also signed some MOUs with Federbet, football federation, Betfair, ESSA, etc. The gambling authority underlines that it is much more difficult to work with sports federations (no single federation, except football, has answered to the questionnaire sent by the gambling authority nor sent an alert)
- There is a fight against illegal betting (through DNS blocking: 151 domain names have been blocked up to now).
- The gambling authority organises training sessions about betting.

## 2. Summary

NATURE	COMMENTS
<b>Part of illegal betting market</b>	- ND (Possibly between 30 and 40% of GGR, a little bit less since 2016)
<b>Measures against illegal betting</b>	- Existing (Black list of online operators, restricted access to illegal betting operators through ISP blocking, etc.)
<b>Acceptance of the definition of illegal betting (CoE Convention)</b>	- Yes
<b>Possibility to get an agreement for operators with more than 50% of their global GGR remaining illegal</b>	- Yes (But licensed betting operators have to set up at least 20 points of sales on the Lithuanian territory)
<b>Level of money laundering risks regarding sports betting</b>	- Retail / Online: Quite high theoretical risks (based on suspicious reports and experience) but only a few cases investigated (New matter for law enforcement)
<b>Measures against money laundering</b>	<ul style="list-style-type: none"> <li>- Obligations for betting operators to comply with ML procedures: Yes (Through the Gambling Law)</li> <li>- Sanctions to betting operators not compliant with AML procedures: Not at the moment</li> <li>- Restrictions regarding anonymous means of payment: Not at the moment</li> </ul>
<b>Sports betting operators to implement measures of the 4<sup>th</sup> EU Directive against ML</b>	- Yes
<b>Level of manipulations of sports competitions risks</b>	- High (But only a few cases under investigation)
<b>Measures against manipulations of sports competitions risks</b>	<ul style="list-style-type: none"> <li>- Article 182<sup>1</sup> "Manipulation of Sports Competitions" (Lithuanian Criminal Code), valid as from 1 January 2017</li> <li>- Obligations for betting operators to comply with sport integrity procedures: No</li> </ul>
<b>Betting Contribution to protect sport integrity</b>	- No
<b>Obligations for sports organizations to set up awareness programmes regarding manipulations</b>	- No
<b>Signature / Ratification (Convention against manipulation)</b>	<ul style="list-style-type: none"> <li>- Signature: Yes</li> <li>- Ratification: No</li> </ul>
<b>Existence of national platform against manipulation of sports competitions</b>	- No (Should be created in 2018)
<b>Automatic monitoring (of the betting market) system</b>	- No (Not at the moment but technically possible)
<b>Standard of alert</b>	- No
<b>Measures against conflicts of interests</b>	<ul style="list-style-type: none"> <li>- Prohibition to bet on their own competitions for sport actors: Yes<sup>2</sup> (Included in the Gaming Law)</li> <li>- Prohibition to bet on their own sport for sport actors: Yes (Idem)</li> <li>- Prohibition for sport actors to disclose inside information for betting purposes: No (Only for football)</li> </ul>

<sup>2</sup> Article 10-2 of Gaming Law: People who can influence the outcome of a sport event are not authorised to bet (nor relatives or family)

	<ul style="list-style-type: none"> <li>- Prohibition to bet with their own company for betting employees: Yes (Included in the Gambling Law)</li> <li>- Prohibition to bet for betting employees: Yes (Included in the Gambling Law)</li> <li>- Prohibition for betting operators to control sports organisations and to offer bets on the concerned competitions: No</li> <li>- Prohibition to use some inside information for betting purposes for betting employees (including scouts / court siders working for information providers): No</li> </ul>
<b>Cooperation with other betting regulatory authorities (illegal betting, manipulations, etc.)</b>	- Bilateral: Not at the moment
<b>Cooperation with other law enforcement authorities</b>	- Europol, Interpol (including Interpol's match-fixing task force),
<b>Betting restrictions</b>	- No
<b>Due diligence regarding betting operators' shareholders</b>	- No
<b>Possibility for betting regulatory authority to access individual betting accounts and transactions</b>	- Yes (Direct access to individual betting account through a secured website)
<b>Limitation of pay out rates</b>	- No
<b>Limitation of betting licenses (justified by public order reasons)</b>	<ul style="list-style-type: none"> <li>- Retail: No (At the moment, 8 betting operators)</li> <li>- Online: No (At the moment, 7 betting operators)</li> </ul> <p><i>N.B.: It is not possible to offer online betting without having set up at least 20 points of sales</i></p>

### **3. Recommendations**

<b>NATURE</b>	<b>LEVEL OF RISK</b> (1 = lowest to 5 = highest)
Set up a national platform regarding manipulation of sports competitions, as mentioned in the Council of Europe convention	<b>4</b>
Enhance due diligence procedures for betting operators' shareholders and consider awarding some agreements to individual managing Directors. Vet the ownership and leaders of betting operators (including subsidiaries), notably in order to identify potential criminal connections.	<b>4</b>
Limit betting agreements, including for temporary licenses, to operators with at least X% of their Gross Gaming Revenue being legal (We would suggest 70%). Award betting licences only to companies located in « cooperative countries » (in order to avoid operators situated in « offshore financial centres » as defined by the IMF)	<b>3</b>
Adopt legal provisions forcing betting operators and service providers to report irregular and suspicious betting patterns with a clear escalation step	<b>3</b>
Enhance AML procedures for retail sports betting business (better control of points of sales purchase) Sanction betting operators not compliant with AML or sport integrity procedures	<b>3</b>
Consider the development of a "risk matrix" to objective betting restrictions (on competitions and types of bets), possibly in cooperation with other countries and the sport movement	<b>2</b>
Limit the use of means of payments favouring anonymity	<b>2</b>

Increase vigilance on consumers betting or winning over € 2,000	
Restrict payment of gambler's winnings into the original bank account, to avoid layering of funds and facilitate AML investigations	<b>2</b>
Consider the possibility to make the betting industry contribute to the funding of sport integrity	<b>1</b>

# APPENDIX

## LIST OF PARTICIPANTS

Armonas Abramavičius  
Lithuanian Supreme Court judge. Social Sciences (Law) Doctor, professor

Rasa Bajarūnienė  
Economic crime investigation division, Panevėžys distr., Lithuania

Monika Bareišytė Vitkauskienė  
Economic crime investigation division, Utena distr., Lithuania

Gintaras Blunskis  
Organized crime investigation division, Šiauliai distr., Lithuania

Tomas Brūzga  
E Marijampolė

Miroslav Bučinskij  
Economic crime investigation division, Vilnius distr., Lithuania

Ignas Budrys  
Activity division, Tauragės distr., Lithuania

Mantas Danilevičius  
Economic crime investigation division, Marijampolė distr., Lithuania

Oksana Derkač  
Organized crime investigation division, Vilnius distr., Lithuania

Nerijus Dunauskas  
Lithuanian Football Federation General Secretary

Irmantas Eidukaitis  
Economic crime investigation division, Marijampolė distr., Lithuania

Ramūnas Giedraitis  
Criminal intelligence division, Kaunas distr., Lithuania

Marius Jakaitis  
Criminal intelligence division, Kaunas distr., Lithuania

Vilma Jakaitė  
Economic crime investigation division, Šiauliai distr., Lithuania

Virginijus Jaruševičius

Organized crime investigation division, Alytus distr., Lithuania

Gintautas Jucius

Organized crime investigation division, Telšiai distr., Lithuania

Justinas Juozapaitis

Economic crime investigation division, Vilnius distr., Lithuania

Mantas Kamandulis

Economic crime investigation division, Alytus distr., Lithuania

Giedrius Karalis

Economic crime investigation division, Tauragė distr., Lithuania

Donatas Karalukas

Economic crime investigation division, Kaunas distr., Lithuania

Saidas Karpavičius

Economic crime investigation division, Panevėžys distr., Lithuania

Judita Karpovič

Economic crime investigation division, Klaipėda distr., Lithuania

Linas Kepežinskas

Economic crime investigation division, Kaunas distr., Lithuania

Martynas Kontrimas

Economic crime investigation division, Telšiai distr., Lithuania

Aleksandras Kovalenka

Lithuanian criminal police bureau Activity coordination and control board

Lukas Kriskaitis

Financial crime investigation service, Kaunas distr., Lithuania

Eimantas Matulis

Economic crime investigation division, Panevėžys distr., Lithuania

Aurius Merkelis

Gambling supervision service under the Ministry of Finance, Lithuania

Donatas Merkevičius

Organized crime investigation division, Marijampolė distr., Lithuania

Gintautas Naglisas

Economic crime investigation division, Telšiai distr., Lithuania

Valdas Narutavičius

Organized crime investigation division, Klaipėda distr., Lithuania

Mantas Noreikis  
Economic crime investigation division, Klaipėda distr., Lithuania

Evaldas Norkūnas  
Economic crime investigation division, Utena distr., Lithuania

Skirmantė Paukštienė  
Gambling supervision service under the Ministry of Finance, Lithuania

Vaidas Petniūnas  
Organized crime investigation division, Klaipėda distr., Lithuania

Giedrius Platūkis  
Organized crime investigation division, Alytus distr., Lithuania

Donatas Puzinas  
Prosecutor, Kaunas distr., Lithuania

Virginija Radžiūnienė  
Economic crime investigation division, Telšiai distr., Lithuania

Gabrielius Ramonas  
Financial crime investigation service, Lithuania

Darius Ramoška  
Lithuanian criminal police bureau Serious and organized crime investigation board

Inga Raščiuvienė  
Economic crime investigation division, Utena distr., Lithuania

Alfредas Regimantas Gineika  
Organized crime investigation division, Panevėžys distr., Lithuania

Ričardas Rudaitis  
Economic crime investigation division, Šiauliai distr., Lithuania

Giedrė Rutkauskienė  
Gambling supervision service under the Ministry of Finance, Lithuania

Aurimas Sadauskas  
Organized crime investigation division, Utena distr., Lithuania

Juozas Simanavičius  
Economic crime investigation division, Alytus distr., Lithuania

Karolis Skurdenis  
Economic crime investigation division, Klaipėda distr., Lithuania

Marius Staniulis  
Financial crime investigation service, Lithuania

Mindaugas Stravinskas  
Lithuanian criminal police bureau Activity coordination and control board

Rasa Styrienė  
Organized crime investigation division, Panevėžys distr., Lithuania

Klaudijus Tamoliūnas  
Organized crime investigation division, Kaunas distr., Lithuania

Kornelija Tiesnesytė  
Physical Education and Sports Department

Raimonda Trumpickaitė  
Economic crime investigation division, Vilnius distr., Lithuania

Modestas Tubutis  
Organized crime investigation division, Tauragė distr., Lithuania

Loreta Ulpienė  
Organized crime investigation division, Vilnius distr., Lithuania

Audrius Vaitkūnas  
Economic crime investigation division, Alytus distr., Lithuania

Liudas Valantinas  
Economic crime investigation division, Tauragė distr., Lithuania

Aidas Valnačiūnas  
Economic crime investigation division, Šiauliai distr., Lithuania

Vygandas Vilimas  
Organized crime investigation division, Šiauliai distr., Lithuania

Sandra Vitkevičiūtė  
Gambling supervision service under the Ministry of Finance, Lithuania

Regimantas Žukauskas  
Prosecutor general's office, Lithuania