



SEMINAR “PRECRIMBET - GERMANY”

Date: 3 April 2017

Place: Berlin (Germany)

Participants: cf. appendix

1. Main issues raised during the seminar

Illegal betting:

- The issue of the illegal betting market in Germany is a controversial issue. In fact, it will not be settled until the new gambling treaty will only be implemented from January 2018.
- Today, there are currently different categories of operators: State monopoly (Oddset), operators with a license awarded by Schleswig Holstein, operators with no license but paying a betting tax, and others. Regarding this situation, operational measures to fight against illegal betting will be implemented, in particular payment blocking.
- Every three months, a survey (done by a specific institute, the MECN) measures the size of the German betting market.

Money laundering:

- Considering the specific legal situation on the German betting market, the money laundering risk in Germany is difficult to assess.
- For German public authorities, betting operators will have to be compliant with the 4th EU Directive on money laundering.

Manipulation of sports competitions:

- The risk of manipulation of sports competitions in Germany is considered by the participants as moderate. Nevertheless, different cases have been investigated or are still under investigation. Germany has a solid experience in this matter thanks to the Bochum case, one of the first scandal involving both Asian and East-European criminals.
- Two new amendments have recently been added to the national legal framework on manipulation of sports competitions (article 265c and 265 d of the criminal Code):

- Manipulations related to sports betting and including competitions not involving professional athletes;
- Manipulations with no link to sports betting but where a financial bribe might be involved.
- Betting operators will have the obligation to notify match-fixing alerts (it is part of the licenses requirements).

National platform (Sport integrity):

- Germany is about to set up its national platform, building up on the best practices observed in other EU countries (and first of all within the countries of the “Group of Copenhagen”, which unites the existing national platforms relative to the CoE Convention: Belgium, Denmark, Finland, France, Italy, the Netherlands, Norway, Spain, Sweden and UK).
- The Ministry of Interior (Bundesministerium des Innern) is the leader in the definition of the national platform.
- The possible stakeholders of the German platform are in particular betting regulatory authorities, and law enforcement authorities.
- Sports federations (including the national olympic committee), athletes’ syndicates, betting operators, Transparency International, *etc.* would not be members of the platform but partners.
- The need of a platform has been raised by several participants (starting with the law enforcement authorities), stating that there is a lack of cooperation on betting issues. Some other participants seem to be less in favour of such a platform, which doesn’t constitute (according to them) a priority.

Sports betting regulation:

- Germany has to implement its new betting legislation. Each “Land” will be involved in the regulation, roles will be shared and decisions taken at the 2/3 majority.
- The new legislation on gambling should come into force on the 1st January 2018, after 5 years of a temporary situation (amendment 15 of the law enacted in 2016). Some participants think that betting operators could trigger some new legal procedures even after the beginning of the new framework.
- Up to 35 licences will be awarded from 2018. Other betting companies could subsequently apply.
- Through this amendment, betting operators will have to be compliant with new “license” requirements (strict identification, financial guarantee, maximum stake per month of € 1,000, no live betting, *etc.*).
- The betting tax will amount to 5% of the turnover (amounts staked).
- Some participants regret that sports betting is not a priority for Germany.

2. Summary

NATURE	COMMENTS
Part of illegal betting market	- Very high in 2016 but law enforcement possibilities are only used rarely until the new gambling treaty is implemented in January 2018.
Measures against illegal betting	- Existing but not implemented (see above)

	<ul style="list-style-type: none"> - <u>N.B.</u>: Websites blocking is still not possible for legal reasons but payment blocking is pending (a discussion with the financial institutions has started)
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 / Online: Quite high
Measures against money laundering	<ul style="list-style-type: none"> - Obligations for betting operators to comply with ML procedures: Yes (Through the Gambling Law) - Sanctions to betting operators not compliant with AML procedures: Not at the moment - Restrictions regarding anonymous means of payment: Yes (in the legislation)
Sports betting operators to implement measures of the 4th EU Directive against ML	<ul style="list-style-type: none"> - Yes
Level of manipulations of sports competitions risks	<ul style="list-style-type: none"> - Moderate
Measures against manipulations of sports competitions risks	<ul style="list-style-type: none"> - Yes (Included in the criminal Code with two amendments – 2017- to address some loopholes) - Obligations for betting operators to comply with sport integrity procedures: Yes (including monitoring obligations)
Betting Contribution to protect sport integrity	<ul style="list-style-type: none"> - No
Obligations for sports organizations to set up awareness programmes regarding manipulations	<ul style="list-style-type: none"> - To be determined
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"> - Discussions starting (experience from the Copenhagen Group has been used)
Automatic monitoring (of the betting market) system	<ul style="list-style-type: none"> - No (It will be done directly by betting operators through licences' obligations)
Standard of alert	<ul style="list-style-type: none"> - Not at the moment
Measures against conflicts of interests	<ul style="list-style-type: none"> - Prohibition to bet on their own competitions for sport actors: Every federation makes its own rules - Prohibition to bet on their own sport for sport actors: Idem. - Prohibition for sport actors to disclose inside information for betting purposes: Idem - 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: 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.)	- Germany uses all the possibilities offered by the CoE and the EC
Cooperation with other law enforcement authorities	- Europol, Interpol (including Interpol's match-fixing task force),
Betting restrictions	- No (Not at the moment but it could be a topic in the future. At the moment, the Ministry of Finance focused on the other issues)
Due diligence regarding betting operators' shareholders	- Yes (multi-aspects for all shareholders with at least 10% shares)
Possibility for betting regulatory authority to access individual betting accounts and transactions	- No (but the idea could be interesting in the future according to several representatives)
Limitation of pay out rates	- No
Limitation of betting licenses (justified by public order reasons)	- Yes (35 licences will be awarded in 2018) but the regulatory authority might allow some more betting operators in the future

3. Recommendations

NATURE	LEVEL OF RISK (1 = lowest to 5 = highest)
Take a decision for the organisation (including the stakeholders) of the national platform regarding manipulation of sports competitions, as mentioned in the Council of Europe convention	4
Join officially the Copenhagen Group of betting regulatory authorities who have already set up their national platform (under the coordination of the Council of Europe)	3
Limit the licences to betting operators having a sufficient level of "legality" (Precrimbet 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
Require all transactions by licensed operators to be recorded with the betting regulatory authority, in order to create parallel controls at operator and regulator levels.	3
Adopt legal provisions forcing betting operators and service providers to report irregular and suspicious betting patterns <u>with a clear escalation step</u> .	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
Adopt a clear position with regards to sponsoring by illegal betting operators	3
Make sure that all sports organisations have implemented rules regarding betting (at least for professional athletes): prohibition to bet on their own competitions, prohibition to disclose inside information for betting purposes, obligation to report any approach regarding betting	3
Restrict payment of gambler's winnings into the original bank account, to avoid layering of funds and facilitate AML investigations	2
Prohibit traders (betting employees) from betting with any operator	2

APPENDIX

LIST OF PARTICIPANTS

Public authorities

Bochum Prosecutor

Department for Interior and Sport Hamburg

Federal Ministry of Interior

Sachsen Ministry of Interior

Saarland Ministry of Interior

Schleswig-Holstein Ministry of Interior

Hessen Ministry of Interior

Nordrhein-Westphalen Ministry of Interior

Brandenburg Ministry of Interior

Bayern Ministry of Interior

Niedersachsen Ministry of Interior

Baden-Württemberg Ministry of Interior

Sachsen-Anhalt Ministry of Interior

Department for Interior Hamburg

Police headquarters Frankfurt am Main

Regional Council Sachsen

State Criminal Police office Bayern

State Criminal Police office Baden-Württemberg

State Criminal Police office Sachsen-Anhalt

State Criminal Police office Berlin

Private authorities

German Football Federation

German Syndicate of betting operators

AG Integrität des Sports der Sportministerkonferenz (Hr. Schwaab)

German Football League

Transparency International

Precrimbet representatives

Dr. Ingo Fiedler
Precrimbet expert

Christian Kalb
Precrimbet expert

Pim Verschuuren
Precrimbet coordinator