



SEMINAR “PRECRIMBET - DENMARK”

Date: 2 March 2017

Place: Copenhagen (Denmark)

Participants: cf. appendix

1. Main issues raised during the seminar

Illegal betting:

- There are no important illegal betting risks in Denmark. In Denmark, a gambling activity, including a betting activity, is considered provided illegally if, the betting activity is provided without the required licence from the Danish Gambling Authority and the gambling or betting provider is targeting his provision of gambling or betting activities towards the Danish betting market.

A betting activity provided through the Internet, is considered being provided in Denmark:

- if a Danish currency or Danish payment methods can be chosen;
- the homepage is in Danish or has a Danish customer service; or
- the marketing directs towards Denmark.

A betting activity can also be seen as being provided in Denmark if the betting opportunities on the homepage in question are directed towards Danish customers in others way. This relies on a very specific assessment, which will be done based on whether the licence holder through his combination of matches aim at making it more attractive for Danish customers to enter these bets.

- From 2012 until 31st of December 2016, the Danish Gambling Authority has sent a Notice of Contravention to 142 illegal operators to stop targeting Danish customers. In 25 cases, it has been necessary for the DGA to block these illegal websites. At the moment, 13 blockings are still ongoing.
- A survey conducted for DOGA two years ago assessed the “unlicensed” betting market to be around 14%. As mentioned above it is not illegal for a betting operator, without a licence to offer bets to Danish citizens if it doesn't target – in the sense mentioned above – Danish customers.

Money laundering:

- According to a national risk-assessment conducted in 2015 in Denmark, the greatest risk of laundering in the gambling sector is assessed to be related to land-based betting (i.e. bets agreed by a gambler and a gambling provider who meet physically). Firstly, it is because winnings are proved by an issued receipt that can be used to conceal the origin of the funds deposited. Secondly, the gambler has the option of placing his cash deposit and (to a certain extent) withdrawing his winnings anonymously. Thirdly, it is easy to engage in land-based betting with gambling providers all over the country. At the same time, providers of land-based betting are not subject to any reporting duty, for which reason the detection risk is lower than in other types of gambling.
- A representative of the Financial Intelligence Unit explains that procedures should be assessed and implemented in the coming months. Many suspicious reports have already been sent by licensed betting operators in 2016 (more than 2,000).
- In Denmark, the 4th EU Directive on money laundering will apply to the betting industry, following the EU recommendations.
Regarding the question of virtual currencies (for example bitcoins), the online betting operators in Denmark may only receive payments into a gambling account from a payment services provider that provides such services in Denmark pursuant to the Payment Services Act. The Danish Financial Supervisory Authority has not approved bitcoins as a legal payment service.

Manipulation of sports competitions:

- The manipulation of sports competitions risk in Denmark is considered by the participants as moderate.
- There is a double legal order in Denmark leading to a possible double sanction:
 - o The Penal Act (article 279 on fraud (relevant for sport betting) and article 292 on bribery (not relevant for sport betting)) and The Act on Integrity on Sport (Article 10 b on bribery)
 - o Disciplinary regulation: Prohibition against manipulation of sports competitions and similar unethical conduct (in this regulation, the burden of proof is higher than the mere balance of probabilities but less than proving beyond a reasonable doubt)
- In Denmark, match-fixing is strictly regulated by the sport movement (the NOC and Sports Confederation of Denmark – DIF). The document, called “prohibition against manipulation of sports competitions and similar unethical conduct” has been commonly adopted by all the 61 National Federations. It includes:
 - o Prohibition against manipulations of sports competitions in order to achieve a direct or indirect financial advantage or gain;
 - o Abuse of insider information;
 - o Betting on its own competition;

National platform (Sport integrity):

- The Danish national platform was created in 2016 but remains in a definition phase. The strategic level of the national platform is in charge of international and national cooperation, which is within the auspice of the Ministry of Culture, also

dealing with sport. Anti Doping Denmark – a self-governing institution under the Ministry of Culture – is Secretariat for the National Platform.

- The operational level of the national platform is in charge of the following issues:
 - o Intelligence Manager appointed by Anti-Doping Denmark
 - o Intel-database end visualization software
 - o Reception and validation of information and data
 - o Passes on “need to know” data to relevant parties in compliance with Data Protection Legislation
 - o Comprehensive security in the data processing of Anti-Doping Denmark
 - o Information and education.

- The national platform can also sign cooperation agreements. Its representatives insist on the fact that agreements must create real cooperation and not just be formal ones. That means that they should include regular meetings and be able to organise the exchange of information between the different parties.

Sports betting regulation:

- A new gambling regulation of licences (a partly liberalisation of the Danish gambling market) entered into force the 1st of January 2012, including betting activities.

- In March 2017, 17 operators have been granted a betting licence in Denmark. Fourteen of these betting operators in Denmark are known under the following brands: Bet365, Betfair, bwin, CashPoint, Danske Spil, Tipico, Unibet, 888, Tipwin, Bet25, Stanleybet, Nordicbet, 777 and Betstars. The remaining three are restricted revenue betting licences (these are Swush, JJnet and BetOnFinance).

- Denmark didn’t implement any betting restrictions except for competitions with minors not participating in an adult league (prohibited by law). Nevertheless, the sport movement advocates for a more balanced point of view (demand vs. manipulations risks).

2. Summary

NATURE	COMMENTS
Part of illegal betting market	- Not specified. The DGA has sent a Notice of Convention to 142 illegal gambling providers from the 1 st of January 2012 until the 31 st of December 2016.
Measures against illegal betting	- Blocking of websites (25 since 2013 – 13 at the moment) - Blocking of payment is possible (but have not been applied) - Ban of illegal advertising (no sanctions at the moment)
Acceptance of the definition of illegal betting (CoE Convention)	- Yes (in Denmark, a betting company that doesn’t target Danish citizens – language, advertising, etc. – is not considered as illegal)
Possibility to get an agreement for operators with more than	- Yes, but a licence to provide and organise gambling can only be granted to applicants that are assumed to

50% of their global GGR remaining illegal	be able to carry out gambling activities in a sound financial and professional manner.
Level of money laundering risks regarding sports betting	- Assessment pending
Measures against money laundering	<ul style="list-style-type: none"> - Obligations for betting operators to comply with ML procedures: No (not at the moment – on a voluntary basis) - Sanctions to betting operators not compliant with AML procedures: No - Restrictions regarding anonymous means of payment: No
Sports betting operators to implement measures of the 4th EU Directive against ML	- Yes
Level of manipulations of sports competitions risks	- Moderate (less cases compared to other EU countries)
Measures against manipulations of sports competitions risks	<ul style="list-style-type: none"> - The legislation includes a law for promotion of integrity of sport - Bribery in sport prohibited from 1st July 2015 - Obligations for betting operators to report any suspicious betting activity: No (not at the moment – on a voluntary basis)
Betting Contribution to protect sport integrity	- No
Obligations for sports organizations to set up awareness programmes regarding manipulations	- Yes (a complete education and information has been designed in the framework of the national platform and supported by all the 61 national sports federations – cf. sportmatchfixing.dk)
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: Ministry of Culture, Anti Doping Denmark, Danish Gambling Authority, Ministry of Justice, Danish National Police, Danske Spil, association of betting operators. Athletes could be involved in the future.
Automatic monitoring (of the betting market) system	- No
Standard of alert	- No (alerts are sent by betting operators on a voluntary basis)
Measures against conflicts of interests	<ul style="list-style-type: none"> - Prohibition to bet on their own competitions for sport actors: Yes (quite unique centralized match fixing regulations of NOC and Sports Confederation for Sport, with 61 National Federations involved) - Prohibition to bet on their own sport for sport actors: Depending on each federation - Prohibition for sport actors to disclose inside information for betting purposes: Yes - Prohibition to bet with their own company for betting employees: No - 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: YES (With different betting regulatory authorities: Alderney, France, Gibraltar, Isle of Man, Jersey, Malta and United Kingdom) - International groups: Yes (IAGR, The EU Expert Group on Gambling Services, GREF. Denmark participates in the Council of Europe and Copenhagen Group as well but is not represented by the DGA)
Cooperation with other law enforcement authorities	<ul style="list-style-type: none"> - Case-by-case
Betting restrictions	<ul style="list-style-type: none"> - No (only offering bets on sports competitions with minors is prohibited)
Due diligence regarding betting operators' shareholders	<ul style="list-style-type: none"> - The Danish Gambling Authority conduct due diligence with regard to the betting operators ultimate owner and fit and proper of owners who own or control 10% or more of the company, directly or indirectly.
Possibility for betting regulatory authority to access individual betting accounts and transactions	<ul style="list-style-type: none"> - No
Limitation of pay out rates	<ul style="list-style-type: none"> - No
Limitation of betting licenses (justified by public order reasons)	<ul style="list-style-type: none"> - No

3. Recommendations

NATURE	LEVEL OF RISK (1 = lowest to 5 = highest)
Adopt legal provisions forcing betting operators and service providers to report irregular and suspicious betting patterns with a clear escalation step	4
Adopt legal provisions forcing betting operators to report irregular and suspicious betting patterns potentially related to money laundering (in line with the 4 th EU Directive on money laundering)	4
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
Require all transactions by licensed operators to be recorded with the betting regulatory authority, in order to create parallel controls at both operator and regulator levels.	3
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)	2
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	2
Set requirements to sport organisers (establishment of a focal point, conflicts of interest rules and awareness raising) and subject the public funding to the implementation of these requirements	2
Prohibit traders from betting with any betting operator	2

Modify the definition of illegal betting to protect both the consumers and the locally licensed betting operators (illegal betting could be any betting operator offering bets to Danish citizens without a license)	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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