EDITORIAL

I am delighted to welcome our readers to ESSA’s new quarterly integrity report, which replaces our previous annual version. As well as including statistics on sports betting integrity alerts reported by our members in Q1 2015, the report will also provide an insight from stakeholders that have been dealing with the issue of sports betting and match-fixing. This issue includes articles from the International Olympic Committee (IOC) and the Asser Institute, which I am sure you will find of interest. They have both played a significant role in advancing the integrity debate and I thank them for their important contributions.

Fundamentally, betting-related match-fixing is an attempt to defraud betting operators and their customers by corrupting sporting events. It is an issue that causes economic and social damage and that requires international cross-sector cooperation.

ESSA and its members are committed to engaging with other responsible stakeholders to address this criminal activity. We continue to work closely with organisations such as the IOC, European Commission and Council of Europe to develop processes that detect and deter corruption.

We have long promoted an open, transparent and evidence-based approach and we hope that this report, and the information it contains, will positively enhance that discussion. Effective policymaking requires informed debate and proper stakeholder engagement.

The European Commission and the Asser Institute have led the way in this area, publishing important studies demonstrating the flaws in the way sports betting rights were introduced and assessing the integrity risks of new types of sports bets on the basis of genuine empirical evidence.

The Asser report, for instance, found no correlation between live betting or side bets (e.g., on corners, number of red/yellow cards etc.) and possible instances of betting-related match fixing in football that would justify any prohibition of these bet types. The findings confirmed: we need more informed and evidence-based analysis to help formulate policies in this and other areas.

Mike O’Kane
ESSA Chairman

ESSA’S INTEGRITY FIGURES FOR Q1 2015

ESSA is a key player in the fight against betting related match-fixing. It represents many of the world’s biggest regulated sports betting operators, serving over 40 million consumers in the EU alone. Concerned regulated bookmakers created ESSA in 2005 to monitor betting markets and alert sporting bodies and national regulators to suspicious betting patterns. ESSA’s members work together using risk assessment and security protocols to identify suspicious betting patterns and have access to an unrivalled body of data. That includes essential transactional data on who is betting on what, where and when.

During the first quarter of 2015, ESSA members identified 49 unusual betting patterns. Of these 49 alerts, 24 alerts were found to be suspicious and were reported to the relevant sport bodies for further investigation.

A betting pattern is deemed unusual or suspicious when it involves unexpected activity with atypical bet sizes or volumes that continue - even after significant price corrections have been made in order to deter such activity in the market. A betting pattern is only confirmed as suspicious after ESSA has made detailed enquiries with all of its members to eliminate any prospect that the unusual patterns could be for legitimate reasons, such as pricing the market incorrectly.

49 alerts raised, 24 reported to sports bodies

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<th>Football</th>
<th>Greyhounds</th>
<th>Table Tennis</th>
<th>Icehockey</th>
<th>Snooker</th>
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Breakdown of Sports
The role of the International Olympic Committee in the fight against match-fixing

The International Olympic Committee has set up a system to collate alerts and information on potential betting-related match-fixing, the ‘Integrity Betting Intelligence System’ (IBIS). This followed the establishment of various working groups since 2011, particularly the ‘Founding Working Group on the Fight against Irregular and Illegal Sports Betting’ in 2011-2013, involving all key stakeholders, to assist the IOC in the development of preventive measures in this area. ESSA contacted Friedrich Martens, Head of IBIS, for an update on the IOC’s initiative.

On the development of the IBIS:

Friedrich Martens: The IOC’s Integrity Betting Intelligence System (IBIS) has been operational since the last Olympic Winter Games in Sochi 2014. Since its creation it has been praised by International Sports Federations, sports betting operators and gambling regulatory authorities worldwide.

All seven Olympic Winter Sports Federations have already signed up to IBIS and the aim is that all 28 Olympic Summer Sports Federations will be partners by August 2015, exactly one year before the next Summer Games in Rio 2016.

Furthermore, the IOC’s IBIS will also be active during a number of major sports competitions outside of the Olympic Games, such as various World Championships (e.g. Badminton, Volleyball, Basketball) and the Rugby World Sevens Series, amongst many others.

It is important to understand the scope of the IBIS project and to point out that signing up means that all sports federations have to implement provisions in their rules and regulations specifically addressing corruption connected to sports betting and the general manipulation of competitions.

The main pillars are betting operators’ associations and companies (e.g. ESSA, EGBA, RGA and WLAJ and gambling regulatory authorities (e.g. British Gambling Commission, French Autorité de Régulation des Jeux En Ligne, the Nevada Gaming Control Board, the Lotteries and Gaming Authority Malta, amongst many others). The number of sports betting operators and regulators joining IBIS is steadily advancing.

The main challenge within the IBIS framework at the current point is to identify, train and support the single points of contact at every partner within IBIS and to establish follow-up processes. Furthermore, the IBIS network is founded on establishing trust and confidential relationships between stakeholders, which is a constant challenge.

On the next steps and strategic priorities:

Friedrich Martens: The IBIS is constantly growing on both the sport side and the number of sports betting entities. By Q3 2015, all 35 Olympic Sports Federations will be included within IBIS, whilst the cooperation with all partners on the sports betting side will be strengthened continuously.

The IOC’s fight for clean athletes and clean competitions is mentioned in Recommendations 15 and 16 of the Olympic Agenda 2020. One of the major threats to the credibility and integrity of sport is competition manipulation, manipulation that may or may not be linked with sports betting.

In order to protect and promote sport as a model that encourages and fosters the best of human values, the IOC has determined certain priorities to manage the risks posed by competition manipulation and corrupt behaviour. These strategic objectives aim to:

1. Enhance Awareness and Undertake Training:
   - Host the IOC ‘International Forum on Sports Integrity’ (IFSI) as a global platform for governments, international organisations, betting operators and the sports movement;
   - With the support of INTERPOL, train and support national law enforcement and sporting bodies through workshops and tailored training material;
   - Develop Integrity e-learning programmes for Olympic athletes and officials and continue to develop risk prevention tools (e.g. existing ‘PlayFair’-programme).

2. Ensure Monitoring, Intelligence and Investigative Capacities:
   - Reinforce the IBIS and enhance information exchange mechanisms between law enforcement, sporting bodies and betting operators/regulators;
   - Following an MOU with INTERPOL in 2014, develop investigative processes and capacities to enable sports to conduct disciplinary proceedings and for law enforcement authorities to conduct criminal proceedings in relation to competition manipulation;
   - Establish a framework for reporting integrity breaches: IOC Integrity and Compliance Hotline.

3. Improve Governance through Sport Regulations and State Legislation:
   - Encourage and support the development of sporting regulations that protect the integrity of sport, prevent competition manipulation and empower effective regulatory enforcement;
   - Recognising the Council of Europe’s Convention on the Manipulation of Sports Competitions, support national legislative provisions that prosecute competition manipulation.

In continuation of the ‘Founding Working Group on the Fight against Irregular and Illegal Sports Betting’, the above mentioned IOC ‘International Forum for Sports Integrity’ (IFSI) which took place on April 13th 2015 recognized the many achievements made by all stakeholders associated with the fight for clean competitions and clean athletes – sports organisations, governments, law enforcement agencies and sports betting entities. At IFSI all stakeholders adopted a road-map with detailed recommendation for the future actions with regards to the above-mentioned three pillars. IFSI will continue to seek to unite a wide range of high profile stakeholders in the years to come.

On education as key preventative mechanism:

Friedrich Martens: There can be no doubt that education and awareness raising are key preventative actions in the fight for clean competitions. Education and awareness raising is often seen solely as programmes aiming at sports persons. However, education has to be defined broader and it also needs to aim at all other stakeholders associated with the fight for clean competitions.

It can generally be stated that education and awareness raising programmes will be further strengthened and aimed at all stakeholders. The IOC as leader of the Olympic movement will most certainly educate the Olympic athletes and all other accredited persons at the Olympic Games. However, education and awareness raising is only one part of the three pillars in the wide range of actions undertaken by the IOC. They can only be seen as one piece of the puzzle in this fight.
There have been a number of important studies concerning match-fixing published in the last year or so, most notably by the Asser Institute. That body has completed reports for the European Commission on the sports betting right and its own study on the impact of in-play betting. ESSA spoke to Professor Ben Van Rompuy, Senior Researcher at the Asser Institute, to discuss some of the key integrity policy issues.

On the importance of information sharing:

Professor Ben Van Rompuy: It is vital that all the different stakeholders are fully committed to make use of their respective powers and resources in the most efficient and effective way. The starting point is pro-active intelligence gathering and sharing of information. Like any other type of corruption, betting-related match fixing is a covert and consensual activity, which makes it extremely difficult to detect instances of fraudulent activity.

It is here that betting operators play a fundamental role. In every EU Member State, regulated sports betting operators should be required to report suspicious betting activity to either the gambling regulator or the national platform envisaged by the Council of Europe Convention on the Manipulation of Sports Competitions. They should then corroborate these reports with other pieces of intelligence (to which other stakeholders may have access) and decide on the most appropriate and feasible course of action: who, when, and how.

On subsequent investigative actions:

Professor Ben Van Rompuy: The crucial next step is a credible follow-up investigation. Unfortunately, in various sports and regions in Europe, the responsible governing bodies still fail to understand that an over-enthusiastic reliance on criminal prosecution is unproductive.

The track record of criminal sanctioning of match fixing is underwhelming. And to a certain extent I can understand why. Criminal prosecution is a formidable task that requires satisfying a high burden of proof (beyond reasonable doubt). Furthermore, while the seriousness and public interest of match fixing might be self-evident in my eyes or in the eyes of the sports world, it may not be immediately apparent to a public prosecutor.

Law enforcement agencies and prosecuting agencies should be aware of their responsibilities; sport organisations are powerless against criminal gangs and individuals outside the sport. Yet one must not forget that every match fixing case has a disciplinary component. Sports organisations therefore must prepare and progress disciplinary proceedings whenever this is possible. After all, empirical deterrence research persistently finds that the perceived likelihood of detection and punishment has the most powerful influence on compliance behaviour.

On the importance of evidenced-based policymaking:

Professor Ben Van Rompuy: Although knowledge and awareness about betting-related match fixing has been steadily growing in recent years, there still is an overall lack of systematic empirical evidence. As a result, a lot of misconceptions continue to persist in policy discussions at both the national and European level. This is particularly true for various myths that abound with regard to the integrity risk of certain sports bets, such as the alleged links between side bets (on cards, corners, etc.) and spot fixing.

The lack of access to primary sources of quantitative empirical data has so far limited the capacity of academic research to make proper risk assessments. So I took the initiative to look for primary sources. The report I recently published ("The Odds of Match Fixing – Facts & figures on the integrity risk of certain sports bets") is only a modest attempt, but hopefully a valuable one. If anything, I hope it encourages others to further our understanding of match fixing in an evidence-based manner. I will be the first one to welcome criticisms on the analysis I undertook, but I do expect them to be based on empirical data.

On the need for further research:

Professor Ben Van Rompuy: There is a lot of ground to cover and evidenced-based policy-making is paramount if we are to address this issue in an efficient and effective manner. Of the many unknowns connected with the implementation of the recommendations of the Council of Europe Convention on the Manipulation of Sports Competitions, it is important to develop guiding principles for what constitutes suspicious betting activity and to ensure that betting operators and sports bodies are reporting those incidents.

From my own research, the UK is one positive example where the regulator has, in partnership with stakeholders, devised monitoring and reporting guidelines based on a clear risk assessment criteria and where investigations are conducted through a specific integrity unit. It would be extremely helpful to learn from and consolidate the experience of different actors (operators, betting monitoring systems, regulators, ...) in this regard.