



SEMINAR “PRECRIMBET - POLAND”

Date: 29 March 2017

Place: Warsaw (Poland)

Participants: cf. appendix

1. Main issues raised during the seminar

Illegal betting:

- The illegal betting market in Poland remains huge (91% according to a Roland Berger survey from 2014). The implementation of the newly-amended Gambling Law (starting April 1st, 2017), including measures against illegal betting, should be able to change this situation significantly.
- In 2015, the Polish sports betting turnover has been evaluated around 5.3 billion zlotys (1.2 billion euros).
 - o 91% of this market was supposed to be illegal: Bet365 (35%), Bet-at-Home (23%), bwin (5%), William Hill (3%), Betclac (3%), Unibet (3%), Expekt (3%), Sportingbet (3%), *etc.*
 - o Other illegal online operators have announced that they will stop their activity in Poland following the Amendment: 188bet, 888sport, Betano, Betfred, Bovada, Boylesports, ComeOn, Doxxbet, Energybet, Everest Poker, gamebookers, kasyno.pl, nordicbet, Oddsring, Pinnacle, Redbet, Rivalo, sportsinteraction.
 - o The leaders of the legal market are Fortuna (4%), STS (3%) and Millenium (3%). In April 2017, there are 7 licensed online operators and 8 licensed operators offering bets on the retail market.
- The fight against illegal betting is an important part of the amendment to the gambling law.
 - o Even if blocking websites is almost impossible, the Ministry of Finance plans to create and maintain a registry of domains offering illegal betting. Telecom providing access services, as well as financial service providers, would then be obliged to make sure that access to these registered domains is impossible
 - o Consumers trying to access an illegal bookmaker will be redirected to the Ministry of Public finance website with information on the illegal character of the game (many consumers don't know that they play illegally).

- The law will become stricter for payment services providers, in particular for entities or agents offering money transfer.

Money laundering:

- The money laundering risk in Poland is difficult to assess, first of all because the country didn't investigate a lot of cases.
- The Gaming Law does not expressly refer to the 4th EU Directive but operators should be compliant with the general provisions related to money laundering. i.e.:
Art. 59 of Gaming Law - The authority competent to grant a licence or permit can by way of a decision cancel the same in the entirety or in part, if a person being a shareholder (partner), a member of the management or supervisory authorities of the company has been convicted within the territory of the European Union Member State or Member State of the European Free Trade Association (EFTA) or a party to the Agreement on the European Economic Area of an offence relative to money laundering and financing terrorism;
- Art. 36 The application for a cash bingo hall operating permit or a betting operating permit shall provide for: declarations by shareholders (partners) holding stake (shares) in the value exceeding one-tenth of the initial share capital of the company or members of the management board, supervisory board and audit committee stating that no proceedings are pending against them before the justice authorities of the European Union Member State or Member State of the European Free Trade Association (EFTA) or a party to the Agreement on the European Economic Area, concerning the offences relative to money laundering and financing terrorism;
- Virtual currencies and bitcoins are prohibited because they are not part of the national authorised means of payment.

Manipulation of sports competitions:

- The manipulation of sports competitions risk in Poland is considered by the participants as moderate. Nevertheless, different cases have been investigated, sometimes linked to local betting coupons. There seems to be a decrease of the number of match-fixing cases during the last years, thanks to the measures taken both by the public authorities and the sports federations (starting with football). According to several participants, the focus is now on "spot fixing".
- Poland has had a specific offence on sport corruption since 2003 when the so called "anti- corruption amendment" to the Polish Criminal Code introduced a new article 296b concerning professional sport corruption ("Any person who, holding a professional sport event or taking part in such an event, accepts a financial or personal advantage or a promise thereof in exchange for unfair behaviour, which may affect the result of the competition, shall be liable to the penalty of imprisonment for a period not shorter than 3 months and not longer than 5 years"). But this amendment only criminalised undue influence on the course of a sports competition, caused by people taking part or organising that competition. It was not clear whether the activity of referees and officials, not involved directly or indirectly, in organising the competition could be penalised.
- Therefore, on 25 June 2010 specific criminal provisions on combating match-fixing and corruption in sport were introduced in Chapter 10 (Art. 46-49) of the newly adopted Act on Sport. In accordance with the new provisions, the following sport

criminal offences were introduced: passive and active corruption (Art. 46); insider information activities (Art. 47) and trafficking of influence (Art. 48). Penalties for active and passive sport corruption as well as trafficking of influence go up to 8 years of imprisonment, in the case of private corruption. Sentences can reach 10 years imprisonment if material benefit is significant. Significantly, Poland has also introduced specific provisions on the betting related manipulation of sports results, with particular relation to insider information. Art. 49 exonerates those who have accepted a bribe and immediately notify the police from punishment.

- The 2015 amendment to the Act introduced, in addition, the penalization of corruption acts which alters the course of a sports competition (e.g. the number of yellow card, winning of a set or a half, etc.) rather than only the result of a sports competition.
- In Poland, an Anti-Corruption Unit, established in 2004, is in charge of 10 different areas including sport. It is composed of 16 regional anti-corruption headquarters, 242 inspectors and 75 police officers. In the sports sector, they investigate approximately 3 cases a year.
- Betting operators have the obligation to notify match-fixing alerts (general rule of law) but there are no sanctions if they don't do it.
- The country can be considered as a best practice regarding prevention and education on manipulation of sports competitions. Both the Ministry of Sport and Tourism and the Law-enforcement authorities, along with Polish sport associations, join forces in this way: information sessions with football clubs (young players), training programmes for young "Elite" athletes and sports associations (5,000 young athletes between 15 and 18 have been informed up to now), "train the trainers" sessions, research programmes to quantify the phenomenon of match-fixing, prevention handbooks, *etc.*
- The law enforcement authorities have investigated some concrete match-fixing cases (a case (Wroclaw) was mentioned, including a fixer called "Fryzjer" (former football referee) famous for corrupting football many players and referees).
- Sports federations also run disciplinary proceedings, what is supported by law enforcement authorities: for them, disciplinary proceedings are important because they are much faster than criminal ones and have a direct impact on the sports career.

National platform (Sport integrity):

- Poland has started to implement its national platform in order to protect sport integrity. The Ministry of Sport and Tourism is in charge of implementing the platform. The platform could also be in charge of creating some rules for sports organisations, including conflicts of interest.
- The need of a platform has been raised by several participants, stating that there is a lack of cooperation on betting issues. Indeed, betting information can be the starting point of an investigation.

Sports betting regulation:

- The Gaming law impose several conditions for obtaining a licence in Poland:
 - o Separate license online betting / retail

- Financial and transparency obligations, due diligence for shareholders (verification of all shareholders with more than 10% of total shares, no criminal records or tax felony committed in Poland)
- Headquarter located in the EU (or member of the European Free Trade Association)
- Representation in Poland, minimum share capital (2 million zlotys)
- Betting data stored on the territory of the EU or EFTA
- Security standards
- A new legislation on gambling which came into force on the 1 April 2017 (amendment dated 15 December 2016).
- This new law is managed by the Ministry of Finance.
- Through this amendment, betting operators will have to be compliant with new “license” requirements:
 - Obligation for the betting operators to give access to the regulator to the betting data (real time), through a secured remote access. Thanks to this option, the Ministry of Finance can control the identity of online punters, volumes of stakes, payment transactions, etc.
 - The betting tax remains unchanged, i.e. 12% of the turnover (amounts staked)

2. Summary

NATURE	COMMENTS
Part of illegal betting market	- Very high in 2016 (Over 90% according to a survey)
Measures against illegal betting	- Existing (New measures included in the 2016 Amendment to Law – Implemented 1 April 2017, including blocking of domain names)
Acceptance of the definition of illegal betting (CoE Convention)	- Yes
Possibility to get an agreement for operators with more than 50% of their global GGR remaining illegal	- Yes
Level of money laundering risks regarding sports betting	- Retail / Online: No risk assessment at this time
Measures against money laundering	- Obligations for betting operators to comply with ML procedures: Yes (Through the Gambling Law) - Sanctions to betting operators not compliant with AML procedures: Yes - Restrictions regarding anonymous means of payment: Not at the moment
Sports betting operators to implement measures of the 4th EU Directive against ML	- Probably yes (Could be incorporated in the law)
Level of manipulations of sports competitions risks	- Moderate (due to good level of regulation according to participants)
Measures against manipulations of sports competitions risks	- Yes (Act on sport- amended in 2015 to reduce loopholes) - Obligations for betting operators to comply with sport integrity procedures: Yes (but no sanctions)
Betting Contribution to protect sport integrity	- No

Obligations for sports organizations to set up awareness programmes regarding manipulations	- No
Signature / Ratification (Convention against manipulation)	- Signature: Yes - Ratification: No
Existence of national platform against manipulation of sports competitions	- In progress (First meeting organised in 2016)
Automatic monitoring (of the betting market) system	- No (Today via Europol – In the future through betting operators)
Standard of alert	- No
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 (existing for football, handball – athletes sign a code of conduct-, ice hockey and, according to participants, in many other federations) - Prohibition to bet on their own sport for sport actors: Idem. For handball players, it is even prohibited to be on other sports. - 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: 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.)	- Poland uses the agreement signed through the EC (to share information, best practices on tools, illegal betting)
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	- Yes (Direct remote access to data stored in devices used for processing and archiving gambling game and participant data of licensed companies through a secured website. Access has to be provided by the betting operators)
Limitation of pay out rates	- No
Limitation of betting licenses (justified by public order reasons)	- Retail: No (At the moment, 8 betting operators) - Online: No (At the moment, 7 betting operators)

3. Recommendations

NATURE	LEVEL OF RISK (1 = lowest to 5 = highest)
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Improve the organisation of the national platform regarding manipulation of sports competitions, as mentioned in the Council of Europe convention	4
Include AML procedures for the sports betting sector according to the 4 th EU AML Directive (better control of points of sales purchase) Sanction betting operators not compliant with AML procedures	4
Join 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 betting agreements, including for temporary licenses, to operators with at least X% of their Gross Gaming Revenue being legal (We would suggest 70%).	3
Adopt legal provisions forcing betting operators and service providers to report irregular and suspicious betting patterns <u>with a clear escalation step</u> . Sanction betting operators not compliant with AML procedures	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

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