



SEMINAR “PRECRIMBET - SWEDEN”

Date: 27 April 2017

Place: Stockholm (Sweden)

Participants: cf. appendix

1. Main issues raised during the seminar

Illegal betting:

- According to the definition in the Council of Europe Convention against the manipulation of sports competition, there is an important illegal betting market in Sweden (around 55% of total market).
- Up to now, the fight against illegal betting was not a priority for Sweden. The possible new legislation could improve the current situation: a ban on payment transfer would be introduced against those outside the system but which are still targeting Swedish customers. It is also proposed in the current project that such payment transfer be criminalised. However, IP blocking would not be included in the Act.

Money laundering:

- In Sweden, the 4th EU Directive on money laundering will apply to the betting industry, following the EU recommendations. Svenska Spel was mentioned by several stakeholders as a good practice.
- The Swedish Gambling Authority conducted a risk assessment regarding terrorism financing and money laundering:
 - o National risks for Terrorism Financing in the gambling sector: the general risk for TF within the sector has been assessed as low. However specific risks should be monitored: Risk 1: charity lotteries. Risk 2: transaction of funds through gambling operators. Future risks: e-wallets, virtual currencies, prepaid cards.
 - o National risks for money laundering in the gambling sector: consumption of gambling services with funds from illegal activity, interface and methods for placing bets and payment of winnings, transactions between bank accounts, gambling accounts, credit cards and debit cards, exchange services (criminals used betting stores as exchange offices to convert SEK in other currencies), anonymous gambling, tax evasion, *etc*, a higher payout rate, cross border transactions are (*f.e.*) specific risks for betting.

- The new legislation on online betting should be able to reduce the money laundering risk level.
- For Swedish law enforcement representatives, it would be important to implement strong AML measures to fight against match-fixing (legislation and preventive measures on sports betting).

Manipulation of sports competitions:

- The manipulation of sports competition risk in Sweden is considered by the participants as average even if the country had to address some cases (nevertheless, match-fixing is estimated to produce a criminal annual turnover of several million SEK). According to representatives of law enforcement agencies, it is very difficult to estimate the scope of match-fixing within the country, most of the cases remain unrevealed.
- There are four different criminal networks well known in Sweden who are active in match-fixing, mainly in the south of the country (connection with Stockholm suburbs).
- The first case recorded in Sweden took place in 2012 (based on 25 police reports). Around 40 suspicious football matches (especially in the 5th division) and a few basketball matches (in the top league) have been concerned. Betting was clearly in the center of the case, there were both people manipulating the games and other ones manipulating the betting market. The manipulation was initiated by “opportunity fixers” (with pre-existing connections in sport), national/regional networks (multi-criminality) and economic crime networks (sometimes with established connections in clubs). Many different types of bets have been manipulated. Many sport actors involved in the fixes had addiction or economic problems. 8 football players have been suspended by the Supreme Court.
- The Kristianstad FF was another interesting case in football because it showed that even with clear evidence convicted bribe-takers only received probation.
- In Sweden, there is no dedicated offense for sports fraud (general legislation on corruption applies). The offense investigated has been “giving and taking of bribes”, “extortion”, etc. The basic provisions on corruption are found in the Penal code of 1962 (amended in 2012). The code makes a clear distinction between active (bribe-giving) and passive (bribe-taking) corruption. If the offence is considered to be serious, the offender shall be sentenced to a prison term of between 6 months and six years. For the fraud offense, the Prosecutor’s office regrets that it is necessary that an individual is a victim to prosecute (and not a company, *f.e.* a betting company).
- The Sports Confederation has set up a dedicated regulation on manipulation and unauthorised betting, and runs a specific whistle-blowing system, which is deemed to work well (10 to 15 reports have been made).
- Education and prevention sessions have been widely developed in Sweden: online education programme, training sessions in the sports clubs (Top 3 football divisions (with professionals), basketball, tennis, bandy, ice hockey). According to representatives of law enforcement agencies, it is very important to break the conspiracy of silence and talk about the problem.

National platform (Sport integrity):

- Sweden has started an informal national platform (according to article 13 of the CoE Convention) even if Sweden has not signed the Convention yet. A coordinating council has been established (from 2014, with 4 to 6 meetings a year).
- Stakeholders: Ministry of Finance, Ministry of Health and social Affairs, Svenska Spel, law enforcement agencies, State Prosecutor's Office, Swedish Gambling Authority, Swedish Football Association, Swedish Sports Confederation. Some betting operators, currently illegal in Sweden, and players syndicates would like to be part of the national platform.
- Strategical level: exchange of information, cooperation, cooperation with other stakeholders, at national and international level.
- The national platform does not take part in any investigations and does not monitor the betting market (and therefore does not deal with suspicious betting activity).
- Questions to be raised in the future: national platform to be hosted by the Gambling Authority? Other stakeholders to be included? Funding? Operational level?
- International cooperation: KCOOS / KCOOS+, Group of Copenhagen

Sports betting regulation:

At the moment there is a monopoly in Sweden (dedicated to Svenska Spel). The legislation might change in the following months with the implementation of a system of licences for the online market (the Inquiry launched by public authorities should end in August 2017 – legislation could be adopted before next elections, in september 2018). The Inquiry's objective is a "channelling" of 90 per cent, what means that the illegal market would be reduced to less than 10%.

The project of new legislation can be found on the website of the Government¹ (SOU 2017:30). The possible tax rate could amount to 18% of the GGR.

Several issues linked to match-fixing have been raised in the framework of gambling legislation: national platform (including exchange of information), offence of cheating at gambling (possible penalty: up to 6 years imprisonment), general obligation to register player transactions, obligation for licenced operators to have routines to discover acts that are covered by the cheating at gambling offence.

Different options regarding betting regulation have been presented during the workshop to fight against match-fixing: including match-fixing in overhaul of licensing system, limiting the supply of types of bets, establishing guidelines for information sharing. There was also a discussion about the opportunity to restrict some types of bets. Most of the participants had nothing to remind.

<http://www.regeringen.se/rattsdokument/statens-offentliga-utredningar/2017/03/sou-201730>

2. Summary

NATURE	COMMENTS
Part of illegal betting market	- Estimation: 55% of the sports betting market
Measures against illegal betting	- Discussion pending (see above)
Acceptance of the definition of illegal betting (CoE Convention)	- Yes even if discussion pending (Sweden has not signed the Convention yet).
Possibility to get an agreement for operators with more than 50% of their global GGR remaining illegal	- N/A
Level of money laundering risks regarding sports betting	- Different levels of risks have been assessed by the Gambling Authority (cf. § 1)
Measures against money laundering	<ul style="list-style-type: none"> - Obligations for betting operators to comply with ML procedures: Yes - Sanctions to betting operators not compliant with AML procedures: Yes - Restrictions regarding anonymous means of payment: Not in the gambling regulation (but in the anti money laundering legislation)
Sports betting operators to implement measures of the 4th EU Directive against ML	- Yes
Level of manipulation of sports competitions risks	- Average
Measures against manipulation of sports competitions risks	<ul style="list-style-type: none"> - No criminal legislation dedicated to sports fraud - Obligations for betting operators to report any suspicious betting activity: N/A (Svenska Spel is a state-owned company)
Betting Contribution to protect sport integrity	- No
Obligations for sports organizations to set up awareness programmes regarding manipulation	- No (strong autonomy of sport in Sweden)
Signature / Ratification (Convention against manipulation)	<ul style="list-style-type: none"> - Signature: No - Ratification: No
Existence of national platform against manipulation of sports competitions	<ul style="list-style-type: none"> - Informal national platform since fall 2014 - Official organisation still to be determined
Automatic monitoring (of the betting market) system	- No
Standard of alert	- No (At the moment, alerts are sent by Svenska Spel – Good cooperation between Svenska Spel and public authorities)
Measures against conflicts of interests	<ul style="list-style-type: none"> - Prohibition to bet on their own competitions for sport actors: No (it is prohibited to bet on their own game for Swedish athletes – common for all the sports – regulation established by the Sports Confederation) - Prohibition to bet on their own sport for sport actors: No - Prohibition for sport actors to disclose inside information for betting purposes: No

	<ul style="list-style-type: none"> - Prohibition to bet with their own company for betting employees: Yes - Prohibition to bet for betting employees: No - Prohibition for betting operators to control sports organisations and to offer bets on the concerned competitions: No - Prohibition to use some inside information for betting purposes for betting employees (including scouts / court siders working for information providers): No
Cooperation with other betting regulatory authorities (illegal betting, manipulations, etc.)	<ul style="list-style-type: none"> - Bilateral: N/A - International groups: Yes (Group of Expert on Gambling Services – European Commission / Group of Copenhagen)
Cooperation with other law enforcement authorities	<ul style="list-style-type: none"> - Active cooperation with Europol and Interpol
Betting restrictions	<ul style="list-style-type: none"> - Yes (list of authorised bets determined in cooperation between Svenska Spel and public authorities)
Due diligence regarding betting operators' shareholders	<ul style="list-style-type: none"> - N/A (monopoly for Svenska Spel)
Possibility for betting regulatory authority to access individual betting accounts	<ul style="list-style-type: none"> - The authority can access all information if necessary.
Limitation of pay out rates	<ul style="list-style-type: none"> - N/A (Payout rate is regulated in the license for the Svenska Spel monopoly on retail)
Limitation of betting licenses (justified by public order reasons)	<ul style="list-style-type: none"> - Yes (at the moment monopoly for Svenska Spel)

3. Recommendations

NATURE	LEVEL OF RISK (1 = lowest to 5 = highest)
Sign the Council of Europe Convention against manipulation of sports competitions	5
Implement a set of measures to fight against illegal betting (whether the new betting licences regime enters into force or not)	5
Include detection of suspicious betting patterns in the attributions of the Swedish national platform Establish a standard of alerts regarding manipulation	4
Submit betting operators to the 4 th anti money laundering Directive Limit the use of means of payments favouring anonymity (indoor to reduce money laundering risks related to sports betting)	4
Whether the licence systems enters into force: 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.	3
Limit betting licences 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)	3
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	3

Prohibit traders from betting with any betting operator	2
Consider the possibility to make the betting industry contribute to the funding of sport integrity	1

APPENDIX

LIST OF PARTICIPANTS

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