



SEMINAR “PRECRIMBET - FRANCE”

Date: 16 November 2016

Place: Paris (France)

Participants: cf. appendix

1. Main issues raised during the seminar

Illegal betting:

- The illegal betting risk in France is considered by the participants as quite low.
- According to participants, illegal betting issues still have to be improved at an international level.

Money laundering:

- The money laundering risk in France is considered by the participants as higher for retail than for online (purchase possibilities of points of sales, buying of winning betting slips, etc.). Money laundering cases based on the buying of winning betting slips (amounting to € 1 m) on the French betting retail market (FDJ and PMU) have been mentioned. Some new amendments to the current AML legislation could allow to send individual punters laundering money to a criminal Court.
- For French public authorities, betting operators should be compliant with the 4th EU Directive on money laundering.
- Nevertheless, in France, betting operators have not been sanctioned for being uncompliant with AML measures at this time.

Manipulation of sports competitions:

- The manipulation of sports competitions risk in France is considered by the participants as quite low (6 serious cases recorded in one year, only one match was proposed by French betting operators).

National platform (Sport integrity):

- France has just set up its national platform in order to protect sport integrity. This platform focuses on two different objectives (with two separate boards): Prevention and surveillance.

- Regarding the “Surveillance” board, the French platform works as an alert system with 4 different levels:
 - Green level: no irregular betting patterns (through an automatic system);
 - Yellow level: Anomalies in odds or stakes or rumours regarding match fixing on social network with no rational explanation regarding sports betting (analysis carried by a group of ARJEL experts or inside the FDJ’s Sports integrity Unit)
 - Orange level: A manipulation of sports competitions is highly probable. Information is shared with all the experts taking part to the surveillance board of the national platform (and possibly sports organizations, including IOC/IBIS, and betting operators, including ESSA and GLMS).
 - Red level: Match fixing is underway or has occurred certainly. Start of an investigation by law enforcement authorities. The platform only triggered one red alert (concerning table tennis) in table tennis in 2016 and five red alerts between January and May 2017.
 - Alerts can be issued from irregular betting patterns or other information sources regarding manipulations of sports competitions (Web intelligence, sport actors’ reports, punters, whistleblowing, etc.).
 - A yellow alert means that more investigation is needed through bilateral coordination within the national platform or with other operators.
 - An orange or red alert is sent to all the members of the platform.
 - Storage of information: The Ministry of Sports is in charge of a secured platform.
- N.B.: In Denmark, the national platform has chosen the option of a technical supplier.*

Sports betting regulation:

- The country adopted a Law on online gambling in May 2010 (including a regulation of the online sports betting market). This legislation includes restrictions aiming at safeguarding sports integrity (limitation of “risky” bets and of the annual pay-out rate).
- In France, there is a monopoly for retail sports betting (Française des Jeux) and a system of licences for online sports betting (on the 1st June 2017: 12 licences allowed).
- ARJEL (like the PRECRIMBET programme) advocates for betting restrictions (competitions and types of bets) based on a risk approach (risk to be assessed both by sports organizations, betting operators and public authorities). This is a quite unique position in Europe, even if it is a classical option on other continents (Canada, Hong-Kong, Japan, Korea, etc.). They are two objectives regarding this issue:
 - Helping the betting market not to be at the origin of manipulations of sports competitions (by creating the problem);
 - “Honest” consumers have to be protected.
- The Law of the 1st March 2017 gives a new right to the President of ARJEL. In case of reliable and consistent evidence (orange or red alert), he may prohibit bets on a match. This new right has been used three times between the 1st of March and the 1st of June.
- The ARJEL implemented a quite unique technical system from the start of the online betting law in 2010. It works with a “frontal bone”, which means the possibility to control all the betting transactions placed online in France. This frontal system is therefore able to automatically detect suspicious sports events, thanks to different levels of alerts.

2. Summary

NATURE	COMMENTS
Part of illegal betting market	<ul style="list-style-type: none"> - Retail: Very low (< 5%?) - Online: Quite low (< 15%?)
Measures against illegal betting	<ul style="list-style-type: none"> - Existing (restricted access to illegal betting operators through ISP, IP blocking, ban of illegal advertising, bilateral cooperation)
Acceptance of the definition of illegal betting (CoE Convention)	<ul style="list-style-type: none"> - Yes
Possibility to get an agreement for operators with more than 50% of their global GGR remaining illegal	<ul style="list-style-type: none"> - Yes
Level of money laundering risks regarding sports betting	<ul style="list-style-type: none"> - Retail: Average to quite high (Buying of winning tickets, purchase of points of sales, etc.) - Online: Quite low (identification of consumers, automatic controls by ARJEL)
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: Generally yes (but possibility to use prepaid cards)
Sports betting operators to implement measures of the 4 th EU Directive against ML	<ul style="list-style-type: none"> - Yes
Level of manipulations of sports competitions risks	<ul style="list-style-type: none"> - Considered as quite low (6 cases in one year)
Measures against manipulations of sports competitions risks	<ul style="list-style-type: none"> - Specific criminal offence on match fixing (article 445-1-1 and 445-1-2 of the Criminal Code – 1 February 2012) - Obligations for betting operators to comply with sport integrity procedures (at least editing an annual report)
Betting Contribution to protect sport integrity	<ul style="list-style-type: none"> - Already existing (“betting right”) - Around 1% of betting sales - But not always used to protect sport integrity
Obligations for sports organizations to set up awareness programmes regarding manipulations	<ul style="list-style-type: none"> - No
Signature / Ratification (Convention against manipulation)	<ul style="list-style-type: none"> - Signature: Yes - Ratification: No
Existence of national platform against manipulation of sports competitions	<ul style="list-style-type: none"> - Yes - Stakeholders: ARJEL, Ministry of sport, Law enforcement (SCPC, Courses & Jeux, Tracfin, etc.) Sports organizations (CNOSF), FDJ
Automatic monitoring (of the betting market) system	<ul style="list-style-type: none"> - Yes (Arjel and FDJ)
Standard of alert	<ul style="list-style-type: none"> - Yes (4 levels: Green / Yellow / Orange / Red)
Measures against conflicts of interests	<ul style="list-style-type: none"> - Prohibition to bet on their own competitions for sport actors: Yes - Prohibition to be on their own sport for sport actors: No

	<ul style="list-style-type: none"> - Prohibition for sport actors to disclose inside information for betting purposes: Yes - 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: Yes - 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: YES (Belgium, Denmark, Italy, Portugal, UK) - International groups: Yes (IAGR, GREF, CoE, Copenhagen Group)
Cooperation with other law enforcement authorities	<ul style="list-style-type: none"> - Depends on countries (Seems to be less easy for law-enforcement than for ARJEL)
Betting restrictions	<ul style="list-style-type: none"> - Yes (List of approved competitions elaborated by ARJEL after discussion with betting operators and sports organizations)
Due diligence regarding betting operators' shareholders	<ul style="list-style-type: none"> - Existing but not strongly developed
Possibility for betting regulatory authority to access individual betting accounts and transactions	<ul style="list-style-type: none"> - Yes
Limitation of pay out rates	<ul style="list-style-type: none"> - Global pay out rate: Yes (85% online) - Nominal pay out rate: No
Limitation of betting licenses (justified by public order reasons)	<ul style="list-style-type: none"> - Retail: Yes (Monopoly) - Online: No theoretical restrictions but only 11 operators licensed by ARJEL

3. Recommendations

NATURE	LEVEL OF RISK (1 = lowest to 5 = highest)
Enhance due diligence procedures for betting operators shareholders and consider awarding some agreements to individual managing Directors	4
Consider due diligence procedures regarding links between professional sport clubs shareholders and betting operators (licensed or not in France)	4
Implementation of a prohibition to bet on their <u>own sport</u> for sport actors	3
Implementation of an inside information offence for betting employees (including information providers, scouts, court siders, etc.)	3
Development of a "risk matrix" for betting restrictions (on competitions and types of bets)	3
Limit betting licences to operators with at least X% of their Gross Gaming Revenue being legal (We would suggest 70%)	3
Enhance AML procedures for retail sports betting business (better control of points of sales purchase)	3
Sanction betting operators not compliant with AML or sport integrity procedures	3
Obligation for sports organizers to implement some awareness programmes on manipulations of sports competitions and betting	3
Implementation of a (global) prohibition to bet for betting operators' employees	2

Evaluation of the possibility to limit the “nominal” pay out rate per bet (Rate to be discussed – Between 92 to 94%)	2
Use a stronger part of the “betting right” to finance sport integrity (and possibly a national platform)	1

APPENDIX

LIST OF PARTICIPANTS

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