



SEMINAR “PRECRIMBET - UK”

Date: 24 January 2017

Place: London (UK)

Participants: cf. appendix

1. Main issues raised during the seminar

Illegal betting:

- Illegal betting, in terms of the provision of gambling facilities by unlicensed operators, does exist in the UK but risks are considered low and managed by a strong regulatory framework that supports the legal markets.
 - Since November 2014, betting operators have to be compliant with the UK point of consumption tax (POC)¹.
 - One of the three licensing objectives set out in the Gambling Act 2005, is to “prevent gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime”. According to some participants, “capture of the legal sector by criminals is limited by effective regulatory supervision”.

Money laundering:

- The money laundering risk related to betting in the UK is considered by the industry to be low². According to a law enforcement representative, there are many better ways in the UK to launder money. There is a higher risk with problem gamblers financing their addiction through illegal ways. For some of the participants (but not the Gambling Commission), money laundering would mostly concern "petty crime" than actual proceeds of highly organised crime.
 - In British legislation, money laundering is an offence which encompasses both enabling money washing operations and accepting proceeds of crime.
 - The UK Government's consultation on the transposition of the Fourth Money Laundering Directive is considering to leave the betting industry out of the

¹ Point of consumption legislation in Great Britain came into force in November 2014 for online gambling. This legislation significantly changed the gambling landscape – the GB Gambling Commission went from regulating less than 15% of online activity by consumers in Great Britain, to regulating the whole market. The Gambling Commission does not have a role in relation to gambling taxation.

² The Gambling Commission will shortly publish its response to the consultation on the Transposition of the 4thMLD, which concludes that the casino, betting (in part) and remote (in part) sectors currently carry a similar high level of money laundering risk. This conclusion is based on the inherent risks, and consideration of the procedures and controls currently in place to mitigate the risks.

Directive's implementation. A decision published after the seminar confirmed that the betting industry will not be covered.

- In UK, several betting operators have recently been sanctioned for being uncompliant with AML measures.
- Each operator is required to undertake a risk assessment of its business, in line with the licence conditions. Operators are also required to report suspicious activity to law enforcement by submitting SARs (Suspicious Activity Reports), but each betting operator has its own perception of the SAR (Suspicious Activity Report) requirements. Operators have therefore requested more clarity around the SAR process and suggested that the regulator to coordinate the collection of intelligence reports. All stakeholders involved in the national platform are also concerned about the implementation of the General Data Protection Regulation (GDPR) which could restrict exchange of information.
- Regarding the question of virtual currencies (for example bitcoins), the betting operators have to be compliant with the general "licenses" regulations. Nevertheless, for some participants, customers using bitcoins would be flagged with a higher level of risk (because of the possible anonymity and other risk factors).

Manipulation of sports competitions:

- The manipulation of sports competitions risk in UK is considered by the participants as relatively low, although the risks are greater in some sports which is driven by a number of factors
- There are two main reasons for this situation:
 - o Good governance is a key issue for all participants involved in the seminar. However, there are gaps in some areas, particularly in some sports and these issues do need to be addressed, which will be one of the priorities of the national platform going forward. There are some investigations pending regarding team owners and how the rules/codes apply to them;
 - o High level of cooperation thanks to the Sports Betting Intelligence Unit (SBIU) and the national platform.

National platform (Sport integrity):

The Britain's national action plan is a very exhaustive and operational system, with different levels of stakeholders:

- Regarding betting, the Sports Betting Intelligence Unit (SBIU) is a unit within the Gambling Commission which deals with reports of betting-related corruption. It is at the heart of Britain's approach to dealing with suspected cases of match-fixing. This approach is known as the national platform, as it shares intelligence with other partners, nationally and internationally. Betting operators and sports governing bodies are part of the SBIU.
- The Sports Betting Intelligence Forum (SBIF) includes the Gambling Commission, betting operators, sports organisations and law enforcement. It supports and coordinates partners' individual and collective efforts to deliver Britain's strategy for protecting the integrity of sport and sports betting.

The British national platform is therefore the most experienced platform in Europe, set up in the context of the 2012 Olympic Games in London. Stakeholders of the platform know each other very well, generally trust themselves and exchange some information on a practical and efficient way. Nevertheless, there is no clear escalation procedure, but a set of indicators on which the Gambling commission expect operators to report on/be able to report on, and the betting industry has a strong power of influence on the definition of betting-related risks.

Sports betting regulation:

- UK adopted a liberalized regime of licenses (for betting operators and individuals in a managing position).
- Britain's regulation includes requirements and powers aiming at safeguarding sports integrity and limiting money laundering issues.
- Britain's public authority advocate for an absence of betting restrictions (on competitions, on types of bets, on pay out, etc.). In the UK, the Gambling Commission defines the risks and asks operators to manage them accordingly.

2. Summary

NATURE	COMMENTS
Part of illegal betting market	- Very small
Measures against illegal betting	- Some measures are in place ³
Acceptance of the definition of illegal betting (CoE Convention)	- Yes (but not by the betting operators)
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	- Considered as relatively low by all the participants
Measures against money laundering	- 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: No (the risks have to be assessed by the operators)
Sports betting operators to implement measures of the 4th EU Directive against ML	- No
Level of manipulations of sports competitions risks	- Low (Less cases compared to other EU countries)
Measures against manipulations of sports competitions risks	- Obligations for betting operators to comply with sport integrity procedures (through the SBIU)
Betting Contribution to protect sport integrity	- No
Obligations for sports organizations to set up awareness programmes regarding manipulations	- No (awareness programmes organised by the SBIU or the national platform PPF, and EU-Athletes). The new sports governance code refer to awareness campaigns.
Signature / Ratification (Convention against manipulation)	- Signature: No - Ratification: No
Existence of national platform against manipulation of sports competitions	- Yes - Stakeholders: UK Gambling commission, Sports Governing Bodies, betting operators, law enforcement, Prosecutors, Information Commissioners Office (ICO)
Automatic monitoring (of the betting market) system	- No
Standard of alert	- Case-by-case (The GC produced a general framework with 28 indicators – Not public)
Measures against conflicts of interests	- Prohibition to bet on their own competitions for sport actors: Depending on each federation - 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: Depending on each federation - Prohibition to bet with their own company for betting employees: No, but the Licence conditions

³ <http://www.gamblingcommission.gov.uk/about/Who-we-are-and-what-we-do/Who-we-are-and-what-we-do.aspx>

	<p>and codes of practice (LCCP) has an ordinary code that specifies that traders should not use inside info on potential suspicious betting to place bets</p> <ul style="list-style-type: none"> - Prohibition to bet for betting employees: No (Individual license conditions) - 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 (except LCCP rules; see above)
Cooperation with other betting regulatory authorities (illegal betting, manipulations, etc.)	<ul style="list-style-type: none"> - Bilateral: Yes (With many betting regulatory authorities: Belgium, China, Denmark, Estonia France, Gibraltar, India (cricket), Isle of Man, Italy, Lithuania, Malta) - International groups: Yes (IAGR, CoE, Copenhagen Group)
Cooperation with other law enforcement authorities	<ul style="list-style-type: none"> - Case-by-case
Betting restrictions	<ul style="list-style-type: none"> - No
Due diligence regarding betting operators' shareholders	<ul style="list-style-type: none"> - Yes (individual license' holders – Due diligence made by the Gambling Commission)
Possibility for betting regulatory authority to access individual betting accounts and transactions	<ul style="list-style-type: none"> - No, except by request for investigation purposes.
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)
Improve procedures for identifying customers (and winners) of betting operators on the basis of the EU 4th AML directive	4
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
Ensure sport professionals do not bet on their own competitions (through exchange of information between operators and sport)	3
Adopt a clear definition of illegal betting at national level	2
Include transparency obligations in the licensing procedure. For example, ask operators to provide the breakdown of stakes received country by country (every year)	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 operator	2

APPENDIX

LIST OF PARTICIPANTS

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