



University of  
**Salford**  
MANCHESTER

PRAXES  
Avocats



STUDY

# Sports betting and corruption

*How to preserve the integrity of sport*

**IRIS**

Pascal BONIFACE  
Sarah LACARRIERE  
Pim VERSCHUUREN  
Alexandre TUAILLON

**University of Salford  
(Manchester)**

Pr. David FORREST

**Cabinet PRAXES-Avocats**

Me Jean-Michel ICARD  
Jean-Pierre MEYER

**CCLS (Université de Pékin)**

Dr. Xuehong WANG

*This publication was translated with the support of*



## CONTENTS

INTRODUCTION.....	4
Three major examples of corruption in sport .....	9
linked to sports betting .....	9
I. The vulnerability of sport in the face of sports betting.....	14
A. Analysis of the players and methods of corruption in sport.....	14
1. Fraud in sport at grassroots level: the first level of corruption.....	15
How is it possible to rig a football game? .....	15
The adaptation of corruption in sport to different disciplines .....	17
Sportspeople and corruption.....	19
2. The role of the club and the federation: “institutional” fraud in sport.....	21
The classic model: rigging a match so that one’s team wins, “Buying a match” .....	21
A new type of match-fixing arising directly from sports betting: .....	23
“Selling a match”, or “Who loses, wins” .....	23
3. Exogenous sporting fraud: criminal gangs outside sport.....	26
Money-laundering, a priority for large criminal organisations .....	27
“The wolf in sheep’s clothing”, or criminals taking control of clubs.....	28
Corruption in sport ex nihilo: How to rig a match from the outside .....	31
For the most powerful criminal organisations, .....	34
the easiest way is to organise matches themselves! .....	34
B. The specific role of sports betting in corruption .....	35
1. The recent globalisation of the sports betting market.....	36
A market of dizzying dimensions.....	37
The improvement in odds and gamblers’ profit .....	37
New, increasingly attractive, types of bet .....	38
<b>2. Are these changes undermining the integrity of sport? .....</b>	<b>39</b>
Betting on match details: a specific risk? .....	39
Risks connected with live and exchange betting .....	39
The Internet and the issue of gambler anonymity .....	40
A sector with the allure of a totally deregulated financial market, where risks are inherent in the prospect of excessive profits .....	41

<b>3. The danger arising from so-called “illegal” and Asian betting</b> .....	42
Is the Asian betting market responsible for corruption in sport in Europe? .....	42
<b>4. Betting operators and fraudulent betting</b> .....	46
Professional gamblers.....	47
Hedging risks, or covering the risk of fraudulent betting by a section of the market.....	47
II. The fight against corruption in sport linked to betting .....	50
A. Those involved in prevention and the interaction between them .....	50
1. The sports movement .....	50
2. Sports betting operators.....	52
3. Public authorities .....	53
B. Targeted action against those involved in corruption: from those at grassroots level to organised crime .....	54
1. Integration into the sports movement: information and deterrence.....	55
Factoring risk into regulations.....	56
Factoring in risk by raising awareness among stakeholders.....	58
Factoring in risk by setting up dedicated structures .....	60
2. Strengthening investigation and sanction methods .....	61
In the face of transnational criminal organisations:.....	61
the need for intelligence and international police coordination.....	61
Punishing fraud in sport .....	64
C. An action targeting the context of corruption: the global sports betting market .....	67
1. Regulating the offering: managing and monitoring bets .....	68
A concerted operation with the sports movement .....	68
The issue of modes of betting that generate risks.....	70
2. Controlling fraud .....	71
Monitoring systems .....	71
The regulator’s role as an interface .....	78
The opportunity for a European approach to combat the illegal market .....	79
<b>RECOMMENDATIONS</b> .....	82

## **INTRODUCTION**

---

*“There will definitely be more rigged matches in future if the world of sport closes its eyes to them, and if we do not have good contact with betting companies and governments. Eventually the credibility of results will be called into question. Sport is based on a hierarchy that derives its social and moral values from the concept of merit. The winner should be the one who has poured the most lawful resources into their preparation or who has worked the hardest. If in future the concept of a champion as a model of excellence becomes tarnished by the manipulation of matches or the corruption of players, then the entire credibility of sport will vanish. (...) There are already countries where football competitions are no longer credible and where the public has very clearly lost interest in that sport.”*

**Jacques Rogge, President of the International Olympic Committee (IOC)**  
**1 March 2011**

2011 was a year of unprecedented mobilisation in the world of sport to defend the integrity of sport in the face of the growing threat presented by criminal organisations that manipulate matches to enrich themselves and launder dirty money through online sports betting systems. The International Olympic Committee (IOC) established itself as the spearhead of the movement at its extraordinary summit on combating corruption in sport, which was held on 1 March 2011. Two months later, FIFA promised to allocate €20 million to help combat rigged matches, particularly by creating a cooperative structure with Interpol in Singapore. UEFA and the leading sports federations also opted for proactive measures to distance sport from the risk of corruption.

This general awareness comes amidst scandals, frauds, rumours and judicial investigations relating to a wide range of disciplines in many countries. The apparent increase in cases of fraud in sport, in particular those connected with betting activities, is threatening the very essence of sport. The glorious uncertainty of sport and the honesty and upright image of athletes are popular and motivational values that risk being undermined unless serious measures are taken to bring corruption to an end.

In the long term, as has been seen in some Asian and Eastern European countries, sport will die if the public and sports authorities do not take action to combat fraud. By removing the “the glorious uncertainty of sport”, corruption can end up killing a discipline: the public loses interest in rigged competitions, sponsors refuse to associate their image with those competitions, the media turns its back and clubs die through lack of resources.

The South East Asia championships were particularly popular in the 1990s before widespread corruption and match rigging ended up emptying stadiums and chasing investors away. In April 2011, the Chinese professional championship opened amidst a serious internal crisis because a new case of corruption had led to the imprisonment of several executives of the federation, with the result that the

main sponsor and the TV broadcaster refused to renew their contracts with the league, and the first matches took place in virtual obscurity. A similar thing occurred in the Balkans.

The risk of modern sport falling into decay in the face of repeated scandals is genuine and must not be underestimated.

The increasingly frequent presence of transnational criminal organisations in instances of corruption in sport is a major concern. Over the past two decades, these transnational criminal organisations have moved from regional, strongly family-oriented establishments to international organisations, diversified in their legal and illegal activities, and modes of operating. They have taken advantage of changes in regulations, flaws in legal and judicial systems, the opening-up of borders and the growth of free trade, all direct consequences of globalisation. They have adapted without any great difficulty to changes in political regimes, to dictatorships and democracies, without ever going under - quite the contrary, in fact, which is both unusual and particularly concerning, specifically from a strategic point of view.

The increase in sports betting throughout the world represents a windfall for criminal organisations, as explained by Chris Eaton, Security Director of FIFA: *“There are criminal gangs who are acting like enterprises and transforming betting into a worldwide problem.”*<sup>1</sup>.

Sports betting also represents a money-laundering opportunity for criminal organisations. Noel Pons, a specialist in criminal organisations and fraud says: *“The concentration of a number of money-laundering and fraud resources in a single uncontrollable geographic area allows criminals to launder money, but more particularly to optimise the profitability of criminal corruption. It is due to this accumulation of interests that the criminal fraternity has become widely involved with betting on the web, which affords them a certain impunity due to betting sites being located offshore, lack control by the normal authorities (particularly in relation to money-laundering) and the opportunity to develop lobbying activities to liberalise the sector, which will be highly profitable for them.”*<sup>2</sup>. Modern sport is not specifically equipped to face up to these powerful and determined networks, which are interested in the varying opportunities for profit provided by the sports betting markets.

Parallels are frequently drawn between corruption in sport and the doping scandals that also undermine sport, particularly cycling. Even though they both threaten the integrity of competitions, there are nevertheless fundamental differences between doping and betting-related corruption in sport. To begin with, doping concerns one or more athletes who are cheating to win. Corruption linked to sports betting involves teams or players who often cheat to lose. As will be seen below, this difference is fundamental to understanding the issues involved and the fight against fraud.

Secondly, sports betting represents a worldwide market that is disproportional to the market for doping products, and has grown considerably in recent years, to the point of constituting what is now a significant and substantial economic activity. It is estimated that by the end of 2011, sports betting as a whole was generating bets of close to €200 billion per year.

---

<sup>1</sup> *Frankfurter Allgemeinen Sonntagszeitung*, 21 August 2011.

<sup>2</sup> Pons Noel, *“Economie Criminelle: Vieilles Ficelles et Ruses Insolites”*, *Pouvoirs*, 2010/1 No. 132, p. 29-40.

Obviously - and even though results do not yet meet operators' expectations - the advent of Internet betting has helped to decompartmentalise the Asian and European markets, and has enabled the betting offering to proliferate worldwide. There is fierce competition between online betting sites, resulting in increasingly attractive and complex betting modes that provide inspiration for strategies to corrupt sport. It is now possible to place bets 24/7 on all types of competitions and disciplines, in all countries. These are all windows of opportunity for criminals who have the resources to predetermine the score of a sports match, and thus make spectacular profits on the betting market.

In May 2010, in response to the deregulation of sports betting on a worldwide scale, the French legislature passed a law regulating online sports betting in France, with the aim of protecting against all risks that might arise in this respect. The law established a central regulatory body, the *Autorite de Regulation des Jeux en Ligne* (ARJEL - the online games regulation authority), which is responsible for granting licences to betting operators and verifying that their activities comply with French law. France currently has 18 authorised online sports betting operators<sup>3</sup>, which are subject to a specific tax system and quite strict rules governing the betting modes they offer. The purpose of the law passed in May 2010 is to legalise the activity in order to channel it through monitored - and in principle, responsible - operators, whilst at the same time fighting against non-licensed sites, to which access from France is theoretically blocked.

But the French regulation appears fragile when one considers the size of the worldwide betting market, the lack of standardisation in national legislation, the almost-unlimited capacity of criminal organisations and the lack of cooperation between the public and private authorities in combating these transnational criminal practices.

This is the basis on which the team of experts producing this white paper has chosen to work. Our aim is to participate in the debate currently under way throughout the European region, and to attempt to identify the major risks that corruption in sport poses to the integrity of sport in the light of the opportunities provided by the growth and spread of online sports betting.

According to the broad definition used for this study - which differs from the (overly narrow) legal definition - the act of corruption is understood as: any manipulation or attempted manipulation of a result or aspect of a game with the aim of enrichment on the sports betting market. In fact, the action of corrupting a sportsperson is only relevant if it is carried out in parallel with the placement of sums of money in the form of bets in licensed betting outlets, or more specifically on online betting sites.

This definition presupposes a direct or indirect relationship between a corruptor (in the broad sense, from a physical person to a criminal organisation), which alters a result or aspect of a sports event, and a corruptee, who in the vast majority of cases investigated is a sportsperson or referee, and more rarely a member of a club board or sports management.

The research programme (of which this white paper is the final output) focused on a number of key questions: How can sports betting give rise to the specific risk of the manipulation of sport? How does

---

<sup>3</sup> The list of operators may be consulted on <http://www.arjel.fr/-Liste-des-operateurs-agrees-.html>

this risk manifest itself and how can it be detected as far upstream as possible? What are the characteristics of the current organisation of the world of sport that make it intrinsically vulnerable to criminals whose aim is to make a profit from opportunities created by online sports betting? What is the current situation with programmes to prevent, detect and combat rigged bets and matches? What are the main recommendations we can make to optimise the defense of the integrity of sport?

The first part of the white paper is devoted to understanding the risk of corruption linked to sports betting. As highlighted in the report by Jean-Francois Vilotte, President of ARJEL, published in March 2011, research into the risks of corruption in sport is insufficient in comparison with the proliferation of scandals linked to sports betting: *“The first observation relates to the lack of tools for understanding and assessing these risks whilst at the same time, the media are increasingly frequently exposing instances of manipulation of sports fixtures that appear to be linked with betting activities and arouse serious misgivings as to the integrity and honesty of competitions”*<sup>4</sup>.

This first section presents three major instances of corruption in sport, then produces a global typology of the phenomenon of corruption in sport to help understand the *modus operandi* of corruptors and the vulnerabilities inherent in sport. A number of cases of corruption that have come to light in recent years are investigated and used to fill out the typology. The main instances primarily concern football, but also tennis, cricket and even basketball. This study will therefore focus on these sports. Besides analysing the phenomenon of corruption in sport, the first section also investigates the globalisation of the sports betting market and seeks to ascertain the measure to which this may generate specific risks in respect of the integrity of sport.

The second section of the white paper uses this typology of corruption in sport and the role of sports betting in the proliferation of fraud to carry out a critical analysis of the procedures used to combat fraud by the three key players in the sector: the sports movement, betting operators and the public authorities. These three protagonists all have their own reasons for protecting the integrity of competitions. As we have already seen, the manipulation of results is damaging sports events and undermining the values of modern sport. Also, sport is proving to be particularly helpless in the face of the transnational resources available to contemporary criminal organisations. The public authorities are concerned by the risk of sport being penetrated by those criminal organisations that use it to launder the fruits of their activities with virtual impunity. Concern for public order is now combined with the need to preserve the image and place of sport in society as a force for social cohesion and education for different generations. From the point of view of the betting operators, which are sometimes swindled by corruptors placing fraudulent bets on their sites, the fight against fraud in sport is a necessity to safeguard their economic business and not become an accomplice in criminal activities. Like sport, corrupt betting is a threat to turn market because bettors are likely to be deterred if they cannot trust the object of their bet as a fair contest.

This white paper will describe the situation with the various programmes and resources already in place to combat corruption in sport at grassroots level and limit the appeal of sports betting for criminals. A list of recommendations is put forward to help establish a multilateral system that will optimise cooperation between these three categories of stakeholders. The system must cover the

---

<sup>4</sup> Jean-Francois Vilotte, *"Preserver l'Integrite et la Sincerite des Competitions Sportives Face au Developpement des Paris Sportifs en Ligne"*. Report to Mme. Chantal Jouanno, French Minister of Sport, delivered on 17 March 2011.

prevention and deterrence of corruption, the detection of fraud and the facilitation of politico-judicial enquiries in order to provide the most effective penalties for criminal activity likely to be rampant at grassroots level.

To meet these requirements, an international research team was set up at the instigation of IRIS to federate the skills of different research units:

- the French Institute of International and Strategic Relations (IRIS), ranked in the world's leading 25 think tanks on security and defence issues<sup>5</sup>, which has for many years been working on the geoeconomic and geopolitical aspects of sport.
- the University of Salford (Manchester), whose unit led by Prof. David Forrest specialises in analysing the economy of sports betting
- the China Center for Lottery Studies, a research centre based in Beijing with acknowledged expertise in the analysis of sports betting in Asia
- and lastly Praxes Avocats, with Jean-Michel Icard and Jean-Pierre Meyer, specialists in the analysis of criminal organisations

In addition to this international platform of theoretical and practical expertise, we have been privileged to be able to call on the skills of regional experts in other fields, who have enabled us to refine and deepen our hypotheses. Their contributions are acknowledged at the end of this work.

Lastly, we would very much like to thank all those members of the sports movement, betting operators, regulatory authorities, police, justice and intelligence departments with whom we have met during this year-long study, and who have explained to us their positions, concerns and difficulties. The list of key figures interviewed also appears as an appendix to this report.

Paris, 5 January 2012

---

<sup>5</sup> Ranking in "Global Go-To Think Tanks 2010", produced by Prof. James Gann for the University of Pennsylvania

## ***Three major examples of corruption in sport linked to sports betting***



### **THE BLACK SOX SCANDAL (1919)**

*Or how the best baseball team in its time  
agreed to lose the final of the World Series*

In 1919 Chicago's *White Sox* team boasted the best players of the day, including Eddie Cicotte, Chick Gandil and the star, "Shoeless Joe" Jackson. Yet in the final of baseball's greatest competition, the team chose to scuttle itself. Led by Gandil, who had succeeded in enrolling several of his teammates, Chicago allowed the *Cincinnati Reds* to win the 1919 championship.

A key factor in the fixing of the game was the players' extremely tense relationship with their Chairman, who had refused to improve their salary conditions.

The deal was agreed on 18 September 1919, when Gandil demanded \$80,000 from bookmaker Joseph "Sport" Sullivan. Gandil then contacted seven of his teammates, including Eddie Cicotte, who agreed to rig the game for \$10,000 each. Star player Joe Jackson always claimed to have rejected the proposal, despite the accusations of Gandil who claimed that as the star of the team, Jackson's involvement was decisive for the match to be "properly" fixed.

Gandil was to receive the money before the first match (1 October 1919) but Sullivan - who was unable to advance the money - brought Arnold Rothstein, a professional gambler who was able to advance the funds, into the loop. On the day before the first match (at that time the final was played over nine matches), only Cicotte received an advance of \$10,000. The following day, he patted one of the opposing players on the back to signal that the deal was on, and the rigging would go ahead. The *Reds* won the first match. Although they had not yet received the money promised for throwing the first match (apart from Cicotte), the *White Sox* decided to lose the second match.

That evening Gandil demanded that \$40,000 (of the promised \$80,000) be handed over for throwing the final. He only received \$10,000, and the player plotters, sensing that they were being swindled, decided they should abandon the idea of throwing the championship. They then won the third round.

Before the fourth round, Sullivan the bookmaker handed \$20,000 over to Gandil and assured him that a further \$20,000 would be advanced if the *White Sox* lost the fourth match. The money was distributed, Chicago lost, but the promised \$20,000 never arrived. The conspirators then decided to abandon the match fixing and fought fiercely against the *Reds* in the sixth and seventh rounds.

Arnold Rothstein, the professional gambler, then took things into his own hands and despatched one of his men to threaten one of the players with physical violence against him and his wife if the *White Sox* won. They duly lost, and the *Reds* finally carried off the series the next day.

When several newspapers began to spread rumours of rigging, star player Jackson alerted his Chairman and wrote to him suggesting that the final might have been rigged. Under the growing

weight of the rumours, the owners of the two clubs appointed a steward and gave him full powers to carry out an investigation.

Cicotte and Jackson admitted having been bribed to rig the matches, but Gandil denied everything to the end. The eight players and several members of the betting public (with the exception of Rothstein) were tried in 1920 but all were acquitted for lack of evidence (the testimonies of Cicotte and Jackson to the Commission of Inquiry having mysteriously disappeared from the file).

In any case, the scandal was sufficiently important for the public to rename this the “Black Sox Affair”, an indication of the lack of the purity supposedly symbolised by the immaculate white of the “White Sox”.

Despite the acquittal of the eight players, the Baseball Federation nevertheless decided to ban them from all activities linked with baseball, with this powerful declaration that even today retains its full impact: *“No player who throws a ball game, no player that undertakes or promises to throw a ball game, no player that sits in conference with a bunch of crooked players and gamblers where the ways and means of throwing a game are discussed and does not promptly tell his club about it, will ever play professional baseball”*.



## **THE HANSIE CRONJE AFFAIR (2000)**

### *Or how cricket, too, was undermined by fraud*

On 7 April 2000, the police in New Delhi (India) revealed that they were in possession of a recording of a tapped telephone conversation between Hansie Cronje, the Captain of the South African cricket team, and Sanjay Chawla, an illicit gambler in India, in which the two individuals discussed manipulating matches. Three other South African players were mentioned: Herschelle Gibbs, Nicky Boje and Pieter Strydom. The following day, the South African Federation denied any match fixing, but suspended Cronje after he admitted to a fellow player that he had “*not been entirely honest.*”

The King Commission was set up by the South African Cricket Federation in June 2000 to carry out an inquiry. Gibbs very quickly admitted that Cronje had offered him \$15,000 to score fewer than 20 runs in a match in India in 2000, and that Henry Williams, another player, had been promised the same amount to concede more than 50 runs from his bowling. Gibbs scored 74 runs and Williams retired hurt. Neither of them received any money.

One week after the revelations by Gibbs, Cronje said he had received \$140,000 to try to corrupt his two teammates and admitted his relationship with a syndicate of illegal gamblers in India. He also admitted having sold strategic information and having agreed to forfeit an innings in a match against England in 2000 that could no longer influence the final outcome of the Test Series<sup>6</sup>.

In August 2000, Gibbs and Williams received six-month suspensions for having failed to alert the authorities, and in October 2000, Cronje was suspended for life from any activity linked to professional cricket. He died in a plane accident two years later, giving rise to all sorts of theories about the possible involvement of illegal betting circles in his death.

Several cases of fraud had already shaken the cricket world by the end of the 1990s. In 1998 it was discovered that the Australian Federation had secretly suspended two players in 1995 for passing information to Sri Lankan gamblers. A number of players had also revealed instances of match fixing, but the enquiries had come to nothing.

The Cronje affair aroused concern in the International Cricket Council, which decided to set up an anti-corruption unit consisting of policemen with genuine investigative resources.

---

<sup>6</sup> <http://www.telegraph.co.uk/sport/cricket/international/7765224/How-Hansie-Cronje-became-most-infamous-villain-in-cricket-fixing-scandals.html>



## **THE BOCHUM TRIAL (ONGOING)**

### *The unknown scandal in European football*

The second part of the “Bochum Trial” ended on 19 May 2011 with the sentencing to a number of years in prison of the five defendants, members of a Balkan criminal organisation: Dragan Mihelic, Deniz Celik, Marijo Cvrtak, Ante Sapina and Ivan Pavic. An earlier trial in April 2011 had already ended in the sentencing of four other criminals from the same network: Nurretin Gunay, Tuna Akbulut, Stefan Relic and Kristian Sprecakovic.

The trial, which is still ongoing, is currently the largest instance of corruption in the history of European sport.

It is the outcome of a vast inquiry which began - by accident - at the end of 2008. At the time, the police were investigating a prostitution and narcotics ring run by a transnational criminal organisation based in Bochum (Germany). But the investigators discovered that the criminals were also running a vast network instigating corruption in sport and rigging bets to launder the fruits of their activities. On 19 November 2009, after a year of telephone tapping, 50 people were arrested and charged with corrupting over 320 football matches in 10 European countries. International and European Cup games were included in the investigation.

The corruption was organised methodically by people who identified which matches were to be fixed, others advanced the money needed to arrange such match-fixing, corruptors who contacted the sports people involved (directly or through intermediaries), and people who placed the bets and recovered the winnings etc. Major Mafia moneymen were also accused of financing criminal betting syndicates from Asia.

The most vulnerable footballers were targeted for corruption (relatively old players, players at the end of their contract, those with debts etc.). The *modus operandi* changed continually across the 320 rigged matches. Sometimes the referee was bought, sometimes one or more specific players, sometimes an entire team was corrupted, even both teams! A Belgian club was also purchased directly by one of the members of the gang, which enabled him to place accomplices in the team and fix matches with ease. Friendly games were also organised by the corruptors purely with a view to enabling betting on these events.

The criminals established a system of stars that enabled them to classify matches whose manipulation was definite (five stars for matches where both teams had been bought) down to less certain matches (one star for a single player bought out of the 22). The sums to be placed on betting sites were determined according to this classification.

In the space of just over one year, a total of €12 million was injected to corrupt players, referees, trainers and federation officials. Tens of millions of euro were bet, including €32.4 million by a single

gambler registered with the Asian operator Samvo (licensed in the United Kingdom). In total, it is estimated that this gang profited to the tune of €7.5 million<sup>7</sup>.

It should be noted that the Croatian Ante Sapina, the mastermind of this network, had already been accused in a previous affair (the Hoyzer affair), which tainted German football in 2005. At the time, Ante Sapina and his two brothers, Milan and Philip, had been accused of corrupting two German referees, Dominik Marks and Robert Hoyzer. In total, the latter received €70,000 from Ante Sapina who walked away with a profit of about €2 million from 23 German Second and Third Division matches, one Cup match and a Turkish Championship match between April and December 2004<sup>8</sup>. Ante Sapina was sentenced to almost three years in prison but only remained behind bars for a few months.

In the Bochum affair, Ante Sapina said he placed bets of about €1 million per month on 30 matches, and sought to corrupt on average one match per week. He also revealed that he used the former Osnabruck player Thomas Cichon to make contact with the players he corrupted. Sapina admitted having corrupted some referees in 2009. This was the case with Novo Panic, who refereed the Liechtenstein-Finland match, and Olek Orekhov, who refereed a match between FC Basel and CSKA Sofia. The first of these referees was struck off for life by UEFA in February 2010, and the second received the same penalty from the Court of Arbitration for Sport on 18 January 2011.

Sapina's revelations also tarnished UEFA because he was discovered to have an inside influence on that organisation. His accomplice, Jozef Marko, served on the Referee Selection Panel and was thus able to nominate certain unscrupulous referees for matches in which Sapina had an interest. Following this affair, Marko was suspended by UEFA. The Bochum trial, the third part of which is due to begin shortly, has passed relatively unnoticed in Europe (the French daily sports paper *L'Equipe*, for example, has given the investigation almost no coverage).

GERMANY	BELGIUM	SWITZ.	CROATIA	SLOVENIA	TURKEY	HUNGARY	BOSNIA	AUSTRIA	INTERNATIONAL
53	19	35	15	7	74	14	8	12	33

*Geographic distribution of rigged matches revealed during the first two parts of the investigation relating to the Bochum trial*

<sup>7</sup> <http://www.bloomberg.com/news/2011-03-21/german-prosecutor-accuses-six-men-of-manipulating-betting-on-soccer-games.html>

<sup>8</sup> <http://www.lalibre.be/sports/football/article/251651/la-justice-sans-pitie-pour-hoyzer.html>

# **I. The vulnerability of sport in the face of sports betting**

## ***A. Analysis of the players and methods of corruption in sport***

This report aims to increase knowledge of corruption in sport by trying to identify the players, methods and conditions that favour this type of criminal dynamic. It will also propose a typology of corruption in sport, a working framework to help understand the phenomenon and its unique characteristics from every angle.

The work “*Comment truquer un match de foot?*” (“*How to rig a football match*”) (Declan Hill, Florent Massot, 2008) provides an initial inventory of these criminal dynamics, *modus operandi* and people involved in corruption in sport, but without giving an overall summary or general understanding of the issue. Several scientific studies have also considered the issue, either focusing on an economic approach (Forrest & McHale, *Risks to the integrity of sport from betting corruption, A report for the Central Council for Physical Recreation*, 2008), or focusing on a specific country (Matveev, *Match truque: comment on achete et on vend les matchs dans le football russe*, EKSMO, 2009) or sport (Declan Hill, 2008).

Corruption is a behaviour that exists independently of sport, and the rigging of sports matches has always existed, the *modus operandi* varying according to the spatio-temporal context and the development of technologies. As is the case with other problems (violence, racism), sport reflects the values and trends of the society in which it takes place. Sport does not in itself create corruption, racism or violence. But sport - like politics for example - can be a victim of any or all of these.

In this first section, we propose to analyse corruption in sport as a whole, in other words to study all the attacks (or attempted attacks) on the integrity of sport, including those whose motivation is not enrichment on the betting market. It does in fact appear that all cases of match-fixing can help in understanding the operation of, and conditions for, corruption in sport.

The models of corruption in sport have been classified in three distinct categories in order to facilitate their analysis and understanding by the reader. The first focus area will be “individual fraud in sport”, which describes the specific rigging of a sporting event. The second focus area will relate to corruption motivated by a club or federation, and the third will concentrate on corruption involving criminal organisations outside the world of sport.

This choice will not necessarily prevent overlapping, because there is no predefined model of corruption. Each case has its own logic, depending on the identity of the corruptors and corruptees, their motivation, their resources and their environment.

For each of these categories the analysis will endeavour to study:

- The specific methods of corruption
- The people involved
- The manner in which the fraud was perpetrated on the sports betting market
- The legal, economic and cultural conditions that facilitate criminal dynamics

The deliberations will be illustrated by iconic cases of corruption. Scandals have multiplied in recent years and encompass all disciplines, all levels of sport and a wide number of countries. These high-profile cases provide the information needed to gain a better understanding of the strategies and mechanisms at work, and the interests of the corruptors. This information has been supplemented by a substantial number of interviews by the research team, which have helped to refine the analysis of the criminal's behaviour.

## **1. Fraud in sport at grassroots level: the first level of corruption**

All cases of corruption in sport involve the falsification of a result or aspect of the game at a given moment. The athlete (or referee) is therefore the first cog in the wheel of corruption. It is their action (or conversely, their inertia) that is likely to falsify the course of an event and be the substance of the fraud.

Integrity is the very essence of modern sport. The beauty of competition lies in the uncertainty of the result, the absolute chance that enables the smallest team to overcome the largest, the lowest-ranked athlete to beat the favourite. On any sports field, competition brings together athletes who, despite their different intrinsic qualities, share the same goal of victory. The chance inherent in any sporting event explains the popularity of sport, and the emotions aroused when athletes win or lose. Rigging an event deceives the onlookers, and gives them an illusion of uncertainty when the result of the encounter is already decided. And although some competitions are attentively followed by a large number of viewers, there are multiple possibilities for athletes nowadays to deceive their audience.

### **How is it possible to rig a football game?**

How is it possible nowadays to rig a football game without attracting the attention of the multitude of viewers who carefully observe all aspects of the game?

It is obviously not possible to apply scientific rules to describe the behaviour of cheating players. Recent history and admitted instances of match fixing show that everyone involved in a game may be concerned: some cases involve both teams in their entirety, sometimes a single team or merely one or more players, or the match officials, or sometimes a member of the sports management, who may drug

players to weaken them. It has even been known for stadium technicians to extinguish the lights in order to freeze the scores and win on the betting market!<sup>9</sup>

The most typical and common form of corruption in football, however, involves a number of players who come onto the field with the aim of deliberately conceding goals. The corruption of the goalkeeper and at least one central defender may be sufficient to ensure a defeat, even though several other players (defenders and mid-field) may play a part in rigging the match.

How do these players manage to concede goals without attracting the attention of those watching the game? The main solutions for cheats do not lie in specific events in the game such as being sent off, or giving away penalties or goals against their own team. These practices (if they ever existed) are too obvious and can arouse mistrust and controversy.

On the other hand, deliberate defensive errors that lead to goals are less flagrant and more likely to be given the benefit of the doubt. These can be marking, offside or other types of positioning errors that may appear less suspicious because they occur more often in a match. So during an attacking move by the opposing team, a defender may openly move offside. These errors are sometimes viewed as “unforgivable” and may indicate match-fixing, but how can one prove that the fault is intentional? One footballer interviewed during this study admitted he knew when members of his team had decided not to give their all in a match simply by spotting these errors or blunders that, according to him, “*a professional player just does not make*”<sup>10</sup>.

Traditionally, corruption in football is manifested in the alteration of the final result of a game. However, new technologies inherent in the sports betting sector have helped to develop more subtle methods, particularly what is known as “spot fixing”. Some sports betting operators accept bets, for example, on the number of yellow (or red) cards, the first or last player to receive a yellow (or red) card, the first throw-in, the last offence, the number of minutes of additional time, the player taking a certain corner, the name of the first substitute to come onto the pitch etc. Understandably, these types of bet multiply the risk of corruption because it is very easy to tamper with individual aspects of a game without however influencing its course in any other way. For example, a former Premier League player, Matt Le Tissier, recounts in his autobiography how players could manipulate the beginning of a match by determining in advance which team would take the first throw-in. During a Southampton-Wimbledon match in April 1995, Le Tissier was supposed to kick the ball out of play at the beginning, so that the opposing team would receive the first throw-in. But a player who was unaware of the plan prevented the ball from going out, thus inadvertently foiling the attempt<sup>11</sup>. This type of fraud is extremely difficult to prove. Furthermore, as it has no effect on the final score, it can be easier to get the players themselves to agree to this type of manipulation.

Corrupting the officials is not the surest way of rigging a match. Nevertheless, a number of factors do mean that the referee has an important role. On the one hand, he and he alone makes the decisions, because video refereeing does not exist in modern football and collegial decisions with linesmen are certainly possible at the request of the referee, but not mandatory. On the other hand, physical contacts are numerous and often their irregularity is not objectively definable, which confers genuine authority

---

<sup>9</sup> The floodlight scandal : [http://news.bbc.co.uk/2/hi/uk\\_news/426189.stm](http://news.bbc.co.uk/2/hi/uk_news/426189.stm)  
These examples will be treated in more detail below.

<sup>10</sup> Albanian footballer interviewed on 29 June 2011 in Tirana.

<sup>11</sup> Matthew Le Tissier, *Taking le Tiss: My Autobiography*, HarperSport, 2009

on the referee, who bases his decisions on his own opinion. Lastly, penalties and/or sending off are potential consequences of these decisions that can dramatically change the course of a game.

The following examples illustrate the behaviour of corrupt referees. The first of these arose in a friendly match between Nigeria and Argentina on 1 June 2011, during which the referee awarded two “imaginary” penalties, one after eight minutes of extra time (an irrational volume of bets had been recorded in favour of a number of goals above four; an inquiry is currently under way)<sup>12</sup>. The second example concerns Bosnian referee Novo Panic, who awarded an equally controversial penalty on 9 September 2009 in the Liechtenstein-Finland 2010 World Cup qualifier. This game was one of the rigged games analysed in connection with the Bochum trial (see insert)<sup>13</sup>.

In addition to players and referees, members of the sports staff can also be involved in corruption. The coach is in a decisive position because he can alter the composition of the team, in other words, put players in unaccustomed positions and make detrimental changes. The medical staff also have access to the players and can - for example - drug them so that they are not at peak physical fitness<sup>14</sup>. Lastly, and most unexpectedly, games can be fixed by secondary (e.g. maintenance) staff. This was the case in 1997 when several championship matches in the English Premier League were interrupted by electricity cuts. The stadium technicians had switched off the lights in order to freeze the score of the match (on Asian betting sites, if the match is interrupted for technical reasons, the score at the moment of the interruption is considered to be the final score.)

There is therefore a significant number of routes whereby corruption can infiltrate football (referee, management, players, medical staff, external technicians etc.) and the many instances quoted above are an excellent illustration of this. But these practices are not specific to football alone, and all sporting disciplines are now affected by such methods.

### **The adaptation of corruption in sport to different disciplines**

Tennis has a number of specific features that concentrate risks. As an individual sport, attempts at corruption may be judged to be easier. Effectively, defeat involves only one athlete, and not a team. Tennis players therefore have strong control over their game. To lose they only need to hit a few balls out, serve more softly or run slightly more slowly. Over the past 10 years, numerous rumours and recognised cases of corruption have peppered the life of the professional circuit. The first instance of corruption to receive wide media coverage was back in October 2003, during the Lyon tournament. Betting company *Betfair* had recorded bets of €130,000 on the victory of Fernando Vicente, who was quoted at 5-to-1 against Evgeni Kafelnikov, one of the best players in the world. Vicente’s victory (6-3 6-2) triggered an inquiry. But it failed due to lack of evidence. Suspicions were also aroused by the withdrawal of Russian Nikolai Davydenko (World No 4 at the time) from his match against Argentinian outsider Martin Vassallo-Arguello in August 2007 at a tournament in Sopot (Poland), for which *Betfair* had once again recorded particularly irrational betting: bets of €7 million were in fact placed on the Argentinian to win, which was six times more than normal for a match of this type. Although nothing came of the Davydenko affair, many tennis players then admitted having been contacted by corruptors, thereby revealing the vulnerability of tennis to the risk of corruption<sup>15</sup>. In

---

<sup>12</sup> The match in pictures: <http://www.youtube.com/watch?v=walsILYITQ>

<sup>13</sup> Pictures of the contentious penalty <http://www.youtube.com/watch?v=SGAHZM7GAmo>

<sup>14</sup> A doctor can “freeze” them, for example, with an incorrect dose of corticoids.

<sup>15</sup> <http://orbi.ulg.ac.be/bitstream/2268/35132/1/Paris%20Sportifs%20RDPC%20BFincoeur.pdf>

2011 two players were given life suspensions by the International Tennis Federation for having attempted to rig match results: the Serb David Savic and Austrian Daniel Kollerer<sup>16</sup>, who has appealed against this decision to the Court of Arbitration for Sport, which is expected to deliver its verdict early in 2012. Lastly, tennis is also open to the rigging of specific aspects of matches, because players can choose to lose a specific set, game or point without relinquishing their chance of winning the match.

In rugby, the possibilities for match-fixing are considered to be less. Rugby is a sport where the collective dimension is even more meaningful than in football. To ensure the successful rigging of a match, it would be necessary to corrupt the goal-kicker and possibly one or two other key players in the team<sup>17</sup>. As for the referee, while he can influence a match on certain occasions, particularly by awarding a penalty in front of the goal posts, or in his management of certain phases of the game (line-out, scrum, play on the ground), it is nevertheless very difficult to guarantee a score through bribery alone. Up to now, none of the media has ever speculated about a deliberate defeat in rugby union, but in August 2010, a case relating to a match detail shook the world of 13-a-side rugby in Australia. Shortly before a game between the *North Queensland Cowboys* and the *Canterbury Bulldogs*, an irrational number of bets was placed on the Cowboys to score a penalty early in the match. A few minutes after kick-off, player Ryan Tandy (*Bulldogs*) committed a foul just in front of the goalposts<sup>18</sup>, leaving the field free for the Cowboys to score an easy penalty. But the *Cowboys* preferred to run the ball and scored a try<sup>19</sup>, thereby defeating the match-rigging attempt. Despite this failure, the player in question, along with several accomplices, was brought to justice and found guilty<sup>20</sup>. Rugby is therefore not totally exempt from rogue behaviour.

Disciplines with fewer players, such as basketball and handball, are also potential targets for match-rigging attempts. In basketball, corrupting a team leader and one center can be sufficient to ensure the desired score. Referees and umpires can also play a decisive role due to the numerous - and often controversial - instances of physical contact. At Euro Basket 2011, a Greek manager was excluded from the tournament for having attempted to bribe several referees<sup>21</sup>. Many cases of match-rigging have also been identified in the American University Championships. Recently, several French basketball players have admitted being approached<sup>22</sup>. In handball, two people are central: the goal keeper and the referee. In 2009, the European Handball Association declared that there were grave suspicions about the integrity of several European Cup matches and that referees were being regularly targeted by corruptors<sup>23</sup>.

Other instances in other disciplines testify to the extent of the risk of corruption. In snooker, a discipline where shots are calculated in minute detail, players are able to play an active role in match-rigging. In May 2010, the then-quadruple World Snooker Champion, John Higgins, was the victim of a bogus match-fixing proposal. Journalists passing themselves off as members of a Mafia organisation

---

<sup>16</sup> <http://www.rai-see.org/news/south-eastern-europe/1756-serbian-tennis-player-david-savic-banned-for-life-after-corruption-probe.html>

<sup>17</sup> <http://www.rugby.com.au/LinkClick.aspx?fileticket=h1YSPvLbRH4%3D&tabid=1800>

<sup>18</sup> <http://www.dailytelegraph.com.au/sport/nrl/new-twist-in-ryan-tandy-bet-scandal/story-e6frefxnr-1225912091032>

<sup>19</sup> The contentious action in pictures: <http://video.au.msn.com/watch/video/wwosraw-tandy-involved-in-alleged-match-fix/x4rzv39?cpkey=2a09c551-15bc-4dfb-915c-1b722ceda814|||>

<sup>20</sup> <http://www.sportsnewsfirst.com.au/articles/2011/10/06/tandy-guilty-after-match-fixing-trial/>

<sup>21</sup> <http://www.sport.fr/basket/championnat-d-europe-de-basket-ball-2011-corruption-un-grec-exclu-de-l-eu-232357.shtm>

<sup>22</sup> <http://www.lefigaro.fr/autres-sports/2010/12/01/02021-20101201ARTSPO00365-tentative-de-corruption-en-pro-a.php>

<sup>23</sup> [http://www.sports.fr/cmc/omnisports/200914/le-handball-en-eaux-troubles\\_221204.html](http://www.sports.fr/cmc/omnisports/200914/le-handball-en-eaux-troubles_221204.html)

managed to obtain his agreement to take part in a corruption operation. Higgins agreed to lose four rounds in four different tournaments in exchange for a total of €300,000<sup>24</sup>. In the recording (the scene was filmed), the player claimed that it was not difficult to lose deliberately, that he only needed to miss certain shots ...<sup>25</sup>. Cricket is another sport whose image has already been tarnished by several major scandals (see for example the Hansie Cronje affair related above). In November 2011, a number of players in the Pakistani national team were found guilty of having rigged different phases of a match against England during the summer of 2010<sup>26</sup>. Once again, it was journalists disguised as corruptors who trapped the Pakistani players. These examples of investigative journalism prove that even top competitions can be rigged.

As we have seen, the methods used to attack the integrity of sport are many and varied. No sports discipline is safe from manipulation. Every person involved is a potential “way in” for corruption. The influence of a trainer respected by their team, a medical advisor, the important role played by a referee - all provide possibilities when a person wants to influence the course or outcome of a match. But the major target of this system is, and remains, sport itself. It is therefore worth taking a short look at the profile of a typical sports person and studying the weaknesses that can make them vulnerable to this type of criminal enterprise (or not, as the case may be).

### **Sportspeople and corruption**

It is important to understand the characteristics specific to sportspeople that help to explain a certain vulnerability to corruption.

One distinguishing element relates to their education and environment. A large number of athletes are trained and live in a closed circle within which their behaviour is predefined and calculated, and where there is significant pressure from sports management, family, medical advisors and even journalists. A lack of perspective outside this closed environment can tend to inhibit an athlete’s ethical judgments. How will a high-level athlete react to a request from a person (or group of people) who for years has devoted their time (and money) to training, coaching, and supporting them in their sporting and personal life and problems?

In some societies, individuals relate differently to illegality, and corruption in sport is more widespread than it is elsewhere. It is a fact that in globalised disciplines like football and tennis, particular attention must for example be paid by the sports authorities to players from Eastern Europe and the Balkan States.

A second key to understanding lies in the relationship between money and sport. Athletes are in essence individuals who are extremely familiar with the concept of “risk” (risk of losing a match or competition, risk of injury etc.). The excitement, the adrenalin rush from playing sport and competing can sometimes extend into gambling, and particularly sports betting<sup>27</sup>. In January 2011 a German

---

<sup>24</sup> <http://www.telegraph.co.uk/sport/othersports/snooker/7989823/John-Higgins-affair-how-the-events-unfolded-in-ex-world-champions-fight-to-clear-name.html>

<sup>25</sup> The scene in pictures: <http://www.youtube.com/watch?v=CNIZOeyfWtI>

<sup>26</sup> <http://www.liberation.fr/depeches/01012368996-deux-joueurs-pakistanais-de-cricket-reconnus-coupables-de-corruption>

<sup>27</sup> Interview with the *syndicat des joueurs de handball français* (French handball players’ association), Paris, 30 September 2011

footballer, Rene Schnitzler, who had come up through the German Second Division in the St Pauli team, admitted having accepted bribes to pay off very substantial gambling debts<sup>28</sup>.

Lastly, the lack of financial security among sportspeople should not be ignored. Despite the images portrayed by the press of leading sportspeople with extravagant salaries, the majority of sportspeople do not receive as much money as popular belief would seem to indicate. The average net salary of athletes in disciplines such as handball or volleyball can be derisory. Even in football, the lower leagues are not particularly rich: the minimum salary of a player in France's National League during the 2010-2011 season was estimated at €1,700 gross per month<sup>29</sup>. Outside Western Europe, sportspeople in Central or Eastern Europe or the Balkan States receive salaries that do not allow them to have even a decent lifestyle, let alone an extravagant one. Furthermore - and this also involves championships in Western Europe - sports club economics are extremely uncertain because they depend on sponsors, ticket sales, television rights, and therefore the results of the club. As a result, many football clubs regularly find themselves in difficulty and it can happen that players are not paid, as was highlighted by the Spanish footballers' strike in August 2011<sup>30</sup>. But this is common in Southern and Eastern European countries. In Albania, while the monthly salary of a national star player is close to €6,000 per month, young players earn about €500 per month, i.e. the equivalent of the basic salary of a civil servant in that country. The lack of financial security is such that contracts are fixed term (one year) and each year, there are many players who do not receive their salary for one or more months<sup>31</sup>.

The economics of professional tennis are no less uncertain. Tennis players do not receive a fixed salary. For the great majority of them, the only source of income is their winnings from competitions. There is therefore a significant difference between the income of top-ranking players (who also benefit from sponsorship and advertising contracts, which supplement their wins on the circuit) and those of other players who are obliged to play the secondary circuit, particularly the challengers. The professional and financial situation of this second group is therefore particularly precarious. The slightest dip in performance or physical injury can compromise their financial balance. This fragility can constitute a weakness from which some corruptors are able to profit.

As explained in a report published in February 2008 (op. cit.) by David Forrest and Ian McHale, a sportsperson weighs up the costs and benefits of an opportunity to rig a match in the form of a mathematical calculation that can be summarised as follows: The usefulness of rigging a match derives from the weighting between the expected gains and the risk of incurring losses (financial, moral, legal and sports-related), depending on the probability of success of the match-rigging and the risk of being detected. A number of criteria are taken into account: the probability of detection, wealth of the sportsperson, financial gain expected, financial penalty in the event of detection, loss of sporting success when underperforming, a taste for transgression or conversely an inclination to feel guilt.

---

<sup>28</sup> [http://www.bookmakersreview.com/Ratings\\_History/Sapinas\\_match\\_fixing\\_ring\\_recruited\\_players\\_with\\_gambling\\_problems/10719/](http://www.bookmakersreview.com/Ratings_History/Sapinas_match_fixing_ring_recruited_players_with_gambling_problems/10719/)

<sup>29</sup> [http://www.unfp.org/fileadmin/user\\_upload/Lettre%20UNFP/statut-joueur-federal.pdf](http://www.unfp.org/fileadmin/user_upload/Lettre%20UNFP/statut-joueur-federal.pdf)

<sup>30</sup> <http://www.lefigaro.fr/football-clubs-etrangers/2011/08/11/02017-20110811ARTSPO00357-le-foot-espagnol-en-greve.php>

<sup>31</sup> Interview with the trainer of an Albanian club, 30 June 2011.

## **2. The role of the club and the federation: “institutional” fraud in sport**

Corruption at grassroots level is the concrete manifestation of corruption in sport. Its rules are easy enough to understand: to rig a match, one needs to corrupt players, because it is they who win or lose on the field. But it would be unwise to restrict oneself to approaching individual players only. The process of corruption can also involve other people who are physically more remote from the pitch, but who are broadly able to orchestrate corruption in sport.

Corruption can in fact be decided upon and organised at sports administration level, i.e. a club or federation. In football for example, the most frequent cases of match-fixing involve the clubs themselves. The scandals that shook the Turkish and Greek Football Championships in 2011 raised questions about the clubs themselves. During the European Basketball Championship in Lithuania in 2011, it was a member of the Greek delegation who contacted the referees of two matches to try and bribe them.

### **The classic model: rigging a match so that one’s team wins, “Buying a match”**

This is the “traditional” type of match-fixing; it does not focus primarily on sports betting but rather on the issue of a predetermined victory. The methods used to rig matches in these situations are the same as those directly concerning sporting bets. Hence the interest of spending some time on them.

In some cases, victory is more important for a club or athlete than for their opponent. Consequently, the latter may be offered financial compensation in exchange for their defeat. This may be the case for example when a stronger team meets a supposedly weaker team. Even by losing, the weaker team can earn money! This was the reasoning that enabled Olympique de Marseille to corrupt some Valenciennes players in 1993. At the time, Marseille was fighting for the title and was due to play in the European Cup Final several days later. The Marseilles management wanted to “guarantee a win” so that their players could prepare mentally for the final against AC Milan. Jean-Pierre Bernes, the Chairman of OM, aptly summed up the situation with the following words to a Valenciennes player: *“You’re going to lose anyway. So why not do it with 30,000 francs in your pocket?”* The risk of matches being rigged in this way increases as the end of the season approaches, if a team is still in contention for promotion or victory in a championship, or is trying to avoid relegation, and the match has no real significance for the opponent. In this case, sports betting is not the primary reason for corruption, but this in no way prevents various people from taking advantage of the predetermination of the result to amass gains on the betting market.

In practice, the corruption of an opponent can be effected in a number of ways. One method is to contact the players directly, as was done by OM in 1993. Initial contact was made by a Marseille player, Jean-Jacques Eydelie, who telephoned three strategic players in the Valenciennes team: central defender Jacques Glassman (the man who revealed the affair), the team captain Jorge Burruchaga and forward Christophe Robert. J-J Eydelie knew these three players, who had been his teammates earlier in his career, at Nantes or Tours. Targeted players are approached first by a sportsperson or agent, someone they know, then put in touch with a club manager or chairman, who will put the deal to them.

A second method, specifically related by Aleksei Matveev (2009, op. cit.), is for the chairman of one club to contact the chairman of the opposing club. Club chairmen in the same championship not only often know each other personally, but above all, understand each other because they all have the same aims and constraints (obligation to achieve results, income etc.). Club chairmen have a doubly strategic position in respect of their players. Firstly, they know each other. They know who is less scrupulous and will not expose corruption. It is through these players that a match can be fixed. Also, the chairman is the person who is responsible for paying the players and for the conditions under which they exercise their profession. He therefore has particular authority over them and players are less tempted to expose the criminal behaviour of their own chairman. Our study has shown us that this chairman-to-chairman method of contact is very frequent in Albania and Russia for example, where the chairmen have stronger authority over the players and corruption can even assume systemic proportions. In fact, in Eastern Europe and the Balkan States, clubs have been known to “do each other favours” from year to year. A club facing potential relegation may ask for advantageous scores when it plays “friendly” clubs. The club thereby contracts a sort of “debt of corruption” that it has to repay in future years by rigging other matches or transferring players. In Albania, this technique of exchanging favours can even take on a political aspect, when the club of a municipality with certain political leanings allows a club to win that is affiliated with a “friendly” political leader who is fighting an election<sup>32</sup>.

A club or federation can also corrupt a match through the referee. As we have already seen, fixing a match through a referee is less certain than bribing players. It is also often more obvious. The study of corruption in sport in Russia and Albania has revealed that the referee option is most often chosen after failure to negotiate with players. Numerous testimonies by former referees speak of the standard practice of clubs giving gifts before European Cup matches, a practice that was very widespread in the 1980s and 1990s. These gifts did not systematically represent a proposal to rig a match, and the boundary between hospitality and corruption was not always very clear. Using the services of prostitutes to cajole referees into fixing a match was also often used. The so-called “golden whistle” scandal in Portugal is an illustration of this practice. This affair goes back to 2004, and involves influence peddling on the part of the Chairman of FC Porto, Jorge Pinto da Costa. He was suspended for two years for having “bought” referees. Two cases of attempted corruption were heard by the Disciplinary Commission of the Portuguese National League. In the first case, referee Jacinto Paixao and his assistants were offered the services of prostitutes by the club after a match against Estrela da Amadora on 24 January 2004, which Porto won 2-0. In the other case, referee Augusto Duarte visited Pinto da Costa who gave him an envelope containing €2,500, two days before a championship game with Beira-Mar which ended in a draw on 18 April 2004<sup>33</sup>.

Unlike sports staff, who focus on improving the sporting performance of a team, club chairmen have wider obligations, particularly in terms of financial profitability. It is on their desks that economic, legal and political aspects converge, because it is their duty to defend the interests of their club. Some who are unscrupulous can therefore be tempted to cross the line in attempting to achieve goals they have been set. By virtue of their relationships, some may try to obtain support within national or international sports bodies, so that they can, for example, find referees over whom they can exercise influence. This was the case with the so-called “Calciopoli” scandal involving Luciano Moggi,

---

<sup>32</sup> Interview with the trainer of an Albanian club, Tirana, 30 June 2011

<sup>33</sup> <http://www.cahiersdufootball.net/article.php?id=4159>

General Manager of Juventus of Turin between 1994 and 2006, and recently banned for life from all activities relating to football by the Italian Federation. The scandal broke in Spring 2006 following publication in the Italian press of recordings of telephone conversations between Moggi and Pierluigi Pairetto, a former referee accused by the Italian Federation and UEFA of selecting referees for some matches held between 1999 and 2004. These recordings revealed exchanges of favours between Moggi - who for his part provided gifts (such as luxury cars) - and Pairetto, who appointed referees who were supposedly “favourably-inclined” towards Juventus. The recordings showed that Pairetto was also in contact with Massimo Moratti (Chairman of Inter Milan from 1995 to 2004, then from 2006 to 2010), Adriano Galliani (Chairman of AC Milan from 2004 to 2006), Massimo Cellino (Chairman of Cagliari since 1992) and Giacinto Facchetti (Chairman of Inter Milan from 2004 to 2006). The following is an extract of a conversation in 2005<sup>34</sup> between Giacinto Facchetti and Paolo Bergamo, another former selector of Italian Championship referees, before a match between Inter Milan and Sampdoria of Genoa. The match, refereed by Paolo Bertini, was won by Inter Milan 3-2, although they were 0-2 down at one point.

**Facchetti:** *“Hello Paolo? It’s Facchetti.”*

**Bergamo:** *“Hello Giacinto.”*

**Facchetti:** *“I’m on my way to the stadium and I’ve told my people to be tactful with Bertini, to be receptive. I said it to the players, with Mancini and the others.”*

**Bergamo:** *“It’ll be a good match, you’ll see.”*

**Facchetti:** *“Great.”*

**Bergamo:** *“Is he [Editor’s note: referee Bertini] predisposed towards a good match?”*

**Facchetti:** *“Yes, yes, very good.”*

**Bergamo:** *“You’ll see, it’s a match we’ll win together.”*

**Facchetti:** *“I just wanted to tell you that I’ve done it.”* [Editor’s note: reference to a conversation with his players telling them to respect the referee]

**Bergamo:** *“Things will go all right, you’ll see, and besides, the team is beginning to have confidence in itself, and getting a result boosts morale.”*

Another more recent example: on 25 September 2011, the Chairman of the Romanian Soccer Referees’ Association, Vasile Avram, was arrested by the police after having received €19,000 from a businessman, the sponsor of First Division *FCM Targu Mures*, in exchange for appointing so-called “favourable” referees<sup>35</sup>. His predecessor, Gheorges Constantin, had also been arrested on charges of corruption in 2009.

**A new type of match-fixing arising directly from sports betting:  
“Selling a match”, or “Who loses, wins”**

With the advent of sports betting, clubs have developed a new method of corruption. It focuses primarily on winning money on the betting markets but this time it is a case of getting one’s own team

---

<sup>34</sup> <http://www.france24.com/fr/20100413-calciopoli-rattrape-autres-equipes-italie-serie-a-corruption-matches-truques>

<sup>35</sup> [http://www.romaniantimes.at/news/Sports/2011-09-26/17145/Chief\\_of\\_referees\\_arrested\\_for\\_fixing\\_matches](http://www.romaniantimes.at/news/Sports/2011-09-26/17145/Chief_of_referees_arrested_for_fixing_matches)

to lose - which is easier than convincing another team to lose - and betting large sums of money on one's own defeat.

This method is sometimes used by clubs that are in financial difficulty and/or have to contest competitions or matches with very little sporting significance. A typical example is the case of Macedonian club *FK Pobeda*, whose eight-year exclusion from all European competition (decided in 2009 by UEFA) was confirmed in April 2010 by the Court of Arbitration for Sport, for betting-related corruption on the occasion of the first preliminary round of the 2004-2005 Champions League<sup>36</sup>. In the opening leg, the Macedonians had lost 3-1 at home to Armenian club *FC Pyunik*. The sums placed on the Asian betting markets for this match were 10 times greater than usual and the vast majority were in favour of the Armenian club, which was not however the favourite to win.

The club had been experiencing a number of financial difficulties and some players had not been paid for several months. The former trainer had left the club having received only half his salary. The match-rigging had been decided on and organised by the Chairman, Mr Zabrcanec, who asked the players to lose the first leg match. At half time in the second leg match, when *Pobeda* was leading 1-0, he asked his players to allow *Pyunik FC* to equalise, which they did.

Fraud is more difficult to detect in a case where a club chairman decides on the defeat of his own team, because the match-rigging negotiations are internal to the club. This type of decision does involve a large number of participants though, and the risk of leaks to the media or authorities is not insignificant. But the risks are more limited than in a case where the corruption process involves elements outside the club (as in the OM/VA affair, for example). Also, there are some factors in this type of situation that are favourable to secrecy and make it possible to tie up a corruption pact. This type of arrangement can also help to guarantee payment of the team's salaries for a number of months. Everyone is therefore directly and personally concerned.

By agreeing to lose deliberately, club players and management are able to bet on their own defeat and add significant value. A defeat is even more profitable if the players agree to lose with a substantial margin, because bets on greatly differing scores (e.g. 4-0 or 5-1) are highly lucrative. This scenario can be illustrated by the match between Belarusian club *Cnepr Mogilev* and Albanian club *Laci*, in the first preliminary round of the Europa League in July 2010. The first leg in Albania ended in a draw, making the odds for the return match rather high, because it was more difficult to predict the result. *Laci* lost the second leg in Belarus 7-1, with a large number of goals being tainted by flagrant irregularities<sup>37</sup>.

As far as enrichment on the betting market is concerned, club chairmen can place bets themselves, ask their players to bet individually, and more particularly sell information to criminal organisations. In the case of *Pobeda*, the chairman received €300,000 for selling information on the second-leg defeat to criminal elements outside the club. The decision to throw a match can also be taken jointly between a club chairman and a criminal organisation, possibly one with whom the chairman already has links.

If, on the other hand, *Pobeda* had gone through to the second preliminary qualifying round for the Champions League, it might have earned only €30,000, given that the club was not certain of being in

---

<sup>36</sup> <http://www.tas-cas.org/d2wfiles/document/4129/5048/0/AWARD20192020Pobeda20INTERNET.pdf>

<sup>37</sup> Pictures of the match: [http://www.youtube.com/watch?v=n-0Ov2Y9A\\_M](http://www.youtube.com/watch?v=n-0Ov2Y9A_M)

a position to qualify. In fact, there was only a very slim chance of its being able to win all three preliminary rounds, particularly because in the second and third rounds, it would have had to play against major European clubs. So why not abandon the competition at the outset and take advantage of these hundreds of thousands of euro that would put the club in a solid financial position for a large part of the season? All the more so as in some Eastern European countries, the preliminary rounds of European cups offer better odds than national matches, which are considered by betting operators to be too corrupt<sup>38</sup>. Rigging European matches also nets much more for those involved.

Two factors favour this type of behaviour on the part of some clubs: on the one hand the particularly difficult financial situation in some sporting environments, on the other, the organisational system of clubs.

The precarious nature of European football can assume a number of forms. Firstly, in the continent's most prestigious leagues, such as in Spain or Italy, the richest clubs can get into a spiral of debt that can progressively weaken their position. In order to attract the best players, these clubs offer very high salaries and thus help to bid up transfer amounts, sometimes spending more than they have. Some clubs can then find themselves unable to pay their players, as was the case in Spain in 2011. The excessive indebtedness of clubs is a primary reason for their financial fragility, as highlighted by sports economist Bastien Drut<sup>39</sup>. The Chairman of UEFA, Michel Platini, stressed this risk recently when referring to repeated scandals relating to arranged matches and strikes in Spain and Italy: "*If players are not paid, there is a major risk of their being influenced by 'arrangers'*"<sup>40</sup>.

But the most precarious financial situations are to be found primarily in the lower leagues of the leading championships, as well as those of Eastern Europe and the Balkan States.

Aleksei Matveev, a Russian sports journalist since 1980, has written a book entitled "*Fix: How they buy and sell matches in Russian football*" (EKSMO, 2009) in which he explains that 80% of Russia's professional clubs are in deficit, therefore obliging the management to resort to tricks to try to fill the coffers. The situation is similar in Albania, where many clubs are unable to pay their players' salaries. Chairmen are also suffering from a lack of sponsors and spectators / viewers, a situation that can be explained by the game's total loss of credibility due to widespread corruption. Albanian clubs are part-owned by municipalities, which invest very little in infrastructure and clubs. Thus, *Dinamo Tirana*, which is one of the country's most successful clubs and was National Champion in 2010, had a catastrophic season in 2010-2011, with numerous salaries unpaid. As the chairman could no longer afford to cover the club's costs, he could have asked his players to pay themselves by rigging matches<sup>41</sup>. At the end of the season the chairman left the club, leaving it without management. The club no longer owns its own training pitch, which it is obliged to rent. Its headquarters is neglected and the club's youth trainer has had to build up a team for the championship. The example of *Dinamo Tirana* is fairly representative of the precarious nature of the organisational system of some European football clubs.

---

<sup>38</sup> Interview with an employee of an Albanian betting operator, Tirana, 27 June 2011

<sup>39</sup> Bastien Drut, *Economie du Football Professionnel*, Collection Reperes, Editions la Decouvertes, April 2011, pages 100 et sec.

<sup>40</sup> The Guardian, 28 August 2011

<sup>41</sup> Interview with a retired Albanian footballer, Tirana, 27 June 2011.

The main clubs, and particularly those in Western Europe, are run by boards of directors and have finance, accounting, administrative, executive and sports departments. They undergo genuine audits and there is multilateral surveillance of the various activities of the club. But this type of governance is not typical of most football clubs, which are often run unilaterally by a single chairman. The players and sports staff are in charge of sports-related issues, and the chairman deals with the financial activities. For many clubs in Europe, the role of chairman is primarily that of a businessman seeking a return on his investment. There is a real danger when the club is in financial difficulties. The chairman, who - unlike the sports staff - has not necessarily spent his entire career in the world of sport, is potentially less inclined to respect the principle of sporting integrity, particularly when rigging a match helps to balance the accounts.

There is one factor that plays a decisive part in facilitating the rigging of both “bought” and “sold” matches: the opacity of the world of sport. The economics of a club are inevitably complex, depending as they do on a wide range of variables (incoming and outgoing alike): ticket sales, player transfers, salaries, travel, TV rights, sponsorship, bonuses, real estate (stadium, training pitches etc.), advertising etc. These multiple activities attract many people into the world of sport (players’ agents, staff, security, federation, supporter groups, investors and other sponsors etc.). The club environment is sometimes similar to a vast closed and opaque circle, which is all the more likely to reduce the probability of detecting instances of match-rigging and makes judicial enquiries particularly difficult<sup>42</sup>.

### **3. Exogenous sporting fraud: criminal gangs outside sport**

In some countries, the links between the worlds of sport and crime are many and ancient. These are countries in which the state regulations are more lax and/or organised crime has developed more easily, in many sectors including that of sport. The disciplines infiltrated vary from country to country, but criminal networks generally favour the most popular sports. This can also make it possible to carry out underground criminal activities back-to-back with a positive public image, that of a sport with millions of supporters. This is what is sometimes known as “image-laundering”, in other words a criminal enterprise may attempt to buy itself a certain form of moral authority by investing in a popular activity with an enthusiastic following.

In Europe, football has therefore sometimes attracted unscrupulous - even criminal - investors. As highlighted in a report by France’s Financial Action Task Force (GAFI) published in 2009<sup>43</sup>, football’s economic model can represent a windfall for criminal groups, particularly for money-laundering:

*“The professional football market has seen exceptional growth since the beginning of the 1990s due to increased television rights and sponsorship. In parallel, the labour market for professional players has become globalised. Transfers are effected throughout the world. The resulting flows of money across borders do not come under the control of national football bodies, and attempts to control such*

---

<sup>42</sup> Interview with the the *Cellule de Lutte Contre la Fraude dans le Monde du Football* (Unit against fraud in football), Brussels, 23 August 2011.

<sup>43</sup> FATF – GAFI Report, *Money Laundering Through the Football Sector*, July 2009.

*financial flows present numerous weaknesses which have been exploited by the underworld.”<sup>44</sup>*

The globalisation of the football market is concomitant with the diversification of activities of criminals who take advantage of their transnational connections to circumvent systems for detecting fraud and combating organised crime. Recent instances of corruption in Italy (2011) have also revealed the close links between Albanian and Italian crime. Cultural and historic links are strong between Albania and Italy, which are separated only by the Adriatic Sea (about 400,000 Albanians live in Italy). The Albanian and Italian Mafia cooperate seamlessly with one another<sup>45</sup>, and in the context of the Italian football scandal of 2011, it was established that the Italian Mafia were selling information about rigged matches to the Albanians, who were betting from Albania on online sports betting sites that were not authorised in Italy.

The investigation relating to the Bochum Trial<sup>46</sup> also revealed a powerful international criminal structure with ramifications in a large number of countries: Germany, Slovenia, Slovakia, Hungary, Turkey, Croatia, the Netherlands, United Kingdom, Belgium, Albania, Austria, Switzerland, Finland, Canada, Bosnia, Ukraine etc. The network brought together a number of Croatians based in Germany, who ordered match-rigging and tasked intermediaries with orchestrating frauds in over 10 countries. Bets were then laid by professional gamblers who also collected and redistributed the winnings.

#### **Money-laundering, a priority for large criminal organisations**

The first concern of a criminal organisation is the need to give apparent legality to their ill-gotten gains, otherwise they can only use them in very limited circumstances. They therefore need to launder these considerable amounts of money in order to enjoy them freely. According to the IMF, the total sum of money from criminal activities that is laundered each year amounts to between 2% and 5% of the world's GDP.

The sums deriving from criminal activities are open to debate. Some even estimate them to be as high as 8% of global trade where drugs are concerned (\$500 billion, according to the UN).

In 2008, the Italian authorities seized goods worth about €4 billion belonging to the four main Mafia families operating in the country (*Camorra, Cosa Nostra, 'Ndrangheta, Sacra Corona Unita*): 60% of the seizures involved real estate and 21% personal property (cars, boats etc.), while the balance consisted mainly of 887 companies and businesses, which demonstrates the Mafia's substantial penetration of lawful spheres<sup>47</sup>.

The “2009 balance sheet” of Italy's four Mafia families is eloquent, and these figures only include their activities and earnings in Italy as identified by the law. After investment, money-laundering is the Mafia's second largest item of expenditure. Their net profit would therefore be above €78 billion per year, i.e. €6.5 billion per month ...<sup>48</sup> These figures must be seen in perspective because it is technically

---

<sup>44</sup> <http://www.fatf-gafi.org/dataoecd/7/41/43216572.pdf>

<sup>45</sup> Jean-Francois Gayraud, *Le Monde des Mafias, Geopolitique du Crime Organise*, Odile Jacob, 2005.

<sup>46</sup> Cf. insert

<sup>47</sup> Italy's Minister of the Interior, Official Report dated 22 December 2008

<sup>48</sup> 12<sup>th</sup> SOS Impresa report on Mafia crime and activities, available online: [http://www.sosimpresa.it/8\\_\\_rapporto-2009.html](http://www.sosimpresa.it/8__rapporto-2009.html)

impossible to discover the full reality of the economic activities of this type of organisation; analysis always helps to establish an order of magnitude however.

Criminal organisations therefore have a strategic need to launder their money and, as explained by the FATF report on money-laundering in the world of sport (2009, op. cit.), football is a sector that is favourable to the Mafia's financial activities. What forms do these Mafia investments take in the world of football?

### **“The wolf in sheep's clothing”, or criminals taking control of clubs**

In December 2010, the leak of American diplomatic documents by *Wikileaks* revealed a report by the US Embassy in Sofia (Bulgaria) entitled “Bulgarian soccer receives a red card for corruption”<sup>49</sup>. The report reveals that:

*“Bulgarian soccer clubs are widely believed to be directly or indirectly controlled by organized crime figures who use their teams as a way to legitimize themselves, launder money, and make a fast buck. [...] Today, nearly all of the teams are owned or have been connected to organized crime figures [...] allegations of illegal gambling, match fixing, money laundering, and tax evasion plague the league.”*

There is a historic example that helps to give a clear understanding of the Mafia's interest in controlling clubs. This is the case of Arkan, an eminent member of the Milosevic regime in former Yugoslavia, who used the club *Obilic FK* to spearhead his criminal activities, which were as many as they were varied<sup>50</sup>. At the end of the 1980s, Arkan was the leader of a group of hooligans connected with the *Red Star Belgrade* club: he subsequently transformed this ultra-violent group into a paramilitary militia, which committed serious acts of violence during the Yugoslavian wars<sup>51</sup>. The “Arkan Tigers” militia was dissolved in April 1996 following the Dayton agreements. Two months later, Arkan bought *FK Obilic*, which he transformed into a top-ranking club, even winning the Yugoslavian championship in 1998. US journalist Franklin Foer<sup>52</sup> relates the various techniques used by the club chairman to win victories: corruption, threats etc. Supporter groups were composed of former members of the militia, who had no qualms about pointing their guns at opposing players and making personal threats (sometimes in the form of chants). Arkan regularly paid personal visits to opposing teams in their changing rooms at half time, to order them to allow *Obilic* to win. One player told how he had been taken away and locked up while his team was playing *Obilic* ... so it is not all that surprising that in the space of one season, *Obilic FK* became Champion of Yugoslavia! Owning the club enabled Arkan to launder a large amount of capital via ticket sales, sponsorship, player transfers and sports betting. International matches also enabled him to organise illegal traffic (arms, narcotics), sporting delegations only very rarely being searched by Customs. Even though he had to transfer ownership of the club to his wife in 1998 because UEFA was threatening to exclude the club from European competitions, Arkan took advantage of football to extend his popularity whilst continuing to promote and grow his illegal activities.

---

<sup>49</sup> The cable and references in full: [http://www.novinite.com/view\\_news.php?id=123740](http://www.novinite.com/view_news.php?id=123740)

<sup>50</sup> <http://observer.guardian.co.uk/osm/story/0,,1123137,00.html>

<sup>51</sup> Christopher Stewart, *Hunting the Tiger: the Fast Life and Violent Death of the Balkans' Most Dangerous Man*, Thomas Dunne Books, 336p, January 2008.

<sup>52</sup> Franklin Foer, *How Football Explains the World : an Unlikely Theory of Globalization*, Harper Collins, 2004

Another example that perfectly illustrates the benefits of acquiring a club is that of Chinese businessman Zheyun Ye, who took possession of a Finnish, then a Belgian, club in 2004-2005, with the aim of organising rigged matches and enriching himself on the sports betting market. First, he bought Finnish club *AC Allianssi*, where he placed two of his close henchmen (Thierry Pister and Olivier Suray). A number of Belgian players were also transferred to the club and took part in a rigged match (0-8!) against Finnish club *FC Haka* in July 2005. The Finnish Federation and police very quickly opened an inquiry and fined the club €10,000 for not having played its best team. Zheyun Ye then returned to Belgium (where he had already tried to make contact with clubs) and became actively involved in two clubs in particular: *Lierse* and *La Louviere*. Whilst in Belgium he organised 10 rigged matches, including *Lierse-La Louviere* (7-0) in 2005, with the aim of enriching himself on the Asian betting market. But according to the Belgian Public Prosecutor's Office, *Lierse* and *La Louviere* were not the only clubs in which Zheyun Ye was active as far as betting was concerned. During the following season (2005-2006), an *FC Brussels* player accepted money to manipulate the result of the match on 20 September between his own club and *KAA Gent*. A player for *Saint-Trond* was persuaded - by a *La Louviere* official - to rig the *Saint-Trond - Louviere* match on 29 October 2005. During the same period, 13 other players were approached with promises of gifts of up to €100,000 if they would ease up on the pitch during certain matches. These players declined the offer. The authorities were alerted by the online betting site *Betfair*, which detected abnormally high betting on the *Saint-Trond - La Louviere* and *Cercle de Bruges - Saint-Trond* games. Legal proceedings were instituted and the trial in the magistrates' court (involving 31 people) has yet to take place, while an international warrant has been issued for the arrest of Zheyun Ye. Although Zheyun Ye was in fact arrested by the police, he was released several hours later due to a police-legal muddle. Since then, he has totally vanished from the scene<sup>53</sup>.

The ease with which this criminal entrepreneur could infiltrate Belgian football circles is a matter for concern, all the more so as his action was copied by another fraudulent investor several years later. Revealed during the investigation for the Bochum trial, an instance of corruption in the club *UR Namur* - at that time playing in Belgium's Second Division - reveals the fragility of the world of football in the face of Mafia intrigues.

The chairman of *UR Namur*, Jean-Claude Baudart, was seeking a rescuer/buyer for the club, which was in serious financial difficulty, but all his efforts failed. He then turned to a Croatian investor living in Germany, Marijo Cvrtak. On 22 January 2009, Chairman Baudart and Marijo Cvrtak concluded an agreement whereby the Croatian would pay €100,000 followed by two tranches of €50,000 over the space of four months. Cvrtak also agreed to take over the club's debts, amounting to €700,000, in exchange for a place on the Club Board, where he was introduced as the club's saviour. In order to give credibility to his arrival, Cvrtak invented a false Slovakian sports management company, *BTC Sport Management*. Now solidly established within the club's management, Cvrtak brought seven players into the club, whose salaries he lent and whom he knew to be corruptible. Two of these players went on to play a major part in rigging matches: Serb Nemanja Cvetkovic and Bosnian Dragan Bubic. The latter was hired to "buy" other teammates. In any event, his transfer did not really comply with the criteria for a sportsman because the club's medical team judged him to be 29 kilos too heavy to be competitive! Six players were eventually involved, their bonuses generally amounting to €2,000 for

---

<sup>53</sup> <http://sportmagazine.levif.be/sport/actualite/affaire-ye-le-principal-suspect-vivrait-sans-se-cacher/article-1194809714946.htm>

each rigged match. During this time, Cvrtak and his associates took full advantage of the match-rigging, pocketing €225,000 from the betting market. The Namur club has since been relegated to Division Three and Cvrtak was sentenced to five years in prison. His assets in a bank in Zagreb were frozen and the amount (€3,606,955<sup>54</sup>) testifies to the resources of today's transnational criminal organisations.

The two examples above perfectly illustrate the interest that criminal organisations may have in moving into the management of a sports club, and the ease with which they implement their strategy. In some countries with more powerful criminal networks than others, sporting circles are specifically targeted by the Mafia. Mafioso not only own clubs directly, but also have secret links with club chairmen and certain underworld circles. In Russia, for example, a critical financial situation forced some managers to accept what is known as “the roof”, in other words protection provided by a Mafia organisation in exchange for taxes and/or other services. In his book<sup>55</sup>, Aleksei Matveev explains that club chairmen help in covering up illegal traffic, for example, by allowing criminals to use the names of their clubs, which are not subject to the same surveillance by public authorities, particularly when teams are travelling abroad for European Cup matches. The clubs' accounts are then tainted with various obscure amounts from “Mafiosi supporters” who do not invest in football for love of the game.

An article in *Russki Reporter* (2008) corroborated this information on the links between football clubs and the Mafia, and give a number of examples of known links with the Mafia<sup>56</sup>. Moscow's regional anti-crime department (РУБОП) brought to light evidence of links between the success of the club *Saturn*, from the Moscow suburbs, and the “*vor v zakone*” godfather, Oleg Shishkanov. In 2001, Evgeni Giner took over as Chairman of CSKA Moscow. He also headed up Russia's Premier Football League in 2004 and 2006 and was involved in a number of scandals. The club *Spartak Moscow* also fell into the clutches of Mafia gangs, particularly the Alazan gang and one of its leaders, Ruslan Atlangueriyev, who used the club for his personal business. Larissa Netchaeva, who became CEO of *Spartak* and tried to stop these practices, was assassinated in 1997.

Small provincial clubs in Russia, even though they exist partly thanks to public funds, are also of interest to Mafia gangs. In 2001, the club *Fakel de Voronej* fell foul of the law. Substantial sums granted to the club by the State were received by people without any official links to the club, but who oddly enough accompanied it constantly on its travels. Even though the practices of the 1990s and early 2000s are less common nowadays, it is still difficult to get rid of them completely. In May 2008, Rustam Saimanov, who was then a Director of the club *Rubin de Kazan*, was jailed for his involvement in a series of murders in the mid-1990s. Osman Kadiev, Chairman of football club *Dinamo* (of Makhatchkala), is on the USA's wanted list (he is listed as the Russian Mafia's No 3 in the United States) and was involved in a rigged match in 2008 between the clubs *Terek* and *CSKA*. The match referee claimed to have been threatened at half-time in the changing rooms by three people, including Osman Kadiev<sup>57</sup>.

---

<sup>54</sup> <http://sportmagazine.levif.be/sport/actualite/l-ur-namur-et-les-matches-truques/article-1194965881109.htm>

<sup>55</sup> *Kak Pokupaiut i Prodaiut Matchi v Rossiiskom Futbole* (“Fix: How They Buy and Sell Matches in Russian Football”), Aleksei Matveev (2009)

<sup>56</sup> *Russkii Reporter*, No 70, 23 October 2008. Article available here (in Russian): [http://expert.ru/russian\\_reporter/2008/40/kriminal\\_v\\_futbole/](http://expert.ru/russian_reporter/2008/40/kriminal_v_futbole/)

<sup>57</sup> Matveev, *op cit*.

The Russian football championship is now one of the most corrupt in the world, to the extent that betting operators now refuse to accept bets on matches in the Russian Second Division, as well as a significant number in the Premier Division. Two Russian clubs are currently in the news in Western countries: the first is the club *Terek Grozny*, headed up by the President of the Republic of Chechnya, Ramzan Kadyrov. He wants to make Grozny an international shop window for his republic and has injected very substantial funds into developing the team and infrastructure. The human rights violations and other crimes of which Kadyrov is accused fuel rumours about his ability to rig matches. Club *Anzhi Makhachkala* also became famous in 2011 for recruiting footballer Samuel Eto'o for three years at an annual salary of €20 million. At the beginning of the year, the club was bought by millionaire Suleyman Kerimov, who has close links with Magomedislam Magomedov, President of the Republic of Dagestan, a neighbour of Chechnya. The enlistment of football clubs by political dignitaries of authoritarian regimes suspected of entertaining links with criminal organisations therefore represents an additional potential risk of corruption in sport.

### **Corruption in sport ex nihilo: How to rig a match from the outside**

Without developing institutional links with sporting structures, criminal organisations are able to bribe one or more athletes to alter the course of a match. They can thus take advantage of the vulnerabilities in the world of sport that we identified earlier, and in some cases, as we have also seen, can avail themselves of exceedingly extensive financial resources to achieve their ends. It should be noted that in the large majority of cases, match-rigging at the instigation of criminals outside sport has the aim of enrichment on the sports betting markets.

### **The direct approach: a knife to the throat or banknotes before the eyes**

To convince sportspeople to fix a match, some criminals may use a “classic” method: threats. This method involves using verbal methods to apply pressure, or blackmail or physical violence. In the scandal that shook Italian football in 2011, a goalkeeper who was approached to allow *Inter* to win 3-0 against *Lecce* received physical threats following the failure of the plan. As mentioned earlier, the countries in which Mafia practices are most common are more likely to see this type of physical and psychological pressure on players.

The other form of direct approach is that of “financial” corruption, i.e. offering a sum of money in exchange for a poor performance. At the last European Basketball Championship in Lithuania in September 2011, a member of the Greek delegation, Stavros Ellianidis, contacted three different referees by telephone to convince them to favour Greece in first round matches. Specifically, he contacted the German referee for the match against Montenegro, offering him €20,000 to favour Greece<sup>58</sup>.

These direct contacts are very seldom reported. For example in tennis, the media attention given to the Kafelnikov and Davydenko affairs encouraged some players to break their silence and admit having been approached in the past. In *Le Monde* on 31 October 2007, Moroccan tennis player Younes El Ayanaoui confided:

---

<sup>58</sup> <http://basket.blog.lemonde.fr/2011/09/09/un-officiel-grec-exclu-de-la-competition-pour-tentative-de-corrupcion/>

*“It was five or six months ago in Europe. My mobile rang. At the other end of the line was someone who said he was the Czech agent of the player I was meeting in the first round of the tournament I was playing in. And what did he ask me to do? To ‘go slow’, to let my opponent win, because apparently he was young and needed to win points to move up the ratings. I was flabbergasted. €25,000. In other words, the total budget for the tournament, and four or five times more than I would have won if I had won the tournament. I said no, but how could you not be tempted if you are short of money, which is often the case with players who are moving up through the secondary circuit?”*

In 2005, Belgian player Gilles Elseneer was approached to lose his first round match at Wimbledon against Potito Starace in exchange for the sum of €100,000. Another Belgian player, Dick Norman, also admitted having been asked twice to lose a match in exchange for a substantial sum of money:

*“It was during a Challenger tournament. I only remember it vaguely because it is quite a long time ago. Someone offered me something like 500,000 or 1 million old Belgian francs [about €12,000 / €25,000]. I didn’t do anything about it”<sup>59</sup>.*

French player Arnaud Clement was also the target of an attempt at corruption: *“Someone phoned me once four years ago in my hotel room to ask me if I wanted to go a bit easy the next day. At the time it wasn’t a common thing, so I thought someone was playing a trick on me. I said ‘no, no’ and hung up”<sup>60</sup>*. In March 2007, during the Indian Wells tournament in California, payer Dmitry Tursunov also received a phone call in his hotel room offering him money to lose a match<sup>61</sup>. Lastly, in 2007, Novak Djokovic revealed that he had been offered \$255,000 to lose a match in the first round of the St Petersburg tournament<sup>62</sup>.

Tennis is not the only discipline in which this type of thing happens. On 6 April 2005, Kenan Erol, a Turkish criminal, met with the goalkeeper of the *Akcaabat Sebatspor* football club. Erol had already settled the rigging of a match between his club and *Kayseri* with the other members of the team, and now just needed to convince the goalkeeper to allow the goals in. This is an extract from a transcription of the recording received by the Turkish police from the Chairman of *Sebatspor* who had learned of the corruption attempt and had placed a listening device on the phone of the goalkeeper, Hakan Olgun:

*Kenan Erol: I’ve spoken to all the other players about fixing the match. The others know about it.*

*Hakan Olgun: What? The whole team knows?*

*Kenan Erol: Don’t worry!*

*Hakan Olgun: I don’t understand. You just want me to leave my goal area and concede a goal?*

*Kenan Erol: At half time, you’ll lead 1-0. But Kayseri must win the match. You will have to let in two or three goals in the second half.*

*Hakan Olgun: Can I trust you?*

---

<sup>59</sup> *La Dernière Heure*, 27 September 2007.

<sup>60</sup> <http://orbi.ulg.ac.be/bitstream/2268/35132/1/Paris%20Sportifs%20RDPC%20Fincoeur.pdf>

<sup>61</sup> [http://sportsillustrated.cnn.com/2007/writers/sl\\_price/09/04/scorecard0910/index.html?eref=si\\_latest](http://sportsillustrated.cnn.com/2007/writers/sl_price/09/04/scorecard0910/index.html?eref=si_latest)

<sup>62</sup> [http://www.justice.gouv.fr/art\\_pix/scpc2007-1.pdf](http://www.justice.gouv.fr/art_pix/scpc2007-1.pdf)

*Kenan Erol: The money is in the car. Let me show you.*

*Hakan Olgun: So do you mean that it's betting? Or have you got an arrangement with the other team? Does our staff know?*

*Kenan Erol: If you talk to your staff you won't receive a single lire! I'm trying to do you a favour. These people are trying to bet 500-600 billion lire. [He shows a bag containing the money] There's €200,000 in the bag and there will be more. You just need to give us the score we want.*

*Hakan Olgun: Hey man! They're €500 notes. I've never seen so much money in my life! Are you going to give it to me?*

*Kenan Erol: When the match ends, it will be in your pocket.*

*Hakan Olgun: I've got debts of 130-140 billion Turkish lire. How much am I going to get?*

*Kenan Erol: At least 75 billion Turkish lire. The rest will go to your friends”<sup>63</sup>*

### **The indirect approach: using intermediaries or maturing a long-term relationship**

It remains difficult for organisations outside the world of sport to approach athletes or referees who live within a closed circuit. An indirect, more subtle, approach is therefore often used.

The use of intermediaries specialising in corruption is a classic approach technique. In most cases, these are ex-players, agents of players or members of the world of sport who are known in sporting circles, and have a good reputation. The intermediary will therefore ideally be someone from the same milieu as the sportspeople to be corrupted, who can reassure them about the risks they will be running. These intermediaries are also able to identify players who are weak, psychologically fragile or in financial difficulties, or possibly at the end of their careers, who make ideal targets.

The match-rigging scandal that exploded in Italy in May 2011 involved several former footballers, including the famous Giuseppe Signori, a forward in the 1990-2000s, who represented criminal circles and organised corruption at grassroots level. They contacted the captain and/or goalkeeper, and paid them €400,000, which became the “official” rate for buying a Serie A (Italian Premier Division) match. The player contacted was responsible for the smooth operation of the corruption and if necessary recruited other players to the scheme. Certainly, he would then have to share his gains, but at the same time ensured the chances of the scheme succeeding. The *Juve Stabia - Sorrente* match on 5 April 2009 can be cited as an example of this because it was Cristian Biancone, a centre forward at the end of his career and childhood friend of Francesco Avallone, an important member of the local Mafia (the Alessandro clan), who contacted the team's goalkeeper to persuade him to allow a goal through, whilst reminding him of the type of physical retaliation he could expect if he did not rig the match as agreed<sup>64</sup>.

Corruption can also be born out of a relationship of collusion between a sports person and the intermediary. The latter becomes progressively closer to the player's entourage, which enables him/her initially to assess the player's weaknesses and addictions (gambling, women, drugs, debts or career difficulties). The intermediary might also give them presents, which help to deepen the relationship. The stage of actual corruption is reached when the player is asked to go easy in a match. This is a real spiral because as soon as the sports person accepts the initial gifts, the corruptor-corruptee

---

<sup>63</sup> Tuncer, Y. 2005. Sali Hakan şikeyi 90'dan çıkardı! *Zaman, Spor* (Istanbul) (12.4.2005), in Declan Hill, *op. cit.*, 2008, pp. 162-3

<sup>64</sup> *La Gazzetta dello Sport*, 10 December 2010.

relationship begins to take root. If the sportsperson refuses to rig a game, the corruptor reminds them of the initial presents they accepted, which helped to strengthen the relationship. If the player proves to be overly reluctant, threats may be made, given that now the criminal knows the player and their possible weaknesses (family for example).

The establishment of this type of relationship of trust is known as “grooming”. It involves gradually winning a sportsperson’s trust, preparing the field, and opening up the “doorway to crime” to make the (first) match-rigging proposal. This technique can be particularly effective in an individual sport such as tennis, where young players often find themselves alone on the circuit and are therefore more inclined to let themselves be approached by people they do not know. With a little talent, some corruptors even manage to become agents for the targeted athletes, in other words they manage their schedule, take care of their travel arrangements, select their doctors and/or physiotherapists, etc.

Obviously sportspeople are not the only targets. Referees can also prove to be interesting prey, as demonstrated by the Hoyzer affair in Germany. This football referee - Robert Hoyzer - was banned for life in 2005 by the German Federation from any activity connected with football for having rigged several games at which he was officiating. One of these games was a German Cup match on 21 August 2004, between amateur team *Paderborn* and Hamburg, one of Germany’s top teams. Hamburg lost 4-2 after two highly controversial penalties were awarded and one of its players was sent off<sup>65</sup>. Robert Hoyzer had established a long-term relationship with a Croatian criminal organisation, some of whose members frequented the King Cafe, a bar and betting shop in Berlin. Robert Hoyzer visited the cafe often and gradually built up friendships, particularly with Ante Sapina, manager of the Berlin cafe, and his two brothers Milan and Philip Sapina. It was then that these three brothers suggested he fix a few matches and bet on them at their Berlin branch<sup>66</sup> (cf. insert on Bochum trial, p.3).

**For the most powerful criminal organisations,  
the easiest way is to organise matches themselves!**

The range of corruption techniques available to criminals is almost limitless because it has recently come to light that bogus friendly matches have been organised by fraudulent organisations with the sole purpose of deceiving the betting market.

For example, in February 2011 two unlikely friendly matches took place in Antalya in Turkey: Latvia-Bolivia and Estonia-Bulgaria, two matches refereed by Hungarian and Bosnian trios respectively. In the first match, Latvia beat Bolivia 2-1, while Estonia and Bulgaria walked out with a 2-2 draw, all seven goals being scored from penalties. During this time, several million euro were placed on the Asian markets, betting that three or more goals would be scored in each match. The two matches had been organised by “*Footy Sport International*”, a sports agency based in Thailand that was responsible for recruiting (and corrupting) the referees for these two matches. The man at the head of this organisation was a Singaporean named Anthony Santia Raj. He introduced himself as “Tony” to the four national federations whom he emailed in November 2010 inviting their teams to play in Turkey three months later. *Footy Sport International* proved to be bogus. The six referees have since

---

<sup>65</sup> Pictures: <http://www.youtube.com/watch?v=Qp5R1wcxTuw>

<sup>66</sup> <http://www.telegraph.co.uk/sport/2356513/Special-Report-Hoyzers-whistle-blowing-echoes-across-Europe.html>

received lifetime bans from FIFA, and Anthony Santia Raj, the man who organised the international matches to enrich himself on the sports betting market, is now being sought by the police<sup>67</sup>.

A second unbelievable - but genuine - example is that of the Bahrain-Togo match held in Bahrain on 7 September 2010. The team wearing the Togo shirts were not the country's national team, but merely a group of amateur players who lost 3-0 against the genuine Bahrain team. The Togolese Federation was surprised to learn of the defeat of its national team, because at the precise time the so-called match was being played, Togo's real national team was returning by coach from an official match against Botswana<sup>68</sup>. The man who organised this bogus match was named Wilson Perumal Raj. He is known internationally for having been involved in many affairs of corruption in sport since the 1980s. He was imprisoned initially in 1995 for having corrupted a player in the Singapore Championship, then a second time in 2000 for having physically attacked another player with the aim of preventing him from playing in a match. In 2009, he succeeded in corrupting the national team of Zimbabwe which was playing in an Asian tournament, before organising the bogus meeting between Bahrain and Togo. He was arrested on 25 February 2011 in Finland, where he received a two-year prison sentence for having rigged Finnish Championship matches with nine players (including seven Zambians) to whom he had paid between \$20,000 and \$50,000 for every match fixed<sup>69</sup>. The seizure of Wilson Perumal Raj's mobile phone revealed the existence of an international corruption network, with contacts who were members of national federations, employees of betting operators, financial criminals, professional players and referees.

As these examples of bogus matches demonstrate, the world of sport is not immune to exceedingly ingenious transnational criminal activities, some of them even verging on unbelievable in the light of what they dare to do.

## ***B. The specific role of sports betting in corruption***

Our analysis of cases of corruption in sport has already revealed that many matches are rigged with the aim of enrichment on the sports betting market. In fact, corruption has always been intimately linked with gambling. The laws of cricket and golf were codified in England in the 18<sup>th</sup> Century in order to resolve betting-related disputes. Cricket has a particularly rich history when it comes to cheating and fraudulent bets. David Forrest (2008) quotes a press article dating from 1774 criticising changes in cricket, which was being perverted - according to the author - by "excessive gaming"<sup>70</sup>. Since then, the vast majority of corruption scandals have continued to be connected with betting activity, as has been seen in the cases of the Black Sox scandal in baseball in 1919, the Hansie Cronje affair in cricket in 2000, the Davydenko affair in tennis in 2007 and the Bochum trial in 2010.

---

<sup>67</sup> <http://www.asiaone.com/News/Latest%2BNews/Sports/Story/A1Story20110311-267582/2.html>

<http://news.bbc.co.uk/sport2/hi/football/14481355.stm>

<sup>68</sup> <http://online.wsj.com/article/SB10001424052748703384204575509830139498188.html>

<sup>69</sup> <http://www.telegraph.co.uk/sport/football/8648454/Global-match-fixing-investigation-claims-major-scalp-as-Wilson-Raj-Perumal-is-jailed-for-two-years.html> <http://www.telegraph.co.uk/sport/football/8496787/Wilson-Raj-Perumal-the-convicted-match-fixer-who-ran-international-empire-yards-from-Wembley.html>

<sup>70</sup> Forrest, McHale and McAuley, *Risks to the Integrity of Sports from Betting Corruption*, 2008

But it appears from the review carried out by the authors of this study that scandals of this type have multiplied in recent years, while the sports betting phenomenon has simultaneously become more widespread, particularly thanks to online betting sites. We should therefore consider the specific features of sports betting and recent developments therein: what has been the impact of virtual sports betting (on the Internet)? Are there inherent risks in this new way of betting?

Before the advent of the Internet, sports betting was organised according to methods determined by each state. Thus in the United Kingdom, licences have been awarded to bookmakers to offer fixed odds bets to domestic customers in shops or by telephone since the late 1960's. In France, "*Francaise des Jeux*" had the monopoly on football pools, and then on the first fixed odds betting authorised in 2003.

## **1. The recent globalisation of the sports betting market**

By the end of the 1990s a large number of online betting sites had been set up independently of any state control. Profiting from the growth of the Internet, these sites began to extend their offering to Internet users across the world, without prior authorisation. According to a study carried out by *Cert-Lexsi*, an IT-watch institute, in 2006<sup>71</sup>, 80-90% of the 10,000 gambling sites present on the Internet have no valid licence. The formation in just a few years of this uncontrolled virtual market has put pressure on the various laws that govern betting activities at a national level.

In 2005, the United Kingdom was one of the first countries to "open up the market". France waited until May 2010 to propose regulating the market, and has now authorised 17 operators to market sports betting on the Internet, the management of physical sports betting remaining the monopoly of the *Francaise des Jeux*. Italy and Belgium also chose to regulate the market, and Spain and Denmark are on the point of taking the same route.

At European level, sports betting is not covered by any specific text emanating from the European Commission. Legal precedents therefore derive from ECJ jurisprudence that, through a succession of decrees since the beginning of the 2000s, has established a series of European principles for the regulation of betting. Games of chance and gambling are considered to be services (and therefore subject to the freedom of establishment and freedom to provide services in the European Economic area), but states have the right to restrict them for overriding reasons relating to the public interest, primarily protecting consumers (guarding against addiction) and protecting public order (guarding against crime and fraud). In these cases, restriction by a state must be proportionate, consistent and systematic (non-discriminatory). Lastly, there is no mutual recognition between Member States in the matter of gambling. The fact that one operator has authorisation from one Member State does not prevent another state from prohibiting that operator or making its gambling offering subject to prior authorisation by that state.

Today the geographic mapping of EU laws is most unusual. Despite some national restrictions, as in France and Italy where the sites of non-licensed operators are (theoretically) blocked by the regulators,

---

<sup>71</sup> Cert-Lexsi, *Gambling Cybercrime Study*, July 2006

thousands of sports betting sites escape regulation and remain accessible to almost every Internet user throughout the world.

### **A market of dizzying dimensions**

There are very few statistics that give an idea of the size of the worldwide sports betting market. It emerges however that a large part of this activity is illegal or takes place in countries where it is not (or very imperfectly) recorded. There are nevertheless a few sources that help us to appreciate the size of the betting market.

*H2 Gambling Capital*<sup>72</sup> estimates that the total amount of bets placed on the Internet worldwide was close to €16.4 billion in 2004 and €32.6 billion in 2008, and the projection for 2012 is in the region of €50.7 billion. A number of factors contribute to this tripling in eight years including the increase in the rate of return to players, i.e. the percentage gamblers recover of their initial bet (winnings/outlay) and the increase in the average income of inhabitants of certain Asian regions, historically very partial to sports betting, even though it is mostly in Europe that the sports betting market has grown.

Such figures must however be put in perspective, particularly because of the existence of practices that can artificially inflate the sums recorded. For example, many “professional” gamblers sometimes bet on a team or athlete and cover themselves by betting on their opponent as well, depending on how the odds develop. These bets are therefore added together in the overall context, although from the viewpoint of the individual gambler, they cancel each other out. However, these estimates do show changes in trends: at the moment there is regular growth.

This increase in betting has taken place in parallel with a rise in odds (i.e. the rate of return to players), which is in effect a drop in prices (a bet pays more, so is cheaper). This has helped to attract more bets and gamblers. In fact, one of the traditional features of the betting market is the high elasticity of demand. In other words demand will change substantially if prices vary. The ever-increasing appeal of the betting offering has also fuelled the growth of the market and conversely, by virtue of the levels of rate of return offered to gamblers.

### **The improvement in odds and gamblers’ profit**

Several studies have highlighted the increase in the rate of return to players in the betting market. Estimates by *H2 Gambling Capital* have been picked up by various protagonists such as the European Commission<sup>73</sup> and the *Remote Gambling Association* (RGA). The latter, in a report in 2010, indicates that operators’ margins dropped from 10% (against bets) in 2004 to 9% in 2008, and projects a margin of 8% in 2012<sup>74</sup>. The fact that margins have decreased simultaneously with the increase in betting indicates that operators have been forced to drop their prices (increase the rate of return to players) to retain their clients. Using a random sample of 380 matches played in England’s Premier League in the

---

<sup>72</sup> RGA Report, *Sports Betting: Legal, Commercial and Integrity Issues*, Janvier 2010, p.9

<sup>73</sup> European Commission, *Green Paper on Online Gambling in the Internal Market*, March 2011 :

[http://ec.europa.eu/internal\\_market/consultations/docs/2011/online\\_gambling/com2011\\_128\\_en.pdf](http://ec.europa.eu/internal_market/consultations/docs/2011/online_gambling/com2011_128_en.pdf)

<sup>74</sup> RGA Report, *Op. Cit.*, p.9

2000-2001 season, it can be seen that a gambler betting with the operator *Ladbrokes* would have lost 11.13% of their bets (on average), compared with 6.1% in 2010-2011<sup>75</sup>. This rise in rate of return to players is also found among other operators. By increasing the rate of return to players, an operator does indeed reduce its own margins but can hope to attract more gamblers or at least retain its own clientele. This trend seems to be developing everywhere where the rate of return to players is not clearly governed by the law, in response to the easily accessible global competition (and easily comparable offerings) on the Internet.

### **New, increasingly attractive, types of bet**

Thanks to the expansion of the Internet and the increase in the overall volume of bets, operators have been able to offer new types of bet and other innovations that have themselves contributed to the attractiveness of betting and the increase in volumes. Operators have therefore progressively refined their offering and now offer the opportunity of betting on certain details or different phases of a match: for example the number of cards, number of corners, identity of goal scorers, first throw-in, winner of a certain phase of the game, etc. Many operators routinely quote odds for at least 30 and up to 70 or more types of wagers on a single match.

The Internet has also enabled the development of “live betting”, in other words the possibility of betting during the course of a match. Gamblers can follow a match live on the Internet and bet online in real time, depending on how the match develops. Betting operators employ “odds setters”, who simultaneously follow the match and the betting on it, and alter the odds according to events during the match (goals, ball possession, injuries etc.) and the bets placed. The company *Sportradar* currently estimates that in tennis, 90% of bets are placed live during a match, and 70% in football<sup>76</sup>.

In parallel, sports betting has extended to a wide range of competitions and now covers the whole of professional sport and even some amateur sport. The largest sports betting sites - such as *sbobet* and *bet365* - offer bets, for example, on the Bulgarian Under-19 Football Championship, Turkish Third Division Football matches, darts competitions, ski jumping, junior tennis tournaments etc. Technically, sports betting is possible at any time, 24/7.

The Internet has also enabled the development of a new method of betting, “exchange betting”. A number of operators have introduced this model, but in reality, British company *Betfair* holds a “quasi-monopoly” in this field. It does not set odds, allowing gamblers to make bets between themselves (an individual proposes an outcome X, and then needs a counter-gambler prepared to bet on the non-achievement of outcome X). *Betfair* charges only a small uniform commission on all bets, allowing gamblers the opportunity to recover about 97% of their initial stakes (rate of return to players), and their best clients, even more. By way of comparison, the rate of return to players in France is set by the law and may not exceed 85% of the stakes.

The study of the impact of the Internet on the betting market has helped to identify the main features of the market today: increasing average rates of return to players, growth in the number of bets recorded and the extension of betting to more and more competitions and modes of betting.

---

<sup>75</sup>This rise in the rate of return to players is all the greater if gamblers compare operators and choose the best odds.

<sup>76</sup> Interview with Sportradar, Richmond-on-Thames, 1 September 2011

## **2. Are these changes undermining the integrity of sport?**

### **Betting on match details: a specific risk?**

We touched on this earlier: it is easier to corrupt a detail of a match for two reasons:

- on the one hand it can involve a single person (player, goal keeper or referee)
- on the other hand it does not necessarily have an effect on the final match result

Certain recent affairs illustrate the reality of the risk: rugby in Australia (December 2010: first penalty of a match rigged), football in Scotland (October 2011: suspicion of rigging the first card of the match<sup>77</sup>), cricket in England (August 2010: rigged by the bowling of three no-balls at agreed points in the match). The risk of match fixing is therefore genuine. Operators seem to be aware of this however, and do not generally accept large bets on this type of match detail. The market for this type of bet is not seen as sufficiently liquid either (too few people bet on such bets). Serious operators, not wanting to take excessive risks, will only very rarely accept large bets in these markets.

The main types of bet used nowadays for betting linked to corruption in sport generally relate to:

- final and half-time results
- the number of goals scored during a match (more than two goals, less than three goals for example)
- bets on the goal difference between two teams
- and what is known as the Asian handicap, i.e. one of the teams, the favourite, is awarded a handicap, for example a half-goal in a football match, which balances the game and makes the odds more attractive (half points are often used to eliminate the possibility of a drawn match).

### **Risks connected with live and exchange betting**

Live bets on the Internet are likely to pose a specific risk because where a certain phase of a game is rigged, it is possible to take advantage of variations in the odds and thereby be assured of winning irrespective of the outcome of the game.

For example, with exchange betting, if one knows that such-and-such a tennis player (the favourite) will lose the first set, one can bet against them before the match, then at the end of the first set take advantage of the improvement in the odds (provoked by their loss of the first set) to bet in their favour. Adding the two bets together results in a situation where the gambler is assured of winning money irrespective of the final result of the match (David Forrest 2008). The risk is obvious because the sportsperson has been asked to lose just the first set, and not the whole match, which they can still hope to win (particularly if they are the favourite and therefore supposed to be the stronger player).

---

<sup>77</sup> <http://www.guardian.co.uk/football/2011/oct/06/wayne-rooney-father-alleged-betting-scam>

Live betting allows a larger overall sum to be bet than would be accepted by the market prior to the match. It is in effect possible to bet throughout a match and thereby multiply one's bets. If one knows, for example, that a match will end at 3-0, and the third goal has already been scored, one can continue to bet on the fact that there will be no more goals in the match. Live betting can therefore be particularly advantageous for criminals.

Exchange betting can entail particular risks in the context of horse racing because it allows betting on the fact that a horse will not win (non-realisation of outcome X). It is in fact easier to ensure that a horse does not win a race, than that it does ... This issue does not arise in the same way for other sports. Certainly, one can imagine it in athletics (running), F1 or cycling, but too few bets are recorded in these disciplines nowadays. It is also conceivable that with bets linked to the identity of goal scorers in football matches, one could bet that such-and-such a player would not score, which again is easier to achieve than ensuring that the player does score. But the issue is not particularly stimulating for genuine gamblers, and the amounts bet may well be too low. A criminal organisation could therefore not use this type of betting to attempt to win money through match rigging, unless they were content with more limited winnings.

One of the real problems connected with exchange betting is that the operator does not suffer any loss if a match is rigged, because all it does is put gamblers in touch with one another. Consequently operators can afford to be relatively indifferent to manipulations or match rigging because they do not in the end have to pay out, and may be less keen to denounce cases of match fixing (in other words if a gambler bets a large sum in a suspicious way), because it is not them that has to pay the winners. Nevertheless *Betfair* puts great emphasis on the work of its "integrity team", which monitors changes in betting and alerts the authorities in the event of suspect movements - several scandals have been revealed in this way through warnings from *Betfair*, the best known being the Davydenko affair (2007)<sup>78</sup>.

### **The Internet and the issue of gambler anonymity**

One can place bets anonymously through the "non-virtual" betting network (i.e. in high street betting shops in France and the United Kingdom for example) by paying and receiving one's winnings in cash. But this anonymity is only possible on bets and wins of limited amounts. Two cases where the physical network has entertained a suspicion of match rigging: the Hoyzer affair (2005), which was orchestrated by criminals betting through the German physical network (monopolistic operator *Oddset*) and the warning that was issued in respect of the Tours-Grenoble football match in France's League 2 on 29 April 2011. Just before this match, the *Francaise des Jeux* noticed that many sales points in Corsica and the South East of the country had reached their bet acceptance threshold. The bets placed were massively in favour of the Grenoble team, although it was bottom of the rankings at the time and was playing away from home. At half-time, Grenoble led 2-0 and the Professional Football League, alerted by the betting operator and faced with a score that confirmed its suspicions, placed the match under surveillance. Tours eventually equalised and the match ended in a 2-2 draw. An unsuccessful police inquiry was then carried out. Fraud was not formally established in this instance, so it does not enable a conclusion to be drawn as a specific risk of identification on physical networks.

---

<sup>78</sup> Interview with the Betfair security team, 14 April 2011, London.

As far as virtual betting is concerned, any “irrational” movement is in principle detectable and associated wages are traceable by the operators, because gamblers cannot create client accounts on Internet sites unless they provide their personal details, and particularly their bank details (to fund the account and recover their winnings). However, any seasoned Internet user can falsify their identity, create false IP addresses and use bogus bank accounts. There are even sites on the Internet offering these types of services, along with instructions on how to develop or take advantage of these “black markets”<sup>79</sup>. In the event of fraudulent betting, the operator will certainly have records of the bets placed and winnings paid out, but will not know the real identity of the gambler.

**A sector with the allure of a totally deregulated financial market, where risks are inherent in the prospect of excessive profits**

On a worldwide scale, the online sports betting environment comes close to the conditions for “pure and perfect” competition, where consumers find their way to the producer of their choice and where odds-comparison sites enable them to find the best offer. In the past, sports betting activities were mostly organised by monopolistic or licensed operators at national level. As we have seen, the globalisation of the sports betting market has provoked an increase in bettors’ returns and consumption, two phenomena that have worked together because operators can more easily improve the rate of return to players as a result of the increase in liquidity. In the meantime, the operators have also taken advantage of this deterritorialised environment by hedging their risks, i.e. by betting themselves with other market operators, and more particularly on the most profitable sites, for example the Asian sites or *Betfair* (see hedging situation below).

**EXAMPLE OF A HEDGING OPERATION**

For a match between team A and team B, a betting operator offers the following odds:

Team A wins: 1.61

Team A does not win (victory to team B or match drawn): 2.47

Let us imagine that the operator records income of €100,000, with 70% of bets being placed on team A.

In this case:

-If team A wins, the operator would have to pay:  $70\% \times €100,000 \times 1.61 = €112,700$ . The operator would therefore lose €12,700 on this match.

If the operator wishes to hedge their risks, they can bet with another operator who is offering odds of 1.85 on the victory of team A. If the operator bets €10,000 on team A with the other operator, they minimise their risk:

---

<sup>79</sup> <http://www.pubblicaamministrazione.net/file/whitepaper/000156.pdf>

-If team A wins, the operator's balance sheet shows €100,000 - €112,700 ( $€10,000 \times 1.85 - €10,000$ )= -€4,200 (vs. -€12,700 without hedging).

-If team A does not win, the balance sheet shows: €100,000 -  $30\% \times €100,000 \times 2.47 - €10,000 = €15,900$  (vs. €25 900 without hedging).

**Ultimately, the hedging operation enables the operator to minimise their losses in the case of the victory of team A and to minimise their gains in the case of the non-victory of team A.**

The nature of the risk borne by online sports betting therefore depends on the size of the overall gaming market, which conveys ever-increasing amounts of money. The extreme liquidity of this market also enables operators to hedge risks between themselves and thus accept ever-larger bets, at ever-more advantageous odds, on bets that are ever-more dangerous to sport (youth and amateur tournaments, and/or in countries where organised crime may be highly active).

Apart from the liquidity of the betting market, where money circulates in the same manner as in a totally deregulated financial market, the second major risk linked to the organisation of this globalised market lies in the extent of so-called illegal sites, in other words sports betting sites whose services are accessible from countries where they are not licensed or authorised in advance to deliver their offering.

### **3. The danger arising from so-called “illegal” and Asian betting**

Operators of illegal sites or sites not registered in a specific region are not subject to any surveillance of bets placed, are not required to communicate any cases of suspected match rigging and are free to offer bets of their choice, at odds of their choice (there is no limit on the rate of return to player).

One of the issues facing French, Italian and soon Spanish legislation is harnessing the demand for illegal betting markets in order to turn it to the regulated market, which is considered to be safer because it is subject to procedures protecting the integrity of competitions. It will certainly still be possible for seasoned Internet users to bypass the blocking of illegal sites in France and place bets on the site of their choice. But the aim of this legislation is primarily to dry up the illegal market. If the millions of euro placed by legitimate gamblers can be redirected to the lawful market, illegal operators will not have sufficient funds to make advantageous offers.

But despite the good intentions of the French legislation and other attempts at regulation, they appear powerless in the face of the size of the world sports betting market, borne along particularly by the power of the Asian betting operators who represent the great majority of the illegal betting offering in the world.

**Is the Asian betting market responsible for corruption in sport in Europe?**

In practical terms, the Asian betting market is concentrated around a number of betting sites that serve as a vehicle for an impressive number of bets. The monetary weight of these sites greatly exceeds that of the European sports betting market. In continental China, the ratio of legal bets (i.e. sports betting operated by the state lottery organisations) to illegal bets is 1:10. In 2007, the *China Center for Lottery Studies* estimated the illegal market at close to €7 billion.

### **The pyramid structure of Asian betting**

These few Asian sites represent the overground section of a vast pyramid-shaped illegal betting network extending throughout Eastern Asia. To understand the development of this system, we need to go back to the Colonial Era of the Western powers, during which many populations - particularly Chinese - were called on to work in Hong Kong and South East Asia. This diaspora was established on an ongoing basis and favoured the growth of the Triads (Chinese Mafia) in South East Asia, followed by the development of street sports betting networks in the second half of the 20th Century. In many Asian countries, gambling is a strongly-rooted activity. For example the Chinese New Year is often an occasion for visiting a casino *en famille* and placing all manner of bets.

The street networks are made up of many runners, men of the streets, who take bets from the local population (by telephone or face-to-face) and transfer them to regional bookmakers who manage the betting finances by placing bets themselves with supra-regional betting houses operating as small scale local financial centres. These physical betting markets have now largely been replaced by Internet sites. And regional bookmakers manage all the bets and hedge their risk by betting on Asian online sites. These sites have therefore always been accustomed to accepting very large bets because they are the amalgamation of thousands of street bets that come through in the form of one combined bet, which can be exceedingly large.

On the street, each individual gambler must be introduced and vouched for by a referee, a mechanism current in illegal betting networks (e.g. in the USA) and that facilitates transactions. Betting on credit therefore becomes possible, but the risk exists that violence will be used if payment is slow in being made. This betting culture is officially illegal in these countries, but nevertheless very widespread.

Bets are often taken over the telephone and payments are made either in cash or by a bank transaction. Gamblers open bank accounts and give the details to the bookmaker, who in exchange gives them a telephone number they can use to place their bets. Winnings are paid out two to three days after the event.

This system has resulted in a highly concentrated betting site market, because a small number of sites handle the vast majority of funds. These sites offer a particularly high rate of return to the player (around 97%), the low margin being offset by the very high volume of bets. By avoiding all regulation, these operators are able to offer an extremely wide range of competitions and types of bet, and accept particularly large bets.

According to the estimate of an expert on sports betting activity, an Asian site may accept up to about €20,000 on a single client account on a match in the Romanian Football Championship (as against a few hundred euro for a European operator). For Belgian Championship matches, Asian operators will

accept accumulated bets of up to €300,000, and up to €1 million for a major European Championship match (€50,000 and €75,000 for European sites).

In Asia, gamblers favour to two types of bets in particular: Asian total and Asian handicap. The first corresponds to the number of goals scored in a match. A gambler will therefore bet on whether there will be more than 2.5 goals, or less than four, etc.<sup>80</sup>. Asian handicap is appealing when a team or athlete meet an opponent that is supposedly stronger. The operator then gives a “handicap” to the favourite team, which means that to win the bet, the favourite team must win the match with a difference of over a certain number of points (depending on the size of the handicap). Asian handicap bets have a number of technical variants, but the goal difference between the two teams is central to the betting.

#### ***ASIAN ONLINE BETTING SITES***

The main Asian sites are 188bet.com, sbobet.com, ibcbet.com, 12bet.com.

The sbobet.com site, for example, was set up in 2004, but represents the heritage of an activity begun in 1994 in Singapore that spread to Malaysia, Indonesia and then the Philippines, where the sports betting business acquired an online betting licence in the economic area of Cagayan, a very lax jurisdiction. The company also acquired a licence in the Isle of Man in 2009, which allows it to have part of its activity authorised in the United Kingdom (see below) and to be a member of the RGA. Ibcbet.com is licensed both in the Philippines and the Isle of Man.

#### **Sports betting and corruption, the Asian lesson**

The attractiveness of the odds available on these sites, coupled with a cultural habit of betting in Asia, meant that sports betting experienced a boom in the second half of the 1990s. Initially, these bets focused mainly on local championships. But in the space of a few years, corruption scandals began to multiply in sport. In the same way, the broadcasting of an increasing number of matches on television enabled the population to see for itself the extent of match-rigging at grassroots level (Declan Hill 2008).

In countries where organised crime reigned historically, police corruption and the absence of political will to solve the problem led to the quasi-impunity of organised crime in South East Asia, which

---

<sup>80</sup> In Albania this method of betting is equally well known and is the subject of a number of jokes. An example: Two friends are watching a match. A team scores and one of the friends shouts for joy. A few minutes later the other team equalises and the same individual once again shows his joy. His friend asks, “Whose side are you on?” and the other answers “Both! / just want lots of goals ...”

therefore took advantage of the vulnerability of the world of sport to rig a large number of matches and enrich itself on online sports betting sites.

The deregulated growth of sports betting in an environment where organised crime and corruption in general are extensive, is particularly deadly for the world of sport. This phenomenon features on the European continent in countries such as Albania, where football was very popular in the early 1990s. The end of the Albanian dictatorial regime in the mid-1990s gave rise to some deregulation in the economic and financial sector. Sports betting was also able to grow, and with it physical, then online betting shops. As in Asia, criminal circles perceived substantial prospects of enrichment (and money laundering) and rigged more and more matches, in such proportions that they exhausted the credibility of Albanian football, which today no longer draws the crowds. Stadiums previously full of supporters are now empty and falling into disrepair because sponsors no longer dare to invest in an area so blighted by crime<sup>81</sup>.

Like the Albanian League, the Chinese, Malaysian and Singaporean Championships no longer bring in any money, although they were extremely popular in the early 1990s. Sponsors and the media no longer wish to support cheating, thereby contributing all the more to the deterioration of the championships. China is an iconic example of this. Over the past two years, a succession of scandals has led to the arrest of a number of referees and players, and several members of the Chinese Football Federation, including the President himself<sup>82</sup>. In April 2011 the championship opened without its principal sponsor - Pirelli - which had refused to renew its contract with the Chinese League<sup>83</sup>. The national broadcaster, *China Central Television*, also refused to broadcast matches<sup>84</sup>. In Asia, the plummeting popularity of local championships led the population to turn instead to European competitions, which were perceived as cleaner and appeared to better preserve the uncertainties of sport.

### **European sport, a new target for Asian betting**

The infatuation of the general public with European competitions pushed Asian operators to diversify their betting offering, and helped to swell the world betting market and concentrate its offering on European sport. As a result, the prospect of profits encouraged certain Asian criminals to attempt to corrupt matches in Europe, in order to then enrich themselves on the market in Asia. In 1994, the Liverpool goal keeper, Bruce Grobbelaar, was accused of corruption, after having been filmed during a meeting with a Malaysian businessman with whom he discussed the possibility of rigging matches. He was found not guilty due to lack of evidence, but had to pay all legal costs because his “dishonest behaviour” had been established<sup>85</sup>.

---

<sup>81</sup> Interview with a retired Albanian football trainer, 28 June 2011.

<sup>82</sup> <http://www.theepochtimes.com/n2/content/view/30796/>

<sup>83</sup> “*Chinese Football has Millions of Fans but no Sponsor*” by Michael John Scott :

<http://madmikesamerica.com/2011/04/chinese-football-has-millions-of-fans-but-no-sponsor/>

<sup>84</sup> <http://www.bbc.co.uk/news/world-asia-pacific-12936084>

<sup>85</sup> <http://www.publications.parliament.uk/pa/ld200102/ldjudgmt/jd021024/grobb-1.htm>

Several years later, in 1997, members of an Asian betting syndicate (two Malaysians and a Chinese national) twice succeeded in bribing technicians at English stadiums to switch off the stadium lights during matches (if a match is interrupted, Asian sites consider the score at the moment of stoppage to be the final score). Two matches, *West Ham-Crystal Palace* and *Wimbledon-Arsenal*, were interrupted in this way by switching off the lights, and the third attempt, a *Charlton-Liverpool* match, failed when a colleague of the corrupt technician exposed the plot<sup>86</sup>.

In 2004, it was the Belgian championship that was targeted through businessman Ye (see above), who succeeded in corrupting a large number of matches in the space of a few months.

Despite these instances (the most recent example of which was the trial of Perumal Raj in May 2011), corruption in sport in Europe is rarely a case of Asian Mafias orchestrating corruption from the confines of the Asian continent. The finger is often pointed at Asian betting sites in match-rigging scandals because they record irrationally large bets on matches that then become suspect. But the presence of fraudulent betting on Asian sites does not mean that corruption necessarily emanates from Asian criminals. Criminals in Europe can also access Asian operators. The Albanians, for example, bet massively on these sites, specifically because the odds are better, the offering is more diverse and these sites accept very substantial bets. The most recent betting scandal involving rigged matches in Italy occurred as a result of Albanians who knew about fixed matches and were betting on the Asian market. Italian criminal organisations who did not have access to these sites from Italy were therefore selling information about the rigged matches to Albanian gangs, which were able to enrich themselves through online betting sites based in Asia.

#### **4. Betting operators and fraudulent betting**

It would appear legitimate at this point to ask how these sites can continue to accept suspicious bets and constantly pay out (very substantial) winnings to the accounts of criminal match fixers?

The Bochum trial revealed that more than €32 million had been staked by a single client account with Asian operator *Samvo* (also licensed in the United Kingdom)<sup>87</sup>. Thanks to the dozens of matches rigged via this single account, the Croatian criminal organisation made profits of about €7.5 million. How could this operator accept such obviously fraudulent bets (€36,000 was staked on a match in Turkey's Fourth Division)? And above all, how was the operator able to pay total winnings of €7.5 million to the holder of the account without alerting the authorities?

There are two factors relating to the operation of the global betting market that may help to understand this situation.

---

<sup>86</sup> <http://www.independent.co.uk/news/uk/crime/the-floodlights-went-out-ndash-and-an-asian-betting-syndicate-raked-in-a-fortune-2066133.html>

<sup>87</sup> <http://www.bloomberg.com/news/2011-03-21/german-prosecutor-accuses-six-men-of-manipulating-betting-on-soccer-games.html>

### **Professional gamblers**

One section of the betting public consists of professional gamblers, who act on the betting market as they would on a financial market. They perform statistical calculations to understand the ways in which odds change and take advantage of these variations to place “sure bets”, i.e. combinations of bets will win, irrespective of the score of a match. For example in a match between a team A and a team B, one can bet on three possible combinations (A wins, drawn match, B wins) with each operator that is offering the best odds, and on each of the three possibilities. A gambler who spreads his risk in this way is assured of winning, irrespective of the issue of the match. Professional gamblers (and money-launderers) spot these opportunities and can place extremely large sums and obtain maximum profit without taking the slightest risk! As in the less well-regulated financial markets, these players scrutinise the movements of the odds, and by substantial and repeated bets, can in fact themselves swing the odds accordingly. This group of gamblers also pays great attention to information about sports matches. If for example a person learns that two key players in a team will not take to the pitch, they might then decide to bet heavily against the team, even before the operators receive the information and adjust their odds against this team. That being the case, a more or less irrational variation in the odds may make other professional bidders think that the score of that match has been determined in advance and that the drop in odds is the result of corruptors who are betting massively on one side in the match. They will then also leap into the breach and bid massively, before the odds drop too low, which will push the operator - alarmed in the face of so many bets on one team - to continue to increase the odds against the team.

The mechanisms of sports betting are therefore similar to the sheep-like and aggressive behaviour to be found in financial markets. Generally, betting operators know these legitimate professional gamblers (“wise men”), because they often place substantial bets and their identity is not necessarily hidden. It is in their interests to take responsibility for their conduct and show openly that they have a great deal of money at stake on the activity. It is impossible for an operator to know if a large bet is the result of an instance of corruption. The bet may have been placed by a legitimate professional gambler or, as we have seen, a regional Asian bookkeeper who is placing a multitude of street bets on an online site through a single bet.

### **Hedging risks, or covering the risk of fraudulent betting by a section of the market**

Risks are generally hedged according to the number of exceptionally high bets recorded by betting operators across their entire offering. If an operator loses €500,000 on a bet, that can be offset by the millions of euro in profits that they amass over time. Also, if an operator records a substantial loss on one match in particular, they can always offset that loss by briefly lowering the odds on other sporting competitions in order to increase their profits, before returning the odds to their normal level once they have recovered their losses. As a general rule, the largest operators have substantial liquidity that enables them not to worry if a client account makes a profit, even to an excessive extent.

Risks can also be hedged by transferring them to another operator. We have already analysed these inter-operator hedging operations, which are both common and easy. A very large bet relating to

match rigging can also be reduced in this way and transferred to another operator who repeats the process, and so on. The financial risk connected with fraudulent betting is spread across a whole section of the market, thereby becoming acceptable for each operator.

Lastly, one cannot dismiss the idea that an operator can take advantage of the behaviour of a client account that wins regularly by copying or overplaying/exaggerating its bets with other operators. If a gambler has a history of winning bets and places a bet of tens of millions of euro on the score of a second-class match, the operator may suspect that the gambler is taking advantage of illicit information about the match, and may in its turn bet an even larger sum with its competitors. The risk is not merely hedged, it is reversed!

The global sports betting market is one in which liquid assets circulate rapidly and every operator is involved in a ‘bidding war’. The sports betting economy is currently dominated by the Asian sites, which concentrate the greatest liquid assets and define the market trends. In fact, European operators generally open bets several days before the Asian operators, but change their odds to bring them into line with those offered by the Asian operators. In Albania for example, betting operators adjust their prices to match those of the three most influential Asian sites<sup>88</sup>. The weight of Asian sites on the world market testifies to their financial power and proves their ability to absorb fraudulent bets, even substantial ones, without endangering their financial stability.

The leading Asian sites (*sbobet, ibcbet, 188bet, 12bet*) are now licensed in the Isle of Man and therefore authorised to operate on the British market. The United Kingdom has in fact drawn up a “white list” of foreign jurisdictions whose standards are consistent with its own, and whose licensed operators may access the British market, even though technically they are not regulated by the Gambling Commission, which is responsible only for operators based on British soil. This white list includes Gibraltar, Antigua, the Isle of Man, Tasmania, Alderney and the entire European Economic Area. Operators licensed in these territories are authorised to provide their offering to British citizens.

The authorisation of Asian sites in some European countries symbolises the integration of the global sports betting market and the progressive standardisation of European and Asian operators. European operators such as *Betfair, Bet365* and *Ladbrokes* also offer their services throughout the world and are also experiencing increasingly significant cash inflows. The rise in rates of return to players on European sites, provoked by competition from Asian sites, has increased betting on the latter. *Betfair* confirms receiving an average of over five million bets per day and can attract bets of nearly €35 million for a single cricket match in the Indian Premier League. Liquid assets circulate between the operators who belong to a vast decompartmentalised worldwide market, even though the Asian sites still largely dominate it.

\*  
\*\*\*

---

<sup>88</sup> Interview with an employee of an Albanian betting operator, Tirana, 28 June 2011.

The risk of fraud that is currently threatening the integrity of our sporting competitions is the result of an interaction between the vulnerabilities intrinsic to the operation of the world of sport, and the formation of a worldwide sports betting market, one section of which is totally unregulated.

The main vulnerabilities of the world of sport are the physical ease with which matches can be rigged, the financial uncertainties of the sector, and its impenetrability - even impunity in some contexts. On the other side of the coin, the integration of European and Asian betting sites has helped to form a vast deregulated market where an individual is totally free to place astronomical bets on any competition in the world.

Nowadays, fraud in sport linked to sports betting can take any form. It may originate with an athlete who places bets individually on an event of which they have chosen to alter the course, or a club that has chosen to “sell a match” for financial gain. However, there is a growing risk from criminal organisations who are targeting sport and taking advantage of the lack of cooperation between the authorities of different countries in the fight against transnational crime.

The risk of sporting manipulation is therefore latent, diffuse, multi-form, adapted to different contexts, and more real than ever.

How can one surmount the differences between jurisdictions? How can illegal betting be combated? How can licensed operators be effectively regulated? And above all, how can the integrity of sport be protected?

## **II. The fight against corruption in sport linked to betting**

A parallel is frequently drawn with the process of combating doping in sport - which received a very strong boost with the Festina affair in 1999, and for which the use of operational tools was a long-term process. Awareness of the risk of match manipulation is more recent, and thoughts on which tools to use are still in their infancy. Even so, 2011 was rich in discussions and seminars, scandals and suspicions. This is illustrated in the fact that the topic of this study is becoming a genuine society - and even political - issue, which requires coordinated action by the three types of stakeholder involved: the sports movement, betting operators and public authorities.

The aim of this section is to investigate combining measures to enable the integrity of sporting competitions to be preserved. The sports movement can help by improving the visibility of the operation of its competitions on the sports betting market, to react according to the dynamism and specific features of the activity. Prevention also requires the use of structural policies to support dialogue with other stakeholders, primarily the public authorities.

The public authorities must in fact also play a major role, both to contain the penetration of organised crime into the world of sport and to regulate the betting offering so that it is exercised in a transparent manner, with regard for the preservation of public order and the general interest. In the face of the risks of corruption and fraud, the sports betting activity must take place within a legal framework, accompanied by control measures and resources. The complexity of the issue lies in the proliferation of varying national approaches to regulation. The cross-border dimension of the fight against corruption in sport shows that stronger international cooperation is required in a number of areas (intelligence, policing, justice) to deal with the transnational criminal organisations involved.

### ***A. Those involved in prevention and the interaction between them***

#### **1. The sports movement**

The sports movement is core to the issue of preserving the integrity and honesty of sporting competitions. Its direct relationship with the sport's grassroots and its role in organising the sports events that are the subject of betting confer upon it a key responsibility.

Very broadly, the sports movement encompasses all the stakeholders in the practice and regulation of sport: national and international sports federations, clubs, players and athletes, trainers and staff, agents etc. Match fixing is not possible unless at least one of these parties plays an active role.

Combating the manipulation of sports events, whether or not such manipulation is linked to betting, is, for the world of sport primarily, an issue of ethics and values. The manipulation of a result or of any secondary aspect of a game, is the antithesis of sporting values: setting new targets for oneself,

performance, fair play. More fundamentally, it is the negation of the “*glorious uncertainty of sport*”. In its Code of Ethics, the Olympic movement prohibits any form of participation in, or support or promotion of, sports betting in connection with the Olympic Games. The issue is raised in the first section of the text, in the obligations relating to “dignity”<sup>89</sup>: “*In the context of betting, participants in the Olympic Games must not, by any manner whatsoever, infringe the principle of fair play, show non-sporting conduct, or attempt to influence the result of a competition in a manner contrary to sporting ethics*”.

The manipulation of matches is a major risk for the image of sport in general, and for all players and sports. A scandal can have a long-lasting impact on the credibility of an organisation or discipline, at both national and international level. Furthermore, maintaining the appeal of a sport is a major economic issue for federations and clubs alike, because the possibility of having resources (sponsors, TV rights, advertising, ticket sales etc.) depends on the interest of the public.

It is difficult for a sporting institution to communicate on the topic of corruption linked to sports betting because it needs to fight against the phenomenon, but at the same time not give the impression that the sport is excessively corrupt. The sports movement is therefore still highly reticent about unveiling scandals. In most cases it prefers to settle disciplinary matters internally whilst trying to limit communication. Another reality is that the sports movement also struggles to assess the scale of the risk, hence the importance of anticipation and prevention.

Economic globalisation has for several decades strongly fuelled a tendency to mutate sport into sport business. This applies in many fields and is reflected in the colossal sums invested in building infrastructure, holding major sporting events, sponsorship contracts and player transfers. Media coverage of sport has also played a major role, generating exploitation rights and attracting private individuals *en masse*. The result of this “sporting geo-economy” has been to create economic dependencies for the sports movement.

In the matter of regulation, the responsibility to act lies with the managing bodies of the world of sport (federations, clubs, associations) and they need to have a concerted action which targets the grassroots (players, trainers, referees). They need to ensure the integrity of the entire chain of people involved. From this point of view, one of the difficulties relating to the scope of the action lies in the many and varied levels of activity within the institutional sports network. From international federations to national organisations, clubs to professional athletes’ associations, there are many people involved. Federations are responsible for the competitions they organise, clubs are responsible for managing their assets, and players are responsible for their individual and/or collective performance.

The action of an international federation can have only a limited impact on national federations, which remain free to retain their own organisation and regulatory procedures.

---

<sup>89</sup> IOC Code of Ethics, Article A, paragraphs 5&6 (<http://www.olympic.org/Documents/Reports/EN/Code-Ethique-2009-WebEN.pdf>)

Be that as it may, the study of current initiatives demonstrates increasing mobilisation of the sports movement at different levels. While some sports are still poorly equipped to assess the risk and protect themselves against it, there are tools already in existence that help to identify best practice and enable it to be adopted and applied in more depth.

## **2. Sports betting operators**

Betting operators provide major support in the action because they have data enabling the detection and illustration of attacks on the integrity of sport. The Internet has helped to multiply the number of stakeholders in the activity. The offering is diversifying and more and more bets are being offered on an ever-increasing variety of sports competitions. The operators have an important role to play in this context, because the products they market can in some cases present direct risks to the integrity of sporting competitions.

For operators, combating fraud linked to sports betting primarily relates to their image and reputation, which are vital in retaining the trust of gamblers. An operator's credibility depends on their being able to ensure the genuineness of the sporting results on which they accept bets. Furthermore, sports betting operators are operating and expanding in a competitive economic environment, and the very principle of match fixing distorts such competition.

The very significant growth in the offering in recent years has considerably enlarged the field over which control needs to be exercised. The new routes opened up 15 years ago with the development of the Internet have helped to expand the offering, which now extends to multiple sports and phases of matches alike.

Operators are introducing monitoring systems that serve both to optimise their risk management (i.e. for fixed odds betting, approaching as closely as possible to their target margin despite the uncertainties linked to sporting results) and the detection of irregular bets. In this latter respect, initiatives have flourished in recent years with the introduction of early warning systems specifically for the surveillance of sports betting. These are a key resource in preserving the integrity of sport and combating money-laundering. In addition, the Internet can enable better management of suspicious movements by breaking down the barrier of anonymity and enabling the aggregation of data relating to the provenance, nature and concentration of transactions. This does not however prevent the continuing difficulty of monitoring international transactions.

A distinction must be made between state lottery operators on the one hand<sup>90</sup> (which, in many European countries, offer sports betting) and private operators on the other, a difference relating to their respective statuses and identities. Lotteries are essentially public, whereas private operators are committed to a more lucrative approach. So their approaches often diverge when it comes to the conditions for managing the market and/or regulating offerings. However they share the desire to combat fraud, the lotteries from the point of view of preserving public order, the private operators to protect their commercial interests (competitions that are too corrupted risk chasing gamblers away).

---

<sup>90</sup> The field of activity of lotteries initially covered gambling and games of chance (lotteries, scratch cards etc.), but they have diversified their activities and now also offer sports betting. The term 'lottery' will be used in this study to refer to this latter field of activity.

The proliferation of private operators in the market also arouses concern as to the continuity of the benefit derived by amateur sport from the finance traditionally granted to it by state lotteries, which represents substantial income (over €2 billion per year from lotteries that are members of the European Lotteries Association for example). The deregulation of the betting market must include consideration of the lotteries' current assistance in financing sport.

### **3. Public authorities**

The public authorities are responsible for exercising control over risks to public order connected with gambling activity. This involves combating the illegal market on the one hand, and protecting consumers and the general public on the other.

Some sectors of activity receive specific attention from the public authorities when it is a question of protecting different parts of society and watching over the preservation of public order. As far as betting is concerned - and gambling more generally - the approaches vary according to country and depend on existing socio-cultural structures. In all cases, the activity is recognised as an issue affecting society because it can lead to addictive excesses, hardship and vulnerability as a result of gambling debts.

Internationally, there are a number of gambling regulation models: prohibition, exclusive or multiple concessions (monopolies or licences respectively), and authorisation. Legislations create dedicated, legal and institutional tools. The regulatory authorities manage the activity and endeavour to combat the illegal market and violations of the law.

The rapid expansion of the Internet has necessitated the inclusion in regulatory approaches of this gaming dissemination medium. As in other sectors of activity, the globalisation that characterises the virtual world complicates the management of the activity. The increased appeal of the betting market for organised crime has prompted reflection on additional legal and structural measures to be taken in order to combat fraud effectively.

More specifically, in terms of the manipulation of sporting results, it is not the remit of the public authorities to regulate sport and interfere in the organisation and running of sports competitions. Furthermore, the sports movement is committed to preserving its autonomy. But on the basis of their sovereign powers, the public authorities are inclined to act in this domain insofar as it affects issues of public order such as combating corruption, crime and the informal economy. In the face of such risks, which are increasingly working their way into sport, there is a relative admission of powerlessness by sporting organisations. The problem therefore reaches beyond the field of sport itself, extending to the wider issues of combating organised crime, particularly because of the risk of money-laundering.

Sport is particularly attractive in this respect precisely because of the weak control exercised over it by the public authorities. Corruption in sport therefore constitutes a lucrative, low-risk activity in comparison to other criminal activities that are the focus of attention of the public authorities, and are punishable by very heavy penalties. Besides having a deterrent effect, specific criminal legislation in respect of fraudulent practices will help the sports movement to protect itself.

Also, given the transnational nature of both organised crime and the sports betting market, it is important to have bridges of cooperation between countries at several levels (combating the illegal

market, regulating the offering, fighting organised crime, law enforcement etc.). The Council of Europe was a pioneer in mobilising states against the risk of sporting corruption, beginning work in 2009 on a recommendation that was adopted at ministerial level in September 2011<sup>91</sup>. The recommendation calls on states to take every measure necessary to preserve sport. Pooling experience and adopting a concerted approach between states is in effect the method that best conforms with the interests of sporting organisations.

The European Union is also increasingly turning its attention towards the issue, and the Commission on the Environment, Public Health and Food Safety European Parliament's recently called for "*a European Agency for Sporting Integrity and Fairness to be established, with due regard for Articles 6, 83 and 165 of the Treaty on the Functioning of the European Union, whose remit would be to coordinate the combating of fraud and corruption in sport and to combat doping, without prejudice to the rules of the World Anti-Doping Agency or to how it operates*" (Auconie Report, June 2011)<sup>92</sup>.

Two focus areas were studied initially to enable an understanding of the phenomenon; on the one hand the people involved in, and methods of, corrupting sport, and on the other the risks inherent in the growth of sports betting. In the same vein, we are interested here in the countermeasures that should be put in place to prevent the risk, firstly by focusing action on the protagonists (who range from participants in sport to criminals), and secondly by turning attention to the regulation of sports betting and the associated methods of surveillance and control. In both cases, the transnational nature of the issue raises the challenge of international cooperation.

## ***B. Targeted action against those involved in corruption: from those at grassroots level to organised crime***

Those involved in corruption are part of a chain of command with a structure that varies according to the nature of the corruption in question (isolated, systemic, exogenous etc.). On the one hand, there are people from the world of sport, both on the field (players, referees, coaches) and in the wings (agents, governance of sporting organisations). On the other hand are the criminals who infiltrate sport by various means, either directly through players or referees, or through clubs in difficulty or weakened national federations. They have large networks, particularly in the entourages of sportspeople, and a distinct capacity for moving within various backgrounds.

---

<sup>91</sup> Recommendation of the Committee of Ministers to Member States of the Council of Europe on "promoting the integrity of sport to combat the manipulation of results, particularly arranged matches"

<sup>92</sup> <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+COMPARL+PE-467.280+01+DOC+PDF+V0//EN&language=EN>

## **1. Integration into the sports movement: information and deterrence**

The sports movement itself is core to preserving the integrity of sport in the face of the growth in betting. Sports organisations are the first line of defence in preventing corruptors from destroying their sports. It is vital to establish a set of preventive and punitive measures. Participants in sport must be dissuaded from embarking on any act of corruption through a two-pronged regulatory and educational approach.

Awareness has only recently dawned, simultaneously with the explosion of the online betting market and the revelation of instances of corruption that have raised the levels of concern. After Asian football was shaken by multiple scandals in the 1990s and 2000s, the threat expanded, moving into European and international competitions (in which Asian gamblers are very interested) and contributing towards the rapid development of the market. The disclosure of the case of referee Hoyzer in Germany in 2005 helped to alert the world of sport to the risks being run. The affair of the Sapina network, which manipulated tens (if not hundreds) of matches in Europe in 2009, certainly received very little media coverage in comparison with the scale of the phenomenon, but it gave rise to a profound awareness in the world of sport. Recent years have effectively borne witness to a growing mobilisation within the world of sport, but one that is however still limited to certain people and certain sports. Ever since the International Olympic Committee (IOC) incorporated a prohibition on betting in its Code of Ethics in 2006, it has been encouraging federations and the sports movement in general to do the same. The IOC indicated its desire to attack the issue on the occasion of a seminar in June 2010 which ended in recommendations for the sports movement based on four avenues of action:

- incorporating the issue of betting in internal regulations
- establishing programmes of communication, education and prevention
- setting up a working group on the issue of the surveillance of sports betting
- cooperation with the public authorities<sup>93</sup>.

Recognition of the risk within the sports movement is still embryonic, and for the moment it is more a question of empirical thinking than structural integration. The complexity of the sporting institutional network requires reflection with regard to all its components. The priority area of focus is prevention and anticipation, which can be achieved by incorporating standards in sporting regulations and establishing programmes to raise awareness among participants in sport. The world of sport is still not particularly familiar with the risks to which it is exposed because it does not always fully understand the world of betting and gambling. More precisely, it is only gradually discovering the complex techniques associated with betting opportunities, in addition to the match rigging they can lead to. There is substantial education to be undertaken on two levels, firstly the management and trainers, who must be able to tap into general expertise in sports betting and the associated criminal risks in

---

<sup>93</sup> Recommendations for the IOC seminar "*Sports Betting: A Challenge to be Faced*", 24 June 2010 ([http://www.olympic.org/Documents/Conferences\\_Forums\\_and\\_Events/2010-06-24\\_Final\\_Recommendations\\_IOC\\_seminar\\_eng.pdf](http://www.olympic.org/Documents/Conferences_Forums_and_Events/2010-06-24_Final_Recommendations_IOC_seminar_eng.pdf))

order to provide their sport with the appropriate tools, and secondly those at grassroots level, athletes and referees, who are the preferred targets of the criminals.

More generally, the issue arises of the proper governance of sports organisations. This is a vital precondition for preserving the values of sport. The shaky situation of some clubs, or some athletes, facilitates penetration by criminal elements. In parallel and *a contrario*, the massive injection of funds in some sports and generally the increased weight of short-term financial thinking are vehicles for risks to the integrity of sport<sup>94</sup>.

### **Factoring risk into regulations**

It is important that sporting organisations incorporate in their regulations a prohibition against sports betting by participants who are directly involved in competitions and championships. This category of participants is broad, it includes all accredited individuals, athletes, judges and referees, employees and officials of sporting organisations, members of the organisation responsible for the competition and the entourages of all those people mentioned above<sup>95</sup>.

These regulations must factor in two risks: on the one hand that of conflicts of interest when participants are in possession of privileged information, and on the other that of corruption in sport that directly concerns seeking to influence a match.

- The risk of insider information covers information whose transmission could influence a third party to place a bet. Participants in sport are not always aware of the valuable nature of this information, which includes, for example, intelligence on the physical and mental state of players, or on strategies being considered by athletes' management. This is all information that should not be publicly communicated. Participants in sport must be made fully aware of the reprehensible nature of the act of transmitting information to third parties or profiting from it themselves by betting on matches.
- The risk of corruption in sport relates more directly to the manipulation of a result and the fact of having an attitude intended to influence the course or the result of a sporting event with the aim of deriving profit from it for oneself or a third party.

A common approach by the sporting movement could be based on the following principles<sup>96</sup>:

---

<sup>94</sup> The report by the FATF (Financial Action Task Force) published in 2009 entitled "*Money Laundering Through the Football Sector*" shows the general weaknesses of the football sector in respect of governance, which make it vulnerable to criminal activities, certainly money-laundering, but also people- and drug-trafficking, corruption and tax fraud. (<http://www.fatf-gafi.org/dataoecd/7/41/43216572.pdf>)

<sup>95</sup> According to the definition used in the common standards of SportAccord ([http://www.sportaccord.com/multimedia/docs/2011/08/Model\\_Rules\\_on\\_Sports\\_Integrity\\_in\\_Relation\\_to\\_Sports\\_Bettin\\_g.pdf](http://www.sportaccord.com/multimedia/docs/2011/08/Model_Rules_on_Sports_Integrity_in_Relation_to_Sports_Bettin_g.pdf)). SportAccord is an association grouping together 100 international sports federations and its mission is to promote their common interests and share best practice in respect of regulating sport.

<sup>96</sup> Code of Conduct on Sports Betting Integrity for Athletes and Officials, SportAccord.

- know the rules (applied at all levels: championship, competition, club, federation, country of nationality)
- never bet on one's own discipline
- never share sensitive information
- never fix an event
- notify someone if approached

These measures must be accompanied by disciplinary measures and the possibility of sanctions in order to have a genuinely deterrent effect on participants. FIFA recently banned some referees for life for their involvement in sports corruption<sup>97</sup>. The Bochum investigation is currently giving rise to multiple exchanges of information between the German Public Prosecutor's Office and UEFA, which is taking disciplinary measures as the facts unfold. A Ukrainian referee was also struck off in early 2011<sup>98</sup>. A referee may even be banned for life for not reporting that they have been approached.

Betting and sharing privileged information are among the most difficult practices to control. In order to do so, sporting organisations must generate lists of names for whom betting is prohibited and this data must be able to be cross-checked against betting operators' client files. This type of option is currently under consideration but requires substantial legal measures for the protection of personal data.

Given that the sports betting market operates in a very similar way to an actual financial market, the fight against fraud could draw inspiration from tools used to combat stock market fraud / offences (see insert below, which sets out the three offences recognised in European regulations).

### **The three stock market offences**

*Directive 2003/6/CE of the European Parliament and of the Council dated 28 January 2003 relating to insider trading and stock market manipulation sets as its principle that to protect the integrity of the financial markets and maintain public confidence, the national legislation of Member States should be supplemented by the introduction of three specific offences.*

*The measures thus implemented are intended to combat insider trading, the manipulation of financial instruments and the spreading of false information with a view to manipulating markets.*

#### **1. Insider trading**

The offence is constituted when an individual acts in a certain manner because they have access to privileged information, i.e. to information of a precise nature that has not been made public and relates (directly or indirectly) to one or more issuers of financial instruments (or one or more financial instruments), and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments.

---

<sup>97</sup> <http://news.bbc.co.uk/sport2/hi/football/14481355.stm>

<sup>98</sup> <http://www.sport.fr/football/pUn-arbitre-ukrainien-banni-vie-206773.htm>

The use of the privileged information may consist of the acquisition or transfer of financial instruments when the party concerned knew, or ought to have known, that the information held was of a privileged nature. In this respect, the competent authorities must determine what a normal and reasonable person knew or ought to have known given the circumstances.

## **2. Market manipulation**

This can take two main forms:

a) performing transactions or issuing orders to trade:

- that give, or are likely to give, false or misleading signals as to the supply of, demand for or price of financial instruments, or

- that secure, by the action of one or more persons acting in concert, the price of one or more financial instruments at an abnormal or artificial level,

b) performing transactions or issuing orders to trade that employ fictitious devices or any other form of deception or contrivance;

## **3. Spreading false information**

This is disseminating information, whether through the media (including the Internet) or by any other means, which gives (or is likely to give) false or misleading signals as to financial instruments, including spreading rumours or disseminating false or misleading information, when the person who made the dissemination knew, or ought to have known, that the information was false or misleading.

Be that as it may, a vital preliminary is to raise awareness among all stakeholders of the risks of corruption linked to sports betting. For example many sportspeople are unaware of the issue of conflict of interest and bet on sport without seeing any harm in the practice. European association *EU Athletes*<sup>99</sup> runs a prevention programme for players - part of which consists of raising awareness directly among players in the changing rooms - and has ascertained that more than half the footballers in England are not at all aware of the obligations relating to their status<sup>100</sup>. About 20% of professional basketball players in France have admitted, in changing room surveys, that they have bet already on their own championship<sup>101</sup>. These two examples illustrate the pressing need to educate participants in sport.

### **Factoring in risk by raising awareness among stakeholders**

Significant attention must be paid to athletes. Apart from the risk of insider information, there is a serious risk of athletes finding themselves caught in a web and criminal spiral, but at grassroots level

---

<sup>99</sup> See Code of Conduct on Sports Betting for Athletes, EU

Athletes ([http://www.euathletes.info/uploads/media/Sports\\_Betting\\_-\\_Code\\_of\\_Conduct\\_for\\_AthletesEN.pdf](http://www.euathletes.info/uploads/media/Sports_Betting_-_Code_of_Conduct_for_AthletesEN.pdf))

<sup>100</sup> Interview with Simon Taylor, *Professional Players Federation*, United Kingdom, 14 April 2011

<sup>101</sup> Interview with Jeff Reymond, *Union Nationale de Footballeurs Professionnels*, France, 30 March 2011

they are completely ignorant of this. The psychological factor is key because a player who has been made aware of the issue will be inclined to instantly perceive the threat if they are approached indirectly or offered favours.

Education for athletes must prioritise interactivity, which is the spirit of the e-learning programme developed by *SportAccord*<sup>102</sup>. The programme brings the message home using videos and quizzes. The videos are powerful, with testimonies from four people who were directly involved, including a former Belgian player caught in Zehun Ye's web in 2004-2005 who explains the way in which his career was ruined and his friends and family humiliated. There is also a testimony from a reformed member of the New York Mafia who explains the threats he made to players to keep them under his domination ("slave to the fixer").

Apart from these online tools, it is important to extend the action by raising awareness interpersonally, face-to-face. We have seen how corruptors favour using former players/members of the world of sport/medical staff etc. as intermediaries because their standing among the younger generations encourages the establishment of a relationship of trust. The reasoning must be the same in the matter of prevention, the feeling of closeness to the educator is very important. The approach adopted by *EU Athletes* is interesting in this respect because it uses sportspeople to talk to sportspeople. Along the same lines, UEFA is currently considering working together with FIFPro, the International Federation of Professional Footballers, in an educational programme. Educators must be carefully selected, they must have no hierarchical relationship with the players so that they feel free to say anything, including passing information on to the educator in private. Athletes may fear that any information reported (whether trivial or more compromising) may endanger their career. Hence the importance of a relationship of trust between the educator and the players. As for the best time to carry out prevention campaigns, the IOC, FIFA and UEFA run awareness-raising sessions in tandem with their competitions, and particularly for junior category championships. However, competitions are not necessarily the most opportune time to undertake these campaigns, as athletes are focused on their sporting objectives and not particularly inclined to take lastingly on board the issues presented to them. Training periods would seem to be more favourable. At national level, federations and clubs must take the initiative within the context of their respective championships and use tools developed in and for their respective sports.

To whom can participants in sport turn if they are approached or have suspicions? This is a key question, to which it is difficult to give a single answer. In fact, there does not appear to be a universal solution and the main criterion must be trust. Existing codes, such as those of *EU Athletes* and *SportAccord*, recommend different solutions: the club (particularly the trainer, with whom the players have strong personal links), the federation, or the players' association. Other tools - such as hotlines or generic email addresses - exist, but must all be fully secure so as to guarantee confidentiality and anonymity. Federations can also recommend specific measures within their organisation. The person teaching the players about betting-related risks can also be a good contact person. The main thing is to ensure that the message is correctly received and assimilated. If this is not the case, other solutions should be considered, even that of replacing the person who has been tasked with raising awareness. In

---

<sup>102</sup> SportAccord has drawn up a programme to raise awareness that is accessible online and accompanied by options to deepen awareness using programmes customised to suit different sports: <http://www.integrity.sportaccord.com/en/>

any case, sporting organisations MUST establish clear procedures to be followed in the event of suspicion.

### **Factoring in risk by setting up dedicated structures**

Following the Hansie Cronje scandal in 2000, the International Cricket Council was the first to create diversified tools by drawing up a very strict code of conduct and establishing a dedicated unit, the ACSU (Anti-Corruption and Security Unit)<sup>103</sup>. Substantial penalties exist for players, particularly if they bet on their competitions or divulge insider information to third parties. There is also provision for penalties in the event of passive corruption, i.e. when a player omits to notify the relevant people of any wrongdoing of which they have been informed. The federation may also demand access to personal information on players such as their telephone records or bank details. Lastly, the emphasis has been placed on controlling access to players during competitions (restrictions on the use of telephones and computers, restricted access for players' entourages, etc.). A member of the cricket anti-corruption unit attends all international matches in order to monitor the way the game unfolds. The International Cricket Council is also endeavouring to recruit informers and contacts within illegal betting networks, who will collect information on possible attempts at corruption, particularly in clandestine betting networks on the Indian sub-continent.

The tools and measures implemented in cricket served as a model for the establishment in 2008 of a dedicated Tennis Integrity Unit within the International Tennis Federation. The logic is however slightly different because in this case it is applied to an individual sport which requires personalised management of athletes, particularly in the matter of education. As with the ACSU model, each player is under an obligation to answer questions and cooperate (information, telephone records, etc.), and access restrictions have been introduced for players' entourages. There are also information programmes for younger players on the circuit. They are provided with a confidential email address and an online interface to help them to keep up to date on issues relating to integrity (once connected a player is required to login and the TIU can monitor the rate at which they consult information). Since March 2011, players have also had access to an educational multimedia resource that presents the risks in six languages. Surveillance during competitions has also been stepped up (signature of a charter by all those holding accreditation for tournaments, prohibition of laptops within enclosures and videoing from courtside, appointment of umpires on the morning of the match etc.).

Establishing dedicated units on the cricket and tennis models is worthwhile because it corresponds with a good awareness of criminal threats whilst taking into account the specific features of each sporting discipline.

UEFA has set up a network of "integrity officers" within each of its 54 member federations<sup>104</sup>. This measure is intended to meet the need for points of contact in national federations so that information can be exchanged if UEFA's monitoring system detects anomalies. It is also aimed at coordinating training and awareness-raising activities. One of the objectives is of course to encourage national federations to take increased ownership of the risk issue. Certainly UEFA is competent in the context

---

<sup>103</sup> [http://icc-cricket.yahoo.net/anti\\_corruption/overview.php](http://icc-cricket.yahoo.net/anti_corruption/overview.php)

<sup>104</sup> <http://www.uefa.com/uefa/management/legal/news/newsid=1680280.html>

of its own competitions, but it cannot take disciplinary measures in cases of corruption relating to national competitions or championships. The network of integrity officers will however enable better dissemination and feedback of information. They will also be in contact with the law enforcement authorities in their country, and will be in a position to provide information on the legal framework and any proceedings instituted.

The primary responsibility of the sports movement is to prevent the risk by factoring it into its regulations and providing tools to raise awareness and procedures to feed back information.

## **2. Strengthening investigation and sanction methods**

As sport becomes increasingly important due to globalisation, the risks incurred justify the strong involvement of the public authorities in attacking any abuses to which the world of sport is exposed. This applies in a general way to surveillance for the purposes of good governance of sport. We have seen how some clubs can become instruments for Mafia activities. Such examples lead us to question the responsibility of states in the regulation of sport. The autonomy of the sports movement must not hamper the fight against crime and fraud in sport. The public authorities must therefore be involved. It is as much a question of anticipating by collecting and sharing intelligence upstream to attack criminal organisations that orchestrate corruption in sport (and therefore, understanding their development) as it is one of having tools of sanction to dissuade (in advance) or crack down on (after the event) all those who allow themselves to be tempted by these manipulations.

### **In the face of transnational criminal organisations: the need for intelligence and international police coordination**

Departments responsible for intelligence must be made aware of, and tasked with watching out for, corruption in sport.

Types of crime have changed with globalisation, and Mafia organisations have adapted to the new post-Cold War environment, particularly during the past 15 years that have seen the exponential growth of the Internet. They have also diversified their activities.

#### **-The evolution of modern organised crime**

Over the past 20 years, what were originally regional crime organisations with a strong family structure have expanded to become international, multi-faced “corporations”. These criminal organisations have taken advantage of changes in regulations, weaknesses in legal and judicial systems, the opening up of borders and the growth in free trade.

Before the fall of the Berlin Wall, criminal groups and “traditional” Mafia entities existed in the West. Some of these entities migrated to America - and particularly the United States - as a result of economic, social and political crises. Successive waves of immigration led to an aggregation of criminal groups with varying origins. These “traditional” criminal organisations relied on two pillars to enable their expansion:

- A substantial diaspora in the host country that offered them a twofold advantage: a source of “labour” that arrived to swell their ranks, and income, particularly through the “racket”, often practised to the detriment of members of the wider community.
- A strategy copied from that of commerce, in terms of winning the market.

In this way they passed from “crime SMEs” to multinational status. In the USA, as in certain islands in the Caribbean (Cuba) and in Latin America, these criminal organisations expanded further into and through narcotics, gambling (casinos: from Las Vegas to Miami and Havana), pornography, prostitution and gunrunning. In addition, by anticipating the fall of the Wall, they took advantage of their geographic and cultural links and areas of common interest with other entities, albeit competitors, some of which were even established in Eastern Europe. It is thus, for example, that prior to the fall of the Wall the Italian Mafias built up an *entente cordiale* with their Turkish counterparts (Maffya), and their Albanian counterparts, the latter benefiting from a strategic geographic positioning on the narcotics route to Europe from Afghanistan and the Golden Triangle (Burma, Vietnam, Laos, Thailand). Criminal “joint ventures” were born.

The official ideology and party line in Eastern Europe denied the existence of a “micro society” during the Communist period, but one nevertheless emerged for subsistence purposes (petty smuggling, rackets, corruption) and developed within and despite the existence of the authoritarian regimes. The parallel market established by these “micro societies” was useful to the local populations and in a certain way, enabled these states to survive economically and socially, thanks to the underground “micro-economy”. This social and economic “utility” can explain why criminal organisations had the time to deeply penetrate the social fabric, and were accepted on a long-term basis by the local populations. When the Berlin Wall fell, they were so rooted and integrated into the societies that they were naturally absorbed into the “new” State systems.

In Asia, the proclamation of Communist China in 1949 put a brake on Chinese crime. The establishment of a strong centralised regime and a planned economy forced criminal organisations to leave continental China and not only move to its zones of influence (Hong Kong, Macao, Taiwan and Singapore) but also to spread into the rest of the world by way of a substantial Chinese diaspora. The Chinese Mafia waited until the 1980s/1990s to re-establish themselves permanently on the continent when the Communist regime loosened up on economic aspects. The handover by Portugal and the United Kingdom of the colonies of Macao and Hong Kong (respectively) put the final finishing touches to the Chinese Mafia’s return to the very heart of China itself.

The effect of the fall of the Wall was the internationalisation and globalisation of organised crime. Criminal organisations immediately took advantage of the tremendous opportunities offered by the liberalisation of commerce, the opening up of borders, globalisation and its associated controls (legal, judicial), the free movement of people and assets, and the support of the diasporas already in place<sup>105</sup>, and incorporated the benefits they were able to derive from the rapid growth of technology and the Internet network. This rapid growth translated in practice in a twofold movement: an increased diversification of illicit offerings, particularly in relation to the new technologies, and a progressive integration into the lawful economy through international money-laundering operations (buying

---

<sup>105</sup>For example, the Albanian Mafia can count on a diaspora of 700,000 members (for a population of slightly over 3 million individuals), present primarily in Europe and the United States, to establish its hold on “decentralised” local crime.

shares, setting up companies, buying businesses etc.) in financially and legally “welcoming” markets. Criminal organisations diversified their activity by extending their (traditionally illegal) fields of action and investing in entire areas of economic activity<sup>106</sup>.

The profits from their activities enable them to avail themselves of the services of the leading experts in a wide range of domains (solicitors, corporate lawyers, specialists in increasingly sophisticated financing arrangements, IT experts, lobbyists etc.), and also help some criminals to pass themselves off as respectable businessmen and merge easily into political and economic circles.

After 11 September 2001, the fight against terrorism in Western countries to some extent relegated the fight against transnational organised crime to second place, allowing criminal organisations to invest in new areas of the economy with relative impunity for nearly 10 years.

Gambling represents a particularly attractive sector for organised crime, particularly in France where it is a preferred investment sector<sup>107</sup>. Some criminal organisations specialise specifically in sports-related corruption, e.g. the Singaporean “fixers” acting for the benefit of the Asian triads<sup>108</sup>. For others, it is a primary activity, as in the case of the Bochum affair where Croats counted a prostitution and money-laundering network among their other criminal activities.

In the light of these developments, intelligence, collecting data and sharing information are essential to effectively combat these transnational criminal organisations, which are increasingly diversifying their activities.

### **-The fight against organised crime today**

In France, a body was set up in 2009 to centralise information relating to organised crime - SIRASCO (the department of intelligence, information and strategic analysis of organised crime). Its remit is to centralise information on the involvement and penetration of organised crime in trafficking of various types and to take an interest in their specific characteristics and methods of organisation, lines of communication and areas of activity. SIRASCO uses a database (VASCO: analytic and strategic view of organised crime) to compile information at interdepartmental level. This type of national institution, whose purpose is to provide an overview of the activities of criminal organisations in the country, may help to aggregate information on corruption in sport. In 2006, the UK set up SOCA (Serious Organized Crime Agency) with the same desire of establishing an overall approach to organised crime. It is important that public authorities at national level understand the risk in their own country, but this is not enough to combat the transnational dynamics now in operation. National specialisation does however create favourable conditions for developing bridges of international cooperation, particularly between police forces.

---

<sup>106</sup>By way of illustration, criminal organisations that originally derived their income mainly from theft, extortion, smuggling and drug-smuggling are now integrated and established in all spheres of the legal economy (real estate, public works, waste treatment, finance, communication and the media, transport, entertainment and the performing arts, restaurants, night clubs, film studios etc.).

<sup>107</sup><http://www.lefigaro.fr/actualite-france/2011/11/16/01016-20111116ARTFIG00623-pietro-grasso-la-france-cible-de-la-mafia.php>

<sup>108</sup><http://www.asiaone.com/News/Latest%2BNews/Sports/Story/A1Story20111117-311087.html>

Interpol, an international platform for cooperation between police forces, undertook a series of operations aimed at breaking up illegal networks of bookmakers in Asia. Three operations were carried out in 2007, 2008 and 2010 in cooperation with local police forces, who were responsible for making arrests. In the space of one month during the 2010 FIFA World Cup, over 5,000 people were arrested in Asia (China, Malaysia, Singapore, Thailand) and over \$10 million was seized<sup>109</sup>. Interpol's most recent initiative in this respect was in cooperation with FIFA, which unfroze \$20 million to create a training centre in Singapore with several areas of activity, from training for athletes and sports management to training for local police forces. Its location in Singapore is deliberate, because, like Hong Kong, the city offers a microcosm and laboratory for the new face of sports betting in the age of the Internet in Asia. It is scheduled to open in 2013, but it is unclear as yet how this approach will be expressed in terms of national competences. In any event, having a training centre will help to integrate systems and know-how at national level. This training initiative may be deployed at other levels, and particularly in Europe by Europol.

The importance of police cooperation is being able to access evidence. Unlike doping, for which the proof can be established on the basis of urine or blood samples, corruption in sport is much more difficult to establish, and particularly cannot do without international cooperation in the face of penetration that has no borders. Bridges between the various services and countries are therefore essential, and Interpol can help by coordinating with local authorities. In the same way, Europol is beginning to become aware of the issue, and plays a role in coordinating cross-border investigations such as those required for the Bochum case. The primary function of Europol is to coordinate intelligence relating to criminal activities in Europe, at European level. Eurojust - whose remit is to encourage and improve the coordination of enquiries and criminal proceedings between the competent authorities of the Member States of the Union - can also be involved in this cooperation. Dutch MEP Emine Bozkurt has requested the creation of joint investigation teams between Eurojust and Europol for a coordinated approach and exchanges between jurisdictions<sup>110</sup>.

### **Punishing fraud in sport**

The interest of organised crime in the sports betting market and its growing involvement in match-fixing arises from the low risk to which it is exposed by acting in this sector. Unlike many Mafia activities such as drug- people- or arms-trafficking, sports betting is a poorly monitored activity. Criminals are not exposed to deterrent penalties.

On the one hand are the measures that can be taken by the sports movement (surveillance of competitions, raising awareness among members etc.), and on the other are tools for which it is necessary to have recourse to the public authorities (telephone tapping, searches, surveillance of bank data). Several federations (such as FIFA, the International Cricket Council and the International Tennis Federation) have also employed former career policemen to head up their anti-match-fixing units. This approach originates in a pragmatic reality; these are people who understand the reasoning and operating methods of criminals, and who can tap into a relational network woven during the

---

<sup>109</sup> <https://www.interpol.int/Public/ICPO/PressReleases/PR2010/PR059Fr.asp>

<sup>110</sup> Meeting of the European Parliament, 22 September 2011

course of their professional experience. This can also make contact easier with local police authorities. The approach is appropriate for highly popular and particularly exposed sports, but does not necessarily suit less widespread disciplines, which may have limited resources. National police only intervene in response to offences, as cases brought to court by the law or the police are reliant on the existence of a (presumed) violation of the law, or of catching someone in the act. For example in France the *Service Courses et Jeux* (Racing and Gambling Department) - a department of the criminal police force - can carry out investigations only in the event of criminal offences. No affairs connected with sports betting are handled by them at the present time. The preliminary inquiry into the Tours-Grenoble match (see above) was not pursued because it demanded substantial investigation work that could not be undertaken by the police force without dedicated resources and the appropriate criminal classification. In fact, unless explicitly requested to do so, the police are not allowed to question the protagonists in an affair such as this - particularly the players - to collect information needed for an inquiry<sup>111</sup>.

A number of countries have however recognised this weakness, and incorporated this type of offence in their penal codes. The offence currently exists in Turkey, Italy, the United Kingdom, Portugal and Spain, and will soon come into force in Australia. Prison sentences range from a few months to 12 years, depending on the country, and mostly punish the corruptor, although some also envisage punishing the corruptee (UK law particularly). The question also arises as to whether it is appropriate to make it mandatory to declare a suspicion, and if so, what should be the penalties for those who fail to comply?

The Italian law goes back to 1989 and makes provision for the punishment of organisers of corruption who promise money or any other benefit to a participant. The corrupted player or referee is not directly involved in the criminal offence, but the law requires an exchange of information between the public authorities and the sports movement. Thus in the *Calciopoli* affair in 2006, those responsible were sentenced on the charges relating to “criminal gangs” and “fraud in sport”. The Italian law also makes provision for an aggravated sentence if the corruption is linked with sports betting.

In 2005, in England, “cheating” became an offence - this applies both to participants on the field and those orchestrating such cheating, and carries a range of varying penalties. It is interesting to see that in the London cricket corruption scandal, the Pakistani cricket players who fixed aspects of games during international matches received prison sentences of up to two-and-a-half years. The application of this offence to sportspeople sends a strong message to the entire profession. The publicity given to criminal sanctions exceeds that of disciplinary sanctions, which are certainly a deterrent for players concerned about their career, but not particularly so for players who are already caught in the web of corruption or are coming to the end of their sporting career.

In 2011, Turkey passed a law to the effect that any person convicted of corruption with the aim of influencing the result of a match is now liable to a five- to 12-year prison sentence and a fine. The sentence will be increased by a further 50% if the corruption involves officials, club management or criminal organisations, or if it was committed to influence sports betting results. Criminalising fraud in sport is a more direct way of exposing unscrupulous club managers who manipulate games either

---

<sup>111</sup> Interview with the *Service Courses et Jeux*, DCPJ, France, 1 September 2011

personally or by associating with criminal organisations to provide them with information or meet other demands they might make. However, at the end of a highly politicised debate, prison sentences were recently revised downwards by the Turkish Parliament<sup>112</sup>.

France in its turn is appealing for the creation of such an offence. A report by the President of ARJEL was recently sent to the French Ministry of Sport to propose its establishment in law with the aim of preserving the integrity and honesty of sporting competitions<sup>113</sup>. As things stand, the proposal is to make provision for an aggravated offence when corruption in sport is committed in connection with sports betting. The sentence envisaged for any attempt to alter the course of a competition is five years in prison and a fine of €75,000 for both the corruptor (the person “offering” or “promising”) and the corruptee (the person who “accepts” or “solicits”), and relates to events taking place in France. More severe penalties are proposed in the event of this corruption being linked to sports betting.

The question of the usefulness of creating this type of offence arises when it is possible to invoke other existing offences in national legislation such as private corruption (OM/VA affair) or the offence of swindling (Hungary). For example, in the Bochum investigation, some countries availed themselves of tools already existing in their national legislation. Thus the absence of the offence of fraud in sport does not suggest a total impossibility of prosecution, although its existence can be a deterrent (for corruptors), and above all provide a stimulus (for public justice and police authorities).

At a national level, it is a question of establishing a sort-of “police force for sport”, not with the aim of carrying out surveillance on the sports movement, but rather with a view to facilitating the activation of police and legal mechanisms. Besides its deterrent virtues, this offence of fraud in sport “*would facilitate the use of specific investigation methods*”<sup>114</sup>. The risk is currently underestimated, the public prosecutors of various countries agree in saying that the problem is major but not sufficiently recognised. Systematising the punishment for manipulating matches would therefore help to extend awareness.

Some stakeholders within the sports movement are appealing for this type of standardisation at European level. This is the case with UEFA, for example. Recently, it was delighted at the European Parliament’s decision to support, *inter alia*, the fact that fraud connected with sports betting will be classified as a criminal offence throughout Europe<sup>115</sup>. A study is currently being undertaken for the European Commission on the legal and criminal treatment of fraud in sport in the 27 Member States of the Union<sup>116</sup>.

Combating attacks on the integrity of sport orchestrated by criminal gangs or organisations with the aim of enriching themselves via the sports betting market requires the implementation of common prevention measures within the domain of sport, and specific action within the sports betting market itself.

---

<sup>112</sup> <http://ovipot.hypotheses.org/6810>

<sup>113</sup> <http://lesrapports.ladocumentationfrancaise.fr/BRP/114000165/0000.pdf>

<sup>114</sup> <http://www.senat.fr/leg/tas10-122.pdf>

<sup>115</sup> <http://fr.uefa.com/uefa/mediaservices/mediareleases/newsid=1716319.html>

<sup>116</sup> Scheduled for publication in 2012, edited by KEA.

### ***C. An action targeting the context of corruption: the global sports betting market***

In some societies, sports betting is a deeply-rooted social and cultural activity. It is a natural reflex for any sports enthusiast to forecast results (either simply for pleasure or by betting). Sport also generates identity-related differences that encourage supporters to prolong and boost their excitement by betting on sport.

The substantial media coverage of sport and the large number of competitions nowadays provide many additional mechanisms for sports betting. The arrival of online gambling has considerably altered the balance and structure of the market over the past 15 years by enabling it to become globalised. The activity originally developed outside all control or regulation and it is only in the past decade that states have begun to regulate the domain. Many operators carrying out their activity exclusively online (“pure players”), who developed on the fringes of national regulations, have progressively had to adapt their model to the new restrictions of the “regulated markets”.

Today, one problem with the approach to the illegal market lies in the ongoing nature of certain gaps in the law, together with different - even diverging - legal frameworks in different countries. In some cases, whatever is not explicitly authorised is prohibited, and in others whatever is not explicitly prohibited is possible. So for example, there are conflicting viewpoints between France - which in the Act of 2010 requires the acquisition of a national licence - and the United Kingdom - which considers that an operator licensed in a “friendly” legislation (notion of a white list) is authorised to develop their offering in the territory.

In the face of the proliferation of operators in the market and the new possibilities for betting opened up by the Internet, corruption is being combated by decreasing the appeal of the market for criminals, and thus through strict control of the way in which profit is derived from it. This reduces the routes to enrichment and money-laundering, and in parallel, provides increased control of movements and bets on the market. This type of enterprise requires close collaboration with betting operators, who could be called “cooperative players” depending on their propensity to position themselves in regulated markets. Regulating the offering, detecting suspicious cases on the basis of abnormal betting movements, and monitoring the illegal market are methods of thwarting attempts at corrupting sport. States are beginning to integrate these issues but are retaining the specific rationales connected with their own history and objectives. In all cases, international cooperation is imperative to preserve the integrity of matches and, despite differing regulatory approaches, to promote the fight against the illegal market.

## **1. Regulating the offering: managing and monitoring bets**

### **A concerted operation with the sports movement**

It is absolutely vital that those responsible for sport are informed and aware of the elements and aspects of sport that are the subject of betting relating to their competitions and teams. The multiplication of people involved in the operator markets, the multiplication of sporting events covered and the diversity of bets offered are elements that the sports movement must grasp to identify the risks that might encourage corruption, according to disciplines and competitions.

French, Italian and Australian (State of Victoria) regulations entail generating a list of authorised bets. This desire arises partly from a wish to limit betting that is undeniably not motivated by the “love of the game” but proceeds more from a quest for enrichment. In France this list is organised by sport and according to two focus areas, on the one hand, competition categories, and on the other, types of results and corresponding phases of games/matches”. Bets such as the first yellow card or the sending off of such-and-such a player in football are therefore now prohibited in France. The regulations are also intended to prevent betting on matches between teams in lower level championships or amateur competitions, or in countries where there are suspicions of systemic corruption in championships<sup>117</sup>.

Until May 2011 betting on friendly international football matches was prohibited in France. The events of 2011 underline the risks of this type of match. The cases of Antalya<sup>118</sup> and the Argentine-Nigeria<sup>119</sup> match in February, then that of a friendly tournament in the United Arab Emirates in May<sup>120</sup>, which were all the subject of FIFA inquiries, illustrate the risks inherent in this type of match. Weaker control by a federation due to limited sporting significance can also open the way to manipulation. As it is very difficult to envisage prohibiting betting on friendly matches, it is important that particular attention be paid to this issue by sporting organisations. This will involve systematic verification of the identity of the organisers of these events.

We also ascertained in the first part of this study that some types of bet are, in essence, more risky than others. They can encourage the committing of specific frauds judged “harmless” by the targets of the corruption because they do not alter the essentials, i.e. the final results of a competition. In the case of the cricketers sentenced in November 2011, the manipulation related to the deliberate bowling of three no-balls<sup>121</sup>.

Given the diversity of regulatory frameworks and the permanence of the principle of subsidiarity, it falls to the regulator, in close agreement with the sports movement (whose technical expertise is essential), to identify risky types of bet and then to operate surveillance on the compliance of betting operators with the law in force in their territory.

---

<sup>117</sup> An example of a list – that of ARJEL dated 26 May 2011: [http://www.jeu-legal-france.fr/20110526\\_SportsAutorisesARJEL.pdf](http://www.jeu-legal-france.fr/20110526_SportsAutorisesARJEL.pdf)

<sup>118</sup> <http://www.guardian.co.uk/sport/2011/feb/14/fifa-investigation-heavy-betting-friendlies>

<sup>119</sup> [http://www.huffingtonpost.com/2011/06/04/fifa-argentina-match-fix\\_n\\_871345.html](http://www.huffingtonpost.com/2011/06/04/fifa-argentina-match-fix_n_871345.html)

<sup>120</sup> <http://www.asiaone.com/News/Latest+News/Sports/Story/A1Story20110505-277235.html>

<sup>121</sup> [http://www.lepoint.fr/sport/deux-joueurs-pakistanaise-de-cricket-reconnus-coupables-de-corruption-01-11-2011-1391403\\_26.php](http://www.lepoint.fr/sport/deux-joueurs-pakistanaise-de-cricket-reconnus-coupables-de-corruption-01-11-2011-1391403_26.php)

The concept of sport being exploited by operators justifies close dialogue on the types of bet authorised in different disciplines. The aggregation of macroeconomic data on the offering and the demand in the sports betting market for different sports and competitions can make it possible to take long-term decisions and constantly adapt the offering to the risk factors. A regulator can therefore serve as an interface, centralising this information intended for the sports movement.

### **The issue of sports bodies' property rights to events they organise**

One method of establishing this concept of cooperation - adopted by France and the State of Victoria (in Australia) - is to pass a law awarding sports bodies property rights to events they organise. Awarding sports bodies property rights means that betting operators may offer only types of bets agreed with the sporting organisation concerned. This therefore constitutes a right to operate governed by agreements negotiated in advance requiring operators to pay back a proportion of the bets accepted, or profit made, by them to the sports movement. These property rights are seen as a way of financing the measures taken by the sports movement to combat the risk of corruption. The income from these rights should enable the introduction of measures to both anticipate and prevent corruption in sport. The sports movement is almost unanimous in arguing for this type of right. In this context, we should mention the SROC (Sports Rights Owner Coalition), an informal group representing over 40 sports organisations, which is actively committed to working for this right to be recognised at European level<sup>122</sup>.

The State of Victoria pioneered this type of right with its legislation introduced in 2004. In order to obtain authorisation from the regulator to offer bets (of the types permitted in theory by that regulator), operators are obliged to sign contracts with the organisers of sports events. Should the protagonists not manage to reach an agreement, the regulator plays the role of mediator and conciliator. This right represents about 5% of the gross profit of gambling.

In France, these contracts represent 1% of bets (with rare exceptions). In one year the profits earned from online betting (mainly on professional football), totalled €530,000, which is considered to be a poor result. This can be explained by the fact that in France, the sporting events on which betting is allowed only cover 15% of the total sum of bets recorded at national level.

Jean-Francois Lamour, Rapporteur on the French Act of 12 May 2010, stresses that the virtues of sports bodies' property rights lie less in the profit they can represent for sports organisers than in their use as a tool of governance, and the way in which they enable sports operators to understand the substance and impact of betting in their respective disciplines and competitions. Besides being a source of finance for combating corruption in sport, sports bodies' property rights provide a management tool and an incentive to carry out surveillance of sporting events. In late November 2011, the British Minister of Sport expressed his wish to introduce this law in the United Kingdom<sup>123</sup>.

By giving sports bodies a certain amount of power to negotiate the authorisation of bets offered on their competitions, these property rights at the same time serve as the *raison d'être* and a resource for this joint operation.

---

<sup>122</sup> [http://sroc.info/images/stories/SROC\\_Position\\_Paper\\_on\\_Betting\\_-\\_31\\_May\\_2011.pdf](http://sroc.info/images/stories/SROC_Position_Paper_on_Betting_-_31_May_2011.pdf)

<sup>123</sup> <http://www.igamingfrance.com/paris-sportifs-le-royaume-uni-va-instaurer-un-droit-au-pari-dici-2015-2016/25581>

It should however be noted that sports bodies' property rights can be put in the same category as intellectual property rights, which - as things stand - enables professional sport to be financed in proportion to the dynamism of betting on specific disciplines. Given the disparity in the profits of different sports, the question arises as to whether there should be a redistribution of funds to disciplines that are less well-provided for, to guard against corruption. It does also seem important to adopt the principle of systematically using funds raised through sports bodies' property rights to benefit the integrity of sports.

Finally, it would be worth giving some consideration to the opportunity of financing amateur sport, whether through sports bodies' property rights (using a system of redistribution) or in a different way, by establishing a systematic contribution by operators. Lotteries, which traditionally finance amateur sport, are nowadays competing against private operators that are not subject to the same type of process, which tends to reduce the resources devoted to supporting amateur sport. Hence the relevance of this type of reflection.

### **The issue of modes of betting that generate risks**

The emergence and growth of live (or "in-play") betting generates specific risks: firstly, it is not easy to control in real time, secondly, some types of bet are easier to manipulate, and thirdly betters can - and do - adapt their behaviour in line with variations in the market odds. Some criminals are suspected of influencing matches directly from the side of the pitch by using various codes. Live betting also raises the issue of the risk of addiction. Its practice is closer to the concept of a game of chance and to some extent deviates from a betting culture based on sporting expertise or supporting a team. At first sight it would appear difficult to prohibit live betting despite these risks and abuses, as it currently represents over 2/3 of the sports betting market. It is nevertheless desirable to regulate it carefully and supervise it closely. The success of this approach depends on having ultra-sophisticated and instantaneous management tools. This increased control of the sports betting market must be extended to the pitchside to ensure the integrity of the behaviour of those involved in sport and check that they are not subject to external influences, either on the margins or during matches.

Exchange (or aggregation) betting, which is prohibited in France, also presents specific risks. Firstly the fact of being able to bet "against" an event or a team arouses ethical issues, particularly in relation to the fundamental values of sport connected with fair play and respecting one's opponent. Secondly, a gambler can assume the role of either backer or operator with equal ease, which enables arbitrage techniques similar to those in the financial markets, and all the more so because this type of betting delivers the highest rates of return to players to be found in the sports betting market (often above 97%). Even apart from the risk of money-laundering that it is likely to generate, exchange betting is a specific type of betting that enables gamblers to win "every time", because they can hedge their risk by placing an appropriate bet in case an attempt at corruption fails. Exchange betting also allows gamblers to speculate on rumours of corruption or insider offences by betting on variations in the odds for an event.

More generally, regulating the offering comes back to the issue of who benefits. The sports betting market is a bidding market, as evidenced by its growth during recent years. Demand tends to be dominated by professional gamblers who are addicted to this activity and follow a rationale of financial placements that can be compared to trading on the stock exchange. Their aim is to take

advantage of the globalisation of the offering to perform advantageous arbitrage operations. 75% of the GGR (gross gambling revenue) of the majority of operators in the market derives from 5% of the gamblers, who bet as part of a process that is quasi-professional (or in some cases, addictive)<sup>124</sup>. The remaining 95% of gamblers are members of the general public, betting recreationally.

In order to preserve the “amateur” or “popular” character of sport, several measures would appear necessary. Besides limiting the rate of return to players, which could limit the interest of criminal gangs or organisations, it would also seem important to set the possibilities for bets at “reasonable” levels, both to limit the associated risks of dependency and excessive debt, and to avoid the sports betting market becoming a mere tool for the purposes of professional speculation.

## **2. Controlling fraud**

The regulator must play a central role in fraud detection, taken in this context as the detection of “irregular bets”. To do this, the regulator must be cognizant of developments in the market, the bets placed and the concentration of bets in relation to competitions. In the light of the very substantial growth in live betting, this overview must be facilitated in real time. The detection of irregularities will then enable warning levels to be set, and the necessary measures to be taken in the event of fraud. The regulator must serve as an interface and centralisation point for data on fraud, to which end the existing monitoring systems of some betting operators may be used.

### **Monitoring systems**

Sports betting monitoring systems are effective in both surveillance and tracking, and can serve as an early warning or - when used after the event - help to understand a fraud.

The sports betting market watch uses a number of criteria to detect abnormal and suspicious movements: changes in the odds, volumes being bet, their geographic provenance etc. This is a strong focus area, developed in recent years on the initiative of stakeholders in the market. Monitoring systems have thus improved and become more widespread, and are now even shared by operators. Apart from their usefulness in managing business and observing the competition, these systems are also in demand to detect corruption in sport. A good monitoring system enables an operator to increase their margin on bets, particularly as a result of savings generated through altering certain odds following the placement of “suspicious” bets. While not decisive or sufficient in itself to establish instances of corruption as would an anti-doping test, a monitoring system nevertheless constitutes a useful resource in the prevention of fraud.

The systems can be used to monitor both pre-match and live betting. Nowadays it is live betting that crystallises the most risks, because match-fixers know that the speed of the system prevents vigilance from being as effective for live as for pre-match betting. In fact, the instantaneous nature of live betting coupled with the large quantity of traffic makes control much more complex. Most operators in the market now concentrate on live betting, because it enables them to expand their offering and thereby substantially increase betting volumes. The margins realised by the operators on pre-match bets are also becoming increasingly small, because of the competition between operators on rates of return to players, and also because many gamblers are professionals who are at least as expert as the

---

<sup>124</sup> Interview with CK Consulting, March 2011

odds-fixers. As a result of this situation, the operators are setting up sophisticated, fully computerised matrix systems which give a finer appreciation in the event of a suspect movement and can be used to identify fraud after the event.

A number of types of bet may trigger a warning, particularly when placement seems irrational in relation to the level of the teams playing (pre-match) or to the way the score is developing (live). Suspicions are intensified if the liquid assets in the market are substantial, if certain individual bets are particularly high, or if the number of accounts concerned is significant and they are located in the same geographic area. Odds-fixers who follow the market on behalf of operators sometimes observe suspect movements themselves in real time. For example, in a friendly Nigeria-Argentine match in June 2011 - into which FIFA has opened an inquiry - “livers” were aware of the convergence of a number of suspect elements: an additional goal was scored from a dubious penalty in the 98<sup>th</sup> minute when only five minutes’ of extra time had been due - leading up to this, a large number of bets had been placed on the *Betfair* exchange betting site in favour of an additional goal being scored before the end of the match<sup>125</sup>.

Monitoring systems also make it possible to identify the number of bets placed on the same sporting event or aspects of the game, or substantial bets placed on lower-level competitions.

Apart from studying bets, monitoring systems are also used for the surveillance of client accounts. The opening of massive numbers of accounts to place bets relating to a specific sporting event may indicate a criminal dynamic.

These detection and warning systems fall into three categories:

- Those drawn up by each operator to develop and protect their business (risk management), and the use of which can be extended to detecting money-laundering and fraud in sport.
- Those shared between operators as a common warning system and to provide them with additional elements for assessing risks.
- Those integrated into sports organisations through the use of targeted surveillance systems at their competitions.

### **Operators’ internal systems**

All operators have specific security measures to protect their activity. Scales of alerts are established, on the basis of which reports are drawn up by sport and by competition. Clients’ accounts are also monitored and analysed. Some of the data is used for both management purposes (so as to optimise operators’ margins) and to provide an alert in the event of fraud. Operators keep a close watch on the bets of their most profitable clients and/or those laying high stakes, and therefore know their professional gamblers (or “wise men”) well.

---

<sup>125</sup> Interview with a “liver”, June 2011. NB: A good odds-fixer must have a definite taste for figures and analysing numerical trends so as to have a good understanding of the logic of odds. They must have a good memory and also - increasingly - a good knowledge of sport.

The systems also serve to check the prices set by odds-fixers in order to limit losses in case of error. Operators particularly dread reversals of odds, more specifically on the live market. Given the speed and pace at which bets take place live, odds-fixers are not exempt from occasional technical blunders, and this is a niche in which the most seasoned gamblers position themselves to generate profit.

Moreover, the internal control systems serve to guard against the risk of malicious odds-fixers seeking to benefit third parties by such practices as reversing the odds. For example an odds-fixer may become involved in fraud if they suddenly alter the odds (by reversing them) for a few seconds, giving accomplices – or even criminal organisations - the opportunity to make a guaranteed profit.

For example in France, the *Francaise des Jeux* has a gambling control service that monitors the odd fixing policy for different matches and links up to the security management if it detects suspect movements. There is also a “multimedia channel” which is used to undertake additional verification. It compares parameters and data available on similar types of alerts in the past before making its own judgment on the integrity of the match and/or gamblers<sup>126</sup>.

*Betfair* also has a monitoring system, which is essential given the specific nature of the risk of manipulation connected with exchange betting. Such monitoring is all the more important in that the quasi-monopolistic position of the company in the market means it handles very substantial volumes of bets. Detailed information - which is also accessible to clients - is available on betting volumes and the consequent changes in odds<sup>127</sup>. It should be noted however that *Betfair* cannot be directly affected financially by a fraud, because the exchange betting technique is risk-free for the operator, who is paid out of the gamblers’ winnings. *Betfair* therefore is primarily watching out for risks that might impact its image.

For operators, the issue is to achieve almost total computerisation of their control systems through the use of pre-established “consistency matrices”. This will enable the intervention of human intelligence to be confined to the final stage of an alert. The number of sports events covered is increasing faster than human resources can. In cases of live betting, one can well imagine that without computerisation, control would be almost non-existent.

### **Sharing monitoring tools**

In Europe, the lotteries and private operators have all established procedures for sharing tools that provide comparative data to enable them to gain a more precise understanding of the risk. Also, in the event of doubt, if imitation is established by other operators, then the level of suspicion rises. Sharing tools helps to check whether other betting media have been targeted by corruptors.

---

<sup>126</sup> Interview with the *Departement Controle du Jeu* (Gambling Control Department), *La Francaise de Jeux*, Boulogne-Billancourt, 28 June 2011.

<sup>127</sup> Interview with the Integrity Department, *Betfair*, London, 14 April 2011

- **European Lottery Monitoring System**<sup>128</sup>

The European lotteries were the first to initiate this coordinated type of approach. Their association goes back to 1999, when it was named “Match Info”. It initially focused on sharing knowledge in their area of activity. The ELMS system was conceived in 2005 and has been fully operational since 2009. The monitoring team consists of technicians and analysts based in Copenhagen, within the Danish lottery organisation. Its members monitor various indicators in real time: the volumes generated by matches on *Betfair* and changes in odds both with the leading European operators and the heavyweights of the Asian market. The association centres its action on football, and monitored about 5,000 matches between January and October 2011. 93 alerts were issued. ELMS is now considering extending its skills, particularly to tennis and basketball.

Members use an official Internet site to which they have secure access through a password. The Internet site contains details of all sporting events for which alerts have been issued, graded according to a five-level scale of risk. Email alerts are also generated by the team and sent automatically to dedicated departments in every member lottery (for example “*Controle du jeu*” for *La Francaise des Jeux*). These departments are then required to indicate whether they too have noted anomalies likely to increase the level of doubt, particularly in relation to volumes of bets placed or abnormal or sudden variations in odds. The *European Lottery Association* (EL) is keen to extend this system - with the help of the *World Lottery Association* (WLA) - to the Asian lotteries (for example the *Hong Kong Jockey Club*) and other major players on other continents.

Lotteries are not currently the dominant force in sports betting in Europe. Their role as precursors and their shared history with the public authorities nevertheless confer particular legitimacy on them, particularly with regard to extending monitoring to other regions of the world. The Internet platform is a particularly relevant resource, as it provides members with precise aggregated data on a daily basis. At their Annual General Meeting in June 2011, the European lotteries registered their commitment to preserving public order and the integrity of sport (Helsinki Declaration). In this declaration, they indicate more specifically their motivation to combat money-laundering, which is considered as the primary risk factor of corruption linked to sports betting.

- **European Sports Security Association**<sup>129</sup>

ESSA is an association of private operators whose 17 members lead the market in Europe. Established in 2005 and consisting originally of 6 members, ESSA is based in Brussels and its only remit is preserving the integrity of sport. Operator *Bwin* is one of its largest members, and is essentially the member on which ESSA’s early warning system depends - its advanced system based in Gibraltar has a five-member security team led by a head bookmaker, whose task is to study suspect movements submitted by ESSA members. The association also has a bookmaker based at *Ladbrokes* in London. It is based on sharing information and communicating volumes, but does not go as far as exchanging data on gamblers’ accounts in the event of an alert. In 2010, ESSA issued 58 alerts which were the subject of in-depth enquiries, four of which were considered highly suspicious.

---

<sup>128</sup> Interview on 7 June 2011, <https://www.european-lotteries.org/home.php>

<sup>129</sup> Interview on 8 March 2011, <http://www.eu-ssa.org/>

### **The use of service providers by sporting organisations**

#### **- Sportradar<sup>130</sup>**

*Sportradar*, a commercial company, has developed the most successful system for monitoring betting operations. It was established in 2000 and currently has 300 employees, its activity having grown considerably in recent years. The company is present in 10 countries, primarily in Europe but also in Hong Kong and Russia. It specialises in football but is increasingly diversifying to other sports (handball, tennis, basketball, ice hockey). The tools it has developed for monitoring live betting are among the most sophisticated in the market.

*Sportradar* is in contact with about 300 sports betting operators, including lotteries and private operators, primarily in Europe. It derives 70% of its income from providing sports data to these operators (the *Betradar* system) and 20% from selling information to the media. In parallel, it provides the sporting movement with fraud detection systems specifically to help them monitor the integrity of competitions (BFDS: *Betting Fraud Detection System*). This service is operated by a staff of 10. *Sportradar* has been collaborating with UEFA since 2005 and also works directly with national professional leagues (particularly in Germany and France), and occasionally with the public authorities.

The monitoring system focuses on two indicators: changes in operators' odds and bets laid with *Betfair*. The BFDS system analyses three types of data to provide information on variations in odds: pre-match odds, live odds, and lastly the Asian handicap run by the largest operators. The company also has a data archive that is updated instantly by a computerised matrix that captures the history of matches and the way their scores evolve. This system of aggregating data provides specific information on players and referees based on the course of matches in which they have participated. These data - which are not available to the general public - enable a wide range of criteria to be cross checked and help to identify leads in the event of suspicion. The system also serves to determine warning thresholds, which are set according to "levels of imbalance", from 20% (green level) to 50% (orange level) to 100% (red alert). Red alerts are transmitted to the sports federations so as to enable them to take action if necessary. It should be noted that 1% of matches fall into the orange and red zones. Based on its observations, *Sportradar* therefore estimates that 300 professional football matches might potentially be rigged each year in Europe<sup>131</sup>.

#### **- Early Warning System (FIFA) and International Sports Monitoring (IOC)**

EWS was set up on the initiative of FIFA in 2006 to monitor the movements of bets during the World Cup, and since then has endeavoured to monitor all international matches<sup>132</sup>. Six people are employed to do this and the annual cost to FIFA is about €1 million. ISM, which is a sort of branch of EWS, is based on the same technical infrastructure but is financially independent and is set up only from time to time, in fact to follow Olympic competitions.

---

<sup>130</sup> <http://www.sportradar.ag/>

<sup>131</sup> <http://www.bbc.co.uk/news/world-europe-11789671>

<sup>132</sup> <http://fifa-ews.com/>

Like the other monitoring systems, EWS-ISM relies on a computerised matrix. Access to information is enabled by establishing memoranda of understanding - non-contractual agreements - with nearly 450 public and private betting operators, two-thirds of whom may be considered to be fully cooperative and active in the transmission of data. Among these partnerships are over 20 Asian operators (including the top 4: *IBC, SBO, 188, Singbet*), and a similar proportion of operators from the Balkans (who have a much smaller market share however)<sup>133</sup>.

One of the features specific to EWS is its use of human resources for its market watch - 20 informers, who operate in complete confidentiality in their own speciality areas, whether particular sports or particular styles of betting. EWS does not at the moment work directly with the FIFA confederations but some contacts have been made, particularly with the Asian confederation. As far as other sports are concerned, the IOC encourages its federations to use the system for their competitions, which they have done from time to time (as has the international basketball federation), but as yet no long-term cooperation has been established.

### **Advantages and disadvantages of monitoring systems**

A monitoring system can be an effective detection tool. This is how large operators such as *Bwin* and *Sportradar* detected the fraudulent bets connected with the Hoyzer affair, in which *Oddset*, a German public operator, lost over €26 million. The affair demonstrated that the lawful market was not completely risk-free and could also provide a vehicle for corruption. It was following this scandal that *Bwin* launched the initiative to create ESSA.

One might also mention the iconic instance of the Davydenko affair in 2007, where it was the operator *Betfair* that originated the alert. The Russian player, who was strongly favoured, abandoned the match in the third set. *Betfair* had recorded bets of \$6 million on this match, while the average for this type of game (second round of a minor tournament) is normally estimated to be 10 times less. And more than that, most of these sums had been bet on the victory of his opponent, and this trend continued throughout the match even though Davydenko won the first set.

Given the fact that a large quantity of data is retained, a monitoring system can be useful in retrospect by providing data for investigations and enquiries. Thus, in the case of *FC PODEBA*, UEFA appointed an expert to carry out a study of the betting data. This expert observed strongly unusual trends on the Asian market. During the Bochum trial, the CEO of *Sportradar* appeared as a witness. The operators and other stakeholders in the market therefore have a strategic position and can be key observers of anomalies that may conceal a system of corruption in sporting competitions.

Despite this, the ability of monitoring systems to combat corruption in sport does have limits:

- An alert does not constitute proof. There can in fact be many explanations for suspect movements, such as certain features of a match (underperformance, injury etc.). Most alerts automatically issued by these systems cannot therefore automatically be interpreted as definite cases of match-rigging. To do this, it is necessary to move up to another level of alert, in

---

<sup>133</sup> Interview on 5 August 2011

which information from automatic alerts is cross-checked with pre-existing data on the individuals involved (cf. Sportradar above). This enables the diagnosis to be refined. In any event, monitoring alone is not enough to prove a case of match-rigging. There needs to be a systematic investigation at another level.

- It is admitted that corruption occurs particularly in the illegal market, which operates outside all regulation. Operators licensed in relatively strict jurisdictions are not the most attractive to criminals because, in order to place a bet, they need to provide a certain amount of information that helps to facilitate identification in the event of a suspect operation. In addition, “transparent” monitoring systems are used by “responsible” or “cooperative” operatives. In the “grey market”, it is certainly possible to access and integrate information relating to variations in the odds offered by operators, but the most useful data - that relating to volumes of bets - is not accessible.
- It is not generally possible to obtain a finer appreciation of the location of risks because the volumes of bets placed and their geographic origin are known only to the operators themselves (except for exchange betting) for reasons of commercial confidentiality. The concept of geographic trends or aggregated data on the volume of bets placed compared with the number of gamblers involved does not exist at the present time. Only the operators can therefore use these elements for analysis and the detection of dubious activities.
- In many countries, there is no legal obligation for operators to issue warnings. Furthermore, even if this obligation exists (as it does in the United Kingdom), its relevance is conditional upon revealing recognised cases in order to verify whether the operators have indeed complied correctly. Also, not all operators have the same criteria with regard to warning thresholds. As yet, no consideration has been given to establishing common criteria. Lastly, there are no surveillance audits, which would guarantee the full integrity of the operators.
- Corruption apart, the techniques for hedging risks or “sure” bets (a process that consists of betting on the highest odds in the market with different operators in order to obtain a guaranteed profit) can also help to generate bets that at first sight are unusual and can interfere with the detection of frauds. In fact, a bet where the amount is judged “irrational” can perfectly easily emanate from a professional gambler who is taking advantage of a sure bet or an operator who is hedging a risk. In neither case does the bet relate to the manipulation of a sporting event.
- Automated warning systems, however sophisticated, cannot detect everything. These systems sometimes do not detect suspect movements, so do not necessarily preclude fraud. For example the vast majority of the first 200 matches covered in the Bochum investigation had been monitored by *Sportradar*, but only six of them had triggered an alert. “Consistency matrices” are not infallible, they need constant upgrading, and the systems cannot do without human intelligence.
- Corruptors are constantly changing their techniques to suit their environment and it is possible to place bets (in particular with the aim of money-laundering) in a sufficiently diffuse manner as to escape the vigilance of surveillance systems. In fact, the multiple opportunities offered

by the market open the way for methodical, balanced and dispersed placements, making it possible to circumvent the warning systems.

- The exchange of information between operators on client accounts (provenance, dynamism, resources etc.) is difficult, for various reasons: laws protecting personal data and file exchanges, competitive environment, obligations of confidentiality with regard to clients etc.
- These monitoring systems are developed mostly in Europe, but the monitoring culture does not exist among Asian operators. However, there is no doubt the latter have multiple channels of detection that they use particularly in the event of reversals of odds that might have benefited gamblers. In these cases they frequently cancel “doubtful” debts. On the other hand, they do not clearly communicate suspicions of match-rigging.
- Lastly, given the integration of the markets and the widespread practice of hedging risks among operators themselves, bets on rigged matches may be spread across different markets and placed with different operators. As a result monitoring systems do not always enable the initial origin and provenance of match-rigging to be identified.

### **The regulator’s role as an interface**

It is possible to see nowadays that memoranda of understanding between operators or operator associations and sports organisations are still insufficient to generate shared monitoring mechanisms. A system of points of contact would therefore seem essential between operators, sports, federations and/or leagues (depending on the discipline or competition), because it is important to have precise and direct routes to the regulator in any case of suspicion, whether it originates in sport or among operators, in such a way as to be as responsive as possible (particularly pre-match). This type of system would enable sufficient elements of information to be brought together to a single contact person in record time and then investigations could either be abandoned or pursued in more depth in order to activate the politico-legal lever if necessary.

The system must be centralised by the regulator, who would be responsible for ensuring the monitoring of alerts and notifying the sports movement on one hand and operators on the other. This idea of an interface within the regulatory authority would appear to provide a way of fostering improved control and extended visibility in the event of an alert being raised by one or more operators. The regulator may centralise information and thereby establish a sort of “safe” where all data are retained and accessible, then alert the sports movement him/herself in the event of a serious alert generated by a monitoring system. It is important not to multiply or duplicate processes, and this process would appear to avoid that. For example, operators could be obliged to provide quarterly activity reports including topics such as the dynamism of the market in certain sports, clubs, and/or competitions, accompanied by cross-sectional analyses of any anomalies observed.

The regulator could also be in charge of cross-checking certain data in order to verify that people prohibited from betting do not have client accounts with operators.

It is this same logic that led to the establishment within some regulatory bodies of units dedicated to the integrity of sport. In 2010 the *Sports Integrity Panel* in the United Kingdom, for example,

recommended the creation of a dedicated unit within the *Gambling Commission*, the *Sports Betting Integrity Unit* (SBIU)<sup>134</sup>. Its task is to collect and analyse data relating to possible fraud in the sports betting market. It employs 12 people and is supported by the *Enforcement Unit* of the *Gambling Commission*, which has a staff of 10 who carry out investigations. The unit also has access to the work of 50 *compliance managers* who are responsible for checking to ensure that operators obey the general rules.

In the United Kingdom, operators are obliged to signal suspicious bets, which now provide the main basis for the Commission's work. When an alert is issued, a preliminary inquiry is launched. Enquiries are also made among other operators, the sports authorities, police departments and in the GC's database to glean a maximum of information. An assessment is then made, and a decision taken as to whether to investigate the case in more depth. Responsibility for the inquiry is assigned if it continues ("prosecuting competences"), even though in practice it is often regional police structures that carry out the inquiries. 240 warnings have been processed since the creation of the SBIU in 2009, but 100 of them did not go beyond the preliminary inquiry stage. The *Gambling Commission* is able to carry out tests on the warning systems of operators over which it has authority. It also has the option to cancel all bets and have them reimbursed in the event of a problem, and has a six-month period in which to do so. There is no time limit in the event of suspected criminal activity.

France has adopted the same model, creating a "sport" department within ARJEL, which is responsible for alerts on sporting bets. It uses a system named "FRONTAL", which is a secure system collecting and archiving data on events and exchanges between gamblers and platforms.

The regulator is seen as the most appropriate authority for centralising information in respect of sports prohibitions in general and conflicts of interest affecting the world of sport. Centralisation can therefore help to cross-check confidential data from different sources while the obligation to notify the regulator of any suspicions together with the improved monitoring measures make it possible to crack down if necessary, both within the sports movement and in the event of bets linked to match-rigging. It is important to have a formal procedure to follow in the event of an alert, particularly in the context of making contact with the sports movement to carry out the necessary internal checks.

This role of interface played by the regulator makes it possible to centralise information, which then facilitates dialogue between states, particularly to fight against the illegal market.

### **The opportunity for a European approach to combat the illegal market**

Many questions have arisen at European level following various actions brought before the ECJ in recent years, which have led a number of states to regulate online sports betting activity. The general principle is that gambling and games of chance are a service subject to restriction for reasons of general interest, on the one hand to protect consumers (dependency), and on the other to defend public order (avoid abuses and frauds). The principle of subsidiarity applies within the European Union. The same concept prevails internationally for lack of a specific agreement, and this has led to a wide range of legislation and therefore differentiated approaches to the area covered by the "illegal market".

---

<sup>134</sup> <http://www.sportingintelligence.com/2010/02/01/anti-corruption-experts-uk-needs-sports-integrity-unit-010202/>

Consideration is currently being given within the European Union to the regulation of online games, including sports betting. The Commission, which has suspended infringement proceedings, is discussing the opportunity for regulation at European level. It also launched a consultation on online gambling and games of chance within the EU in 2011, to which over 250 replies were received<sup>135</sup>. The Commission will rule on this consultation in 2012. In November the European Parliament stressed the necessity for a concerted approach to combating illegal gambling within the EU<sup>136</sup>.

National regulatory authorities do not currently have a formal place for dialogue on their respective activities or discussion on legislation. Given the globalised nature of the market, this would appear essential. The regulatory authorities acting as an interface at national level could help to step up the fight against the illegal market at European level. Disparities in legislation should not hamper close cooperation.

In a report in October 2011, the European Parliament therefore recommended the collaboration between national regulatory bodies to be considerably expanded with the Commission as coordinator, emphasising that national standalone solutions are not successful for identifying gamblers appearing on black lists and combating money laundering, betting fraud and other forms of organised crime<sup>137</sup>. Dialogue between regulators also helps to highlight best practice and effective instruments deployed in national legislation. In particular, this relates to technical measures that can be taken in the banking sector or by Internet access providers.

Mobilisation has been gathering impetus in recent months at European Union level, particularly following the publication of the Green Paper by the Commission and as a result of the efforts of the Polish Presidency of the Council in the second half of 2011, which succeeded in reaching conclusions inviting a concerted approach<sup>138</sup>. A European Parliament commission has also recently called for the creation of a European Agency for Sporting Integrity and Equity, established in accordance with Articles 6, 83 and 165 of the Treaty on the Functioning of the European Union. Its mission would consist of coordinating the fight against fraud and corruption in sport and against doping, without prejudice to the rules or operating methods of the World Anti-Doping Agency (Auconie Report, June 2011)<sup>139</sup>. This option may be investigated in conjunction with the sports movement. Be that as it may, it would appear essential and urgent for the sports movement to gain a clear understanding of this “new” activity sector, which constitutes a major threat to its integrity. Any regional - or better still, international - approach would give it a better vision of risk factors and resources to help combat them more effectively.

\*

\*\*\*\*

---

<sup>135</sup> [http://ec.europa.eu/internal\\_market/services/gambling\\_en.htm](http://ec.europa.eu/internal_market/services/gambling_en.htm)

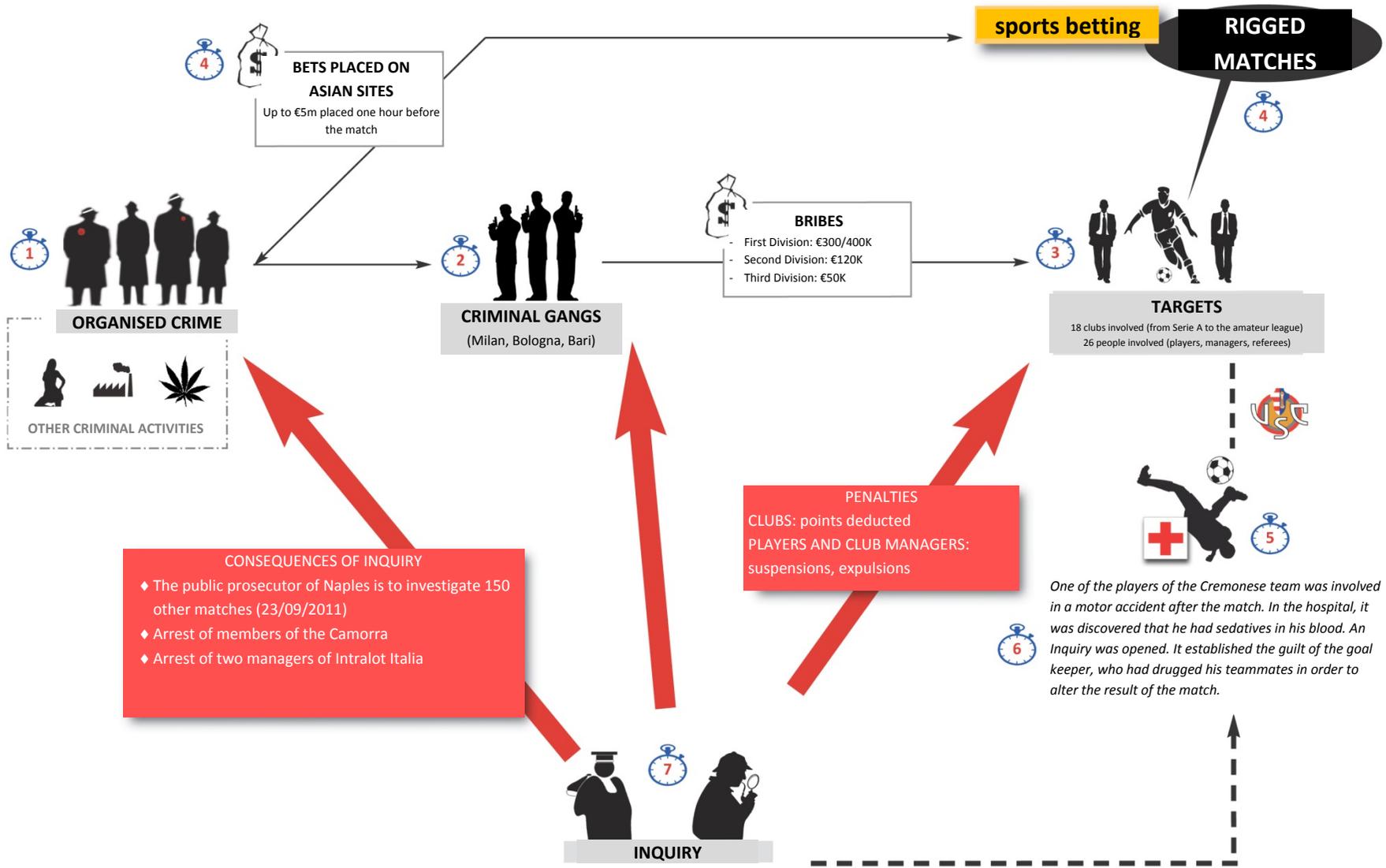
<sup>136</sup> <http://www.europarl.europa.eu/news/en/headlines/content/20111118STO31845/html/Une-action-coordonn%C3%A9e-pour-lutter-contre-les-jeux-d%27argent-en-ligne-ill%C3%A9gaux>

<sup>137</sup> <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+REPORT+A7-2011-0342+0+DOC+PDF+V0//EN>

<sup>138</sup> [http://consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/educ/126413.pdf](http://consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/educ/126413.pdf)

<sup>139</sup> Draft opinion of the Committee on the Environment, Public Health and Food Safety, <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+COMPARL+PE-467.280+01+DOC+PDF+V0//EN&language=EN>

THE CALCIOS COMMESSE SCANDAL



## **RECOMMENDATIONS**

*This white paper has endeavoured to demonstrate the major risk to the integrity of sport constituted by the manipulation of matches for the purposes of enrichment in the sports betting market. The paths opened up by information technologies and the globalisation of the betting offering have confronted sports organisations with a new phenomenon in the past 10 years. Corruption in sport is being combated by the adoption of measures to raise awareness among, and deter, participants in sport. The public authorities also have an important role to play, on the one hand to deter protagonists from participating in these fraudulent practices, and on the other by deciding to regulate the globalised sports betting market. Given the transnational concepts involved, international coordination interfaces are essential for policing and justice. The same is true of the surveillance of the illegal market, because even if the approaches to, and scope of, the regulation of sports betting vary from country to country, all states are affected by the risks weighing on sport and its integrity, as well as on public order and security.*

### **FOR THE SPORTS MOVEMENT**

#### **Regulation**

- ⇒ Adoption of standards prohibiting stakeholders from indulging in sports betting and communicating sensitive information to third parties, accompanied by severe disciplinary sanctions. Heavy proportioned in the event of involvement in match-rigging (or attempted match-rigging) relating either to the final result or an aspect of the game.
- ⇒ Obligation to report any attempted approach, and obligation to declare any suspicions about third parties (“whistle-blowing”) with guarantees of confidentiality and protective measures if necessary.

#### **Raising awareness**

- ⇒ Implementation of an information programme aimed at managers of sporting organisations, focused on knowledge of the global sports betting market and the risks connected therewith.
- ⇒ Implementation of a programme to educate people at grassroots level, focused on the methods of approach used by corruptors and the risk to a person’s career if they participate in a fraudulent undertaking.

#### **Knowledge, watching, surveillance**

- ⇒ Knowledge of the dynamism of the market and the commercial exploitation of championships and competitions by betting operators. Sports organisations must be in a position to understand the exposure of their discipline to sports betting. The sports movement cooperates closely with the regulatory authorities for this purpose. The latter are in charge of collecting information from operators.
- ⇒ Drawing up lists of authorised bets by sport and classifying them according to a scale of risk. Ditto for competitions and periods at risk.
- ⇒ Surveillance during sports competitions (the way matches develop, entourages of those involved at grassroots level etc.), and in particular competitions where the outcome is not as significant (end-of-season matches, end-of-group matches etc.).
- ⇒ Introduction of “testing” operations to strengthen surveillance and deterrence among those involved in the world of sport (referees, players, managers etc.).

### **Integration of resources**

- ⇒ Coordination within a unit dedicated to combating fraud in sport attached to the international federation.
- ⇒ Establishment of a network of points of contact (sports betting integrity officers) responsible for coordinating action, relaying information within their organisation and linking up with the public authorities.
- ⇒ Establishment of protocols to follow in the event of an approach or suspicion, both within the sports organisation and in conjunction with the authorities.

It is vital - a prerequisite - that the sports movement formally acknowledges the major, pernicious and diffuse nature of the threat. Sports organisations must therefore make combating corruption in sport a priority objective and a key stone of governance.

### ***This prerequisite leads to one overriding recommendation***

**Establishment of a “corruption in sport monitoring centre”** common to all sports. A database could be centralised at international federation level to gather together all information that might be useful to sports organisations on corruption in sport linked with betting. As time goes on, the monitoring centre will enable the concentration of information on the progressive integration of risk by the various sporting organisations according to discipline and type of organisation (national federations, leagues, athletes’ associations etc.).

As with doping, where factoring in the risk has made it possible to access aggregated data on its scale and scope, this monitoring centre will in the course of time provide access to quantitative data for suspicious cases and disciplinary/criminal proceedings instituted within the different sports organisations and countries. Its competence will be strictly limited to aggregating factual data (including sensitive data), which will be collected by dedicated structures or “integrity officers” within the sports movement. It will cover a number of fields: inventorying instances of corruption across all sports, sharing experience between disciplines, changes in legislation in countries (regulation of sports betting and details of criminal proceedings in countries).

This monitoring centre will serve as a think tank on the opportunity for creating an “agency for the integrity of sport”, in the image of that recommended by the Auconie Report (see above), which will have formal competence and the power of constraint and sanction over the sports movement. While the creation of such an agency would seem premature at the moment, establishing a “corruption in sport monitoring centre” would enable an appreciation of the feasibility and added value of such a structure.

## **FOR THE PUBLIC AUTHORITIES**

### **Regulation of the sports betting offering**

- ⇒ Establishment within national regulatory authorities of units dedicated to the integrity of sports betting, which will serve as an interface between operators, the sports movement, and the police, intelligence and justice departments.
- ⇒ Obligation for operators to have operating licences issued by the regulator acting in conjunction with the sporting organisations and defining the scope of the offering.
- ⇒ Obligation for operators to provide a detailed report of activities every quarter relating to income from bets on competitions (volumes by competition and team, obligation to declare instances on the basis of predefined thresholds).
- ⇒ More generally, the introduction of tools to regulate sports betting so as to make it less attractive to organised crime.

### **Fraud control**

- ⇒ Centralisation of operators' monitoring schemes (subject to an obligation to declare suspicions) and cross-checking of all data available on the regulated market (principle of a safe).
- ⇒ Interface with sports organisations when irregular bets are detected, and an obligation for sports organisations to monitor same.
- ⇒ Some sports disciplines with less media coverage receive large amounts of public financing. States could use this lever to oblige these federations to adopt anti-corruption measures.
- ⇒ Cooperation (after the event) with the law, the police and intelligence services.

### **Legal remedies**

- ⇒ Punishment of fraud in sport by the creation of a field of offence with stronger sanctions when this is connected with sports betting.
- ⇒ Draw inspiration from existing measures used in financial markets to combat stock exchange abuses (insider information, manipulation of financial instruments and spreading false information)<sup>140</sup> to create a legal arsenal specific to sports betting.
- ⇒ Establishment within the Criminal Investigation Department of a competent national authority tasked with combating corruption in sport.
- ⇒ Raising awareness among those involved in combating crime, in particular the intelligence services.
- ⇒ Listing of structures combating corruption and their contribution to the specific issue of fraud in sport.
- ⇒ Opportunity for NGOs fighting against corruption to bring independent action in instances of corruption in sport.
- ⇒ Extend the seizure of criminal assets to instances of corruption in sport<sup>141</sup>.

---

<sup>140</sup> Cf. Directive 2003/6/CE of the European Parliament and of the Council dated 28 January 2003 relating to insider trading and stock market manipulation, the aim of which is to protect the integrity of the financial markets and maintain public confidence.

<sup>141</sup> Cf. Les compétences en France de l'Agence de gestion et de recouvrement des avoirs saisis et confisqués (AGRASC), instaurée en octobre 2011 : [http://www.textes.justice.gouv.fr/art\\_pix/JUSD1103707C.pdf](http://www.textes.justice.gouv.fr/art_pix/JUSD1103707C.pdf)

- ⇒ Publication of sentences in the dedicated press.

## **INTERNATIONAL COORDINATION**

### **Managing the diversity of approaches to regulating sports betting**

- ⇒ Concerted approach at European Union level: setting up at EU level of a formal institution and permanent structure, an inter-regulatory body that will perform its mission in accordance with the principle of subsidiarity whilst taking into account the specific features of all relevant legislation.
  - A forum to discuss alerts issued and dealt with at national level.
  - Determination of common criteria relating to “cooperative operators”, i.e. those limiting the exercise of their activity to the regulated market (compliance with national measures).
- ⇒ Extended approach: raising governmental awareness, network of “cooperative states”.
  - Continuation of, and support for, the initiative by the Council of Europe to help raise awareness outside the EU, among the Eastern European and Balkan countries. This will also enable a study of the feasibility of, and conditions for, an international convention.
  - Agreement with the relevant authorities on the regulation of the Asian market.

### ***This idea of coordinating the fight against the illegal market gives rise to a second priority proposal***

#### ***The creation of a permanent intergovernmental structure for the surveillance and monitoring of the sports betting offering on the Internet.***

This will centralise data on the modes and types of bet offered on different sports in the global market, and will aggregate information on the volumes of bets recorded, statistics on betting operators and features of the market (hedging and arbitrage techniques) etc. This type of structure will rely in the first place on centralised monitoring by national regulators and possibly also on the participation of (cooperative) operators in providing information and know-how that will help to develop and establish the approach to the deregulated market. This monitoring centre for the global sports betting market may become part of a broader approach to monitoring the illegal gambling market (particularly at European level). This latter option would make it possible to deal more widely with any and all of the risks for which online gambling sites serve as a vehicle, and particularly that of money-laundering, the gravity of which is still underestimated.

### **Combating transnational criminal networks**

The penetration of the world of sport by crime gives rise to the realisation that the world of sport needs to have mechanisms for relaying information along the lines of an intelligence cycle: collection, analysis, sharing:

- ⇒ At European level: coordination of national police forces: creation within Europol and Eurojust of points of contact assigned to the fight against corruption in sport. Centralisation and exchange of information, legal and regulatory watches.

- ⇒ At international level: coordination of intelligence via Interpol in collaboration with the national structures responsible for monitoring organised crime, and also linked with intergovernmental bodies such as GRECO (Group of States against Corruption) in the Council of Europe and the UNODC (UN Office on Drugs and Crime).

\*

\*\*\*\*

## APPENDICES

### **List of interviews carried out in preparation for the white paper**

---

#### **SPORTS SECTOR**

- **Professional Players Federation (PPF)**, Simon Taylor (General Secretary) – 14 April 2011 – London (United Kingdom)
- **Tennis Integrity Unit (TIU)**, Jeff Rees (Director) and Elli Weeks (Financial Analyst) – 15 April 2011 – London (United Kingdom)
- **Sportaccord**, Ingrid Beutler (Manager Sports' Social Responsibility Department) – 23 May 2011 – Lausanne (Switzerland)
- **International Olympic Committee (IOC)**, Paquerette Girard-Zappelli - 23 May 2011 - Lausanne (Switzerland)
- **Federation of International Football Associations (FIFA)**, Chris Eaton (Head of Security) – 27 June 2011 – Lyon (France)
- Protected source, retired Albanian football player - 27 June 2011 - Tirana (Albania)
- Protected source, retired Albanian football player - 28 June 2011 - Tirana (Albania)
- Protected source, former trainer of an Albanian football club and the Albanian national U21 team - 28 June 2011 - Tirana (Albania)
- Protected source, Albanian football player - 29 June 2011 - Tirana (Albania)
- Protected source, trainer of an Albanian football club - 30 June 2011 - Tirana (Albania)
- **Comite National Olympique et Sportif Francais (CNOSF)**, Julien Berenger – 26 July 2011 – Paris (France)
- **Federation of International Basketball Associations (FIBA)** Benjamin Cohen – 3 August 2011 – Lausanne (Switzerland)
- **Union of European Football Associations (UEFA)**, Pierre Cornu, Graham Peaker and Julien Zylberstein - Thursday 4 August 2011 - Nyon (Switzerland)
- **Association des Joueurs Professionnels de Handball** (Franck Leclerc) and **Union des Basketteurs Professionnels** (Jeff Reymond) – 30 September 2011 – Paris (France)
- **Football Association (FA)**, Mathieu Moreuil (Head of European Public Policy) – 13 October 2011

- **Federation Francaise de Tennis (FFT)**, Emilie Montane (Directrice Juridique) – 25 October 2011 – Paris (France)

## **BETTING / MONITORING SYSTEMS OPERATORS**

- **European Sports Security Association (ESSA)**, Khalid Ali (Secretary General) – 8 March 2011 – Brussels (Belgium)
- **European Gaming and Betting Association (EGBA)**, Florian Cartoux (Senior Advisor) – 9 March 2011 – Brussels (Belgium)
- **European Lottery (EL)**, Friedrich Stickler (President) – 6 July 2011
- **Betfair**, Andy Cunningham (Head of Integrity), Susannah Gill (European Public Affairs Manager) and Jason Foley-Train (RGA Head of Communication) – 14 April 2011 – London (United Kingdom)
- **La Francaise des Jeux**, Thierry Pujol (Directeur de la Gestion des Risques et de la Securite) and Francine Ruellan (Responsable Securite Economique), Jean-Philippe Ronteix (Responsable Controle du Jeu) – 28 June 2011 – Boulogne Billancourt (France)
- Protected source, employee of an Albanian betting operator - 28 June 2011 - Tirana (Albania)
- Protected source, employee of an Albanian betting operator - 29 June 2011 - Tirana (Albania)
- **Early Warning System (EWS-ISM)** – Detlev Zenglein and Friedrich Martens – 5 August 2011 – Zurich (Switzerland)
- **Sportradar**, Darren Small (Director Integrity) and Ben Patison – Thursday 1 September 2011 – Richmond-on-Thames (United Kingdom)

## **REGULATORS/PUBLIC AUTHORITIES/INTERNATIONAL COORDINATION**

- **Gambling Commission**, Neill Ireland (Head of the Sports Betting Intelligence Unit) AND Paul Morris (Policy Development Manager for Remote Gambling) – 13 April 2011 – Birmingham (United Kingdom)
- **Council of Europe (EPAS)**, Stanislas Frossard (Executive Secretary) - 6 May 2011 - Paris (France)
- **Direction Generale de la Gendarmerie Nationale**, Chef d'Escadron Johanne Gojkovic-Lette (Bureau des Affaires Criminelles, Section Delinquance Financiere et Cybercriminalite) – 13 May 2011 – Paris (France)
- **Autorite de Regulation des Jeux En Ligne (ARJEL)**, Elenore Para, Cecile Thomas-Trophime (Direction Juridique) – 19 May 2011 – Paris (France)
- **Pole de Zagreb**, Stephane Dekerle (Colonel de Gendarmerie) - 15 June 2011 - Paris (France)

- **French Embassy to Albania**, Jean-Louis Jacquinet (Attache de Securite Interieure) - 27 June 2011 - Tirana (Albania)
- **General Directorate of Albanian Police**, protected source (Illegal Betting Unit) - 28 June 2011 - Tirana (Albania)
- **European Commission**, Education and Culture DG, Gianluca Monte (Policy Officer) – 12 July 2011 – Brussels (Belgium)
- **Direction Centrale de la Police Judiciaire (DCPJ) Courses et Jeux**, Jean-Pierre Alezra and Martine Chapelot (Chef de la Division Courses) –1 September 2011 – Paris (France)
- **Commission des Jeux et de Hasard**, Etienne Marique (President) and Marc Callu (legal expert) –23 August 2011 – Brussels (Belgium)
- **Cellule de Lutte contre la Fraude dans le Monde du Football**, Steven De Lil (Directeur), Alain Luyckx (Chef de Service) – 23 August 2011 – Brussels (Belgium)
- **Cellule de Traitement des Informations Financières (CTIF)**, Philippe de Koster (President Suppleant), Nathalie Laukens (Criminologue) – 24 August 2011 – Brussels (Belgium)
- **European Commission**, Internal Market DG, Robert Mulac (Legal Officer) - 24 August 2011 - Brussels (Belgium)
- **Interpol**, Emmanuel Leclaire (Assistant Director Command and Coordination Centre) and M. Yau (Head of Project AOC Drugs and Criminal Organizations Sub-Directorate) – Lyon (France)

## **EXPERTS/ASSOCIATIONS**

- **Noel Pons**, consultant, specialist in combating fraud in sport - 3 March 2011 - Paris (France)
- **Philippe Chassagne**, Balkan specialist – 28 March 2011 – Paris (France)
- **Transparency International (TI)**, Julien Coll (Chief Representative) – 4 May 2011 – Paris (France)
- Protected source, former analyst in the Department of Military Intelligence, specialist in Russian crime - 17 May 2011
- **Monitor Quest**, Jonathan Joffe – 29 June 2011
- Protected source, Albanian sports journalist - 30 June 2011 - Tirana (Albania)
- **Jean-Patrick Villeneuve**, Professor, IDHEAP (Swiss Graduate School of Public Management) – 9 August 2011
- **Philippe Vlaemminck**, solicitor, specialist in the regulation of sports betting – 23 August 2011 – Brussels (Belgium)

- **Christian Kalb**, consultant, specialist in sports betting

#### **CONFERENCES/MEETINGS**

- Meeting of the EPAS Executive Committee and Advisory Committee (Council of Europe) - Draft recommendation on the manipulation of sports results - 7 June 2011 - Strasbourg (France)
- “Fighting Fraud and Discrimination in Sport: The Next Steps” - European Parliament – 22 September 2011 – Brussels (Belgium)
- SportAccord, IF Forum, “How to Stop Match Fixing from Destroying Your Sport” - 14 November 2011 - Lausanne (Switzerland)
- Conference organised by UEFA and the International Association of Prosecutors - 24 November 2011 - Nyon (Switzerland)

## **CONTRIBUTORS TO THE RESEARCH PROGRAMME**

### **IRIS**

---

#### **Pascal BONIFACE – Director, IRIS**

Pascal Boniface is Director of the *Institut de Relations Internationales et Strategiques* (IRIS - the French institute of international and strategic relations) and a member of the teaching staff of the Institute of European Studies at the University of Paris 8.

He also edits *La Revue Internationale et Strategique* (International and Strategic Review) (published quarterly since 1991) and *L'Annee Strategique* (The Strategic Year) (published annually since 1985).

He has written or edited some forty books on international relations, nuclear issues and disarmament, the balance of power between world powers, the French foreign policy and the impact of sport on international relations.

Pascal Boniface has published numerous articles in international geopolitical journals and regularly contributes to the media, both national and international, written and audiovisual.

He is a columnist for the weekly publication *Actuel* (Morocco), and dailies *La Croix* (France), *La Vanguardia* (Spain), and *Al Ittihad* (United Arab Emirates).

He chaired the French Football Federation's *Commission de Prospective sur l'Avenir du Football* (Commission on the Future of Football). He is now General Secretary of the *Fondation du Football* (Football Foundation).

Pascal Boniface is a *Chevalier de l'Ordre National du Merite* and a *Chevalier de la Legion d'Honneur*.

#### **Sarah LACARRIERE – Researcher, IRIS**

Sarah Lacarriere has been a researcher at IRIS since 2009. She specialises in international mechanisms for crisis management, and participates in the activities of the defence and security cluster. She also undertakes research on sustainable development issues, more specifically on international climate negotiations. In addition, she works on issues related to the internationalisation and geopolitics of the sport, and collaborated with Joel Bouzou in producing the work "Peace through Sport" (published by IRIS / Armand Colin, 2010). Along with Pim Verschuuren, Sarah was responsible for coordinating the IRIS research program on Sports Betting and Corruption in 2011.

Sarah Lacarriere holds a Master 2 (Research) degree in Defence and International Security (University Pierre Mendes France - Grenoble II) and a Master 2 (Professional) degree in Global Security (Universite Montesquieu - Bordeaux IV). She currently heads up the "International Relations" basic education diploma (Master 1 level) at IRIS Sup'.

### **Pim VERSCHUREN – Researcher, IRIS**

Pim Verschuuren has worked with IRIS on international sports issues since 2010. He contributed to Pascal Boniface's book *La Coupe de Monde dans tous ses Etats* (The World Cup in all its States) (2010) and coordinated the research program on Sports Betting and Corruption together with Sarah Lacarriere.

Pim Verschuuren is also jointly responsible for the basic education diploma (Master 1 level) at IRIS Sup'. More broadly, his areas of expertise relate to aspects of defence and international security. He completed an internship at the European Commission's Directorate-General for External Relations, where he worked on EU relations with the countries of East Asia.

Pim is a graduate of the Institut d'Etudes Politiques in Rennes. His dissertation was on French nuclear doctrine since the end of the Cold War. He also spent one academic year at the University of Queensland, in Australia, where he studied international relations in North East Asia, before obtaining a Master 2 degree in "Law and Politics of International Security" at the University of Amsterdam.

### **Alexandre TUAILLON, Deputy Director, IRIS**

Alexandre Tuaille, a graduate of the Institut d'Etudes Politiques de Lille and the University of Lille 2 Faculty of Law, joined IRIS in 2001. Prior to this he worked for various local authorities (City of Villeneuve d'Ascq ) and companies (EDF, Eurostar).

Alexandre Tuaille was Communications Officer at IRIS (2001-2006), after which he was appointed Director of External Relations (2006-2009), and became Deputy Director in 2009. Having managed the process leading to IRIS' recognition as a public interest body, he is now in charge of corporate relations (civil sector) and civil contracts with international institutions. Alexandre also manages IRIS' professional training programs (in-house and corporate) and is responsible for the management of the IRIS Board of Directors. Alexandre Tuaille is an elected local representative (for the town of Montreuil and the Communauté d'agglomération Est Ensemble, Seine-Saint-Denis).

## **University of Salford**

---

### **David FORREST - Professor of economics, university of Salford, UK, and Honorary Professor, Macao Polytechnic Institute**

David Forrest studied Economics at the University of Western Ontario, in Canada. He is an economist and econometrician, and specialises in two areas: sports and gambling. Over the past decade, he has published some 50 academic articles and authored official reports on corruption in sport and child gambling in Britain. He acts as a consultant to various British regulatory bodies and is an experienced commentator in the media.

## **Law Firm « PRAXES AVOCATS »**

---

### **Jean-Michel ICARD, Partner, Praxes Avocats**

Jean-Michel Icard is a founding partner of the law firm Praxes Avocats. He has practised in Paris since 1978, and specialises in commercial law. Jean-Michel works with national and international companies and organisations on risk anticipation, including criminal risks. His clients range through transport, manufacturing, information technology, banking etc. He is currently working alongside General Jean-Pierre Meyer, consulting and implementing training using the MARPSA registered method (a method for assessing criminal risk and anticipation strategy) for clients to assist them in anticipating, preventing and solving their risks - particularly crime-related. From 1982 to 1985, Jean-Michel Icard was Professor of Criminal and Business Law at INTEC (*Institut National des Techniques Economiques et Comptables*, the French Institute of Economic and Accounting Techniques), and also Conference Director (general criminal and business law) at the University of Paris II-Assas *Institut d'Etudes Judiciaires* (Institute of Legal Studies) from 1982 to 1989. Jean-Michel Icard taught at the *Ecole Centrale de Paris* from 1986 to 2001. He has also served as President of the Company Law professional group within CPA (HEC Group), taught in the Banques Populaires post-graduate cycle and presented numerous lectures and training courses on corporate security at national and international symposia. In addition, he works with the CNPP's European Security Unit on risk anticipation (particularly crime-related) in the corporate world. Jean-Michel Icard holds a post graduate diploma in the theory and practice of criminal law and criminal business law from the University of Paris II-Assas and a degree from HEC (EMBA - CPA), and is a graduate of INHESJ.

### **General Jean-Pierre MEYER - Special Consultant - Praxes Avocats**

General Jean-Pierre Meyer spent part of his career in intelligence and operations. He was Director of Operations at France's Department of Military Intelligence then Director of the Interministerial Intelligence Committee at the General Secretariat of National Defence. He also served abroad on a number of occasions, specifically in Sarajevo as second-in-command of the multinational forces. In addition, he has undertaken many consulting assignments for large strategic groups. At Praxes Avocats, he is currently working alongside Jean-Michel Icard and his team, consulting and implementing training using the MARPSA registered method (a method for assessing crime-related risk and anticipation strategy). Jean-Pierre Meyer qualified as an Engineer at the *Ecole Spéciale Militaire de Saint-Cyr*, graduated from the *Ecole Supérieure de Guerre* (Advanced School of War), is a member of the *Centre des Hautes Etudes Militaires* (CHEM) and the *Institut des Hautes Etudes de la Défense Nationale* (IHEDN). He also holds an MBA from the Paris IAE (*Institut d'Administration des Entreprises* - Business Administration Institute).

## **CCLS - China Center for Lottery Studies**

---

### **Xuehong WANG - Executive Director - China Center for Lottery Studies - CCLS, Beijing University**

Dr. Wang Xuehong is the first Gaming Management graduate from the University of Nevada (Reno) to return to China and devote herself to the study of gambling. As part of her doctorate in police

studies, she carried out research into the gambling industry in China, at the Institute of Tax Research in the Chinese Ministry of Finance. As Director of the China Center for Lottery Studies (CCLS) at Beijing University, Dr. Wang - in addition to the routine activities connected with this function - is responsible for developing academic projects and training programmes. She has also successfully headed up the Chinese Committee preparing for the annual International Conference on the Gaming Industry and Public Welfare. Thanks to her efforts, Peking University has introduced the first training course in gambling management (MPA), within the context of the management of public welfare in China. Her areas of research relate primarily to the gaming industry and more particularly gambling in China. Her recent studies include police and market studies, and studies on gambling issues.

\*

\* \* \*