

# ESSA Q1 2017 INTEGRITY REPORT





## EDITORIAL



At the start of 2017 we welcomed two new operators into ESSA (888.com and BetStars), adding to the significant growth in our membership over the last 12 months, which now totals 25 of the world's largest regulated operators. Significantly, this means we have a wider network monitoring betting markets; in the first quarter of 2017 this identified 27 alerts of suspicious betting activity. Tennis provided the highest number with 12 alerts, a position it has filled for nine consecutive quarterly reports.

We know that the sport has been working hard to address this situation and we await with interest the imminent publication of the Independent Review Panel's interim report. It is a process that ESSA has engaged in and welcomed as an important step, and we hope that the Panel's recommendations are both evidence-based and provide practical and proportionate actions.

In addressing this issue at any level, there must be a clear understanding that well-regulated betting products do not, in themselves, create match-fixing. That illicit activity is a result of corrupt sportspeople and criminals seeking to defraud betting operators. Those operators are the intended victims of that fraud and any mitigating actions will be best served acknowledging that.

The tennis review is just one of a number of important activities around match-fixing expected this year. The European Commission is a central figure in this and, along with the development of a long awaited recommendation on competition manipulation, it has also funded a number of match-fixing studies that are likely to be published over the summer. ESSA has been engaging with some of those studies, providing feedback and challenging unfounded remarks.

National level actions have also been accelerating, promoted by the Council of Europe's Convention on the Manipulation of Sports Competitions, most notably through the establishment of national anti-match-fixing platforms and laws. The German Parliament passed its match-fixing law in March, which was publicly welcomed by ESSA, and other countries are developing similar legislation.

These are important initiatives that have been promoted by the Council of Europe-led, and European Commission funded, Keep Crime out of Sport (KCOOS) project, of which ESSA is a partner. This 18-month project, which is now coming to an end, has been the inspiration behind work on numerous laws and national platforms that will be rolled out over the following months and years.

ESSA is proud to have played a part in this programme and we are now engaging in new initiatives such as the Transparency International-led Anti Match-Fixing Top Training (AMFTT) project, as well as our on-going support for the EU Athletes betting education programme and engagement in many international and national integrity working groups. Such work has, and will continue to have, an important positive impact in the fight against match-fixing.

It is with great pleasure that I welcome this report's guest contributors: Finnish MEP Hannu Takkula follows-up on his recent European Parliamentary report on sports governance and integrity, whilst Carl Brincat of the Malta Gaming Authority explains the work they are undertaking on sports betting and integrity.

**Mike O'Kane**  
ESSA Chairman

## ESSA's integrity figures for Q1 2017

There were 27 alerts relating to suspicious sports betting activity reported to the relevant authorities for further investigation by ESSA and its members during the first quarter (Q1) of 2017. This was led by tennis with 12 cases, accounting for around 45% of all cases reported during the quarter; the sport has now had the highest number of alerts in the last nine consecutive quarters. The remaining 55% of cases were split between: football (4 cases), volleyball (4), snooker (2), basketball (2) and one each in boxing, handball and ice hockey.

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

ESSA continues to play a key role as the regulated betting sector's representative body at national and international match-fixing policy forums and holds positions on important working groups at the European Commission, Council of Europe and the International Olympic Committee (IOC). It represents many of the world's biggest regulated sports betting operators, serving over 40 million consumers in the EU alone, and is continually reassessing and improving its alert and reporting systems.

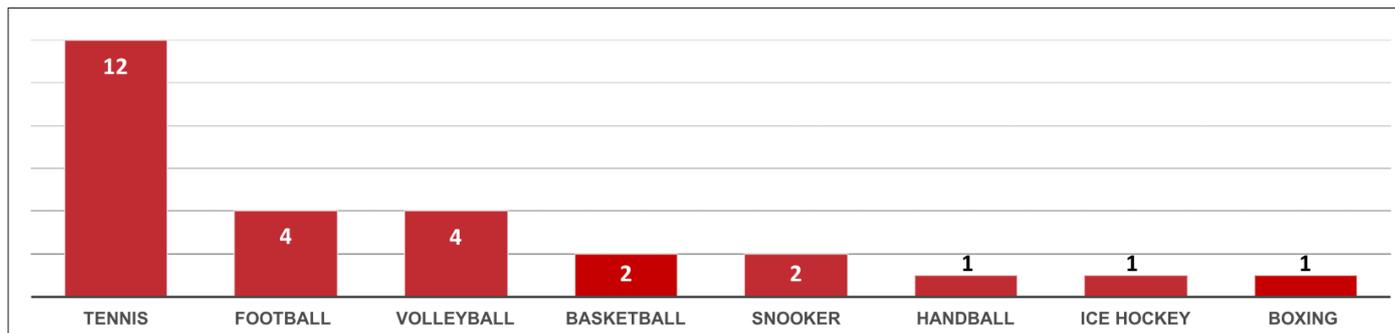
ESSA's members work together using risk assessment and security protocols to identify suspicious betting patterns and have access to an unrivalled body of data which it provides to sporting bodies and regulatory authorities. That includes essential transactional data on who is betting on what, where and when. Every year, our members invest over €50m in compliance and internal security systems to combat fraud, as well as funding other initiatives such as player education programmes.

### How the ESSA system works

The ESSA alert system primarily works on the input provided by its members, notably alerts created by members relating to suspicious transactions detected by their own internal control systems. If such an alert is issued, which occurs through ESSA's alert platform, members are required to respond quickly confirming whether or not similar trends have been seen elsewhere in their markets. Where evidence emerges that there may be potentially fraudulent activity taking place, e.g. because several members have confirmed an irregular betting pattern, ESSA will:

1. report that information under the applicable Memorandum of Understanding (MoU) to the relevant sports governing body and/or regulatory authority; and
2. advise the member(s) concerned to make a report to their own national regulatory authority in line with their associated licensing conditions.

## Suspicious alerts in Q1 2017



## MALTA'S FIGHT AGAINST MATCH-FIXING



Malta and the Malta Gaming Authority (the Authority) have always held a zero tolerance policy against the manipulation of sports competitions. The Authority participates to the extent it can in the relevant processes to prevent abuse of sports competitions by exchanging information with other regulators and law enforcement

authorities, both local and foreign, about suspected cases. It collaborates with several sporting organisations with which it has concluded Memoranda of Understanding, including ESSA (Sports Betting Integrity) and the International Olympic Committee. Nevertheless, work is underway to strengthen the Authority's role in local and international efforts to increase integrity in sport.

On the local front, the Authority is heavily involved in discussions on the matter at all levels. In early 2014 communication was kick-started with SportMalta, the local regulator of sport organisations, and the Malta Football Association (the MFA) to determine the best way forward for local stakeholders to work together to tackle match-fixing. This led to the creation of a national Anti-Corruption & Transparency Experts' Task-Force established for such purpose, in which the MGA actively participates together with the MFA, the Executive Police, the Permanent Commission against Corruption, SportMalta, and representatives of the Government and the Opposition. The parties signed a Declaration of Intent on the 12th May 2015 which paved the way for the work of two sub-committees, both of which the MGA formed part of: a sub-committee on education

and awareness raising; and a sub-committee on legislative amendments. The report of the former sub-committee has been presented to the Task-Force and has led to the development of an education campaign which is already underway. The sub-committee on legislative amendments has also presented its report to the Task-Force, and further to such report a draft Bill has been prepared to replace the current laws against match-fixing, which date back to 1976. The draft Bill takes into account the developments in criminality surrounding match-fixing, and envisages harsher sanctions, amongst other changes.

As part of the wider strategy to increase and improve the prevention and detection mechanisms as well as the reporting structures available to licensed sports betting operators, preparations are also underway for the introduction within the new gaming regulatory regime, which is currently in the pipeline, of a framework for such licensees to report serious suspicions of match-fixing. Such framework shall be based on a consultation which the Authority had carried out with its sports betting licensees in 2016, and is meant to enable both the licensees and the MGA to have a greater role in protecting sport integrity. The Authority also actively follows changes on the integrity front in the various sports which licensees offer betting on, such as the self-regulatory initiatives which have arisen on esports, to ensure that the MGA is abreast of developments and is adequately armed to participate effectively in efforts to prevent manipulation of such competitions.

**Carl Brincat**  
**Senior Legal Advisor**  
**Malta Gaming Authority**

## ZERO TOLERANCE FOR CORRUPTION AND MATCH FIXING IN SPORT

© Suomen Keskusta



Sport is not solely a social phenomenon, but a significant economic activity. An increasing amount of money is circulating in the sport sector and the continuous growth in its added value renders sport ever more attractive for perpetrators of abuses such as money laundering and bribery.

Sport's image has been tarnished owing to recent corruption scandals therefore active work must be done to create better governance and transparency.

My recent European Parliament Report on integrated approach to Sport Policy: good governance, accessibility and integrity underlines the need to work towards zero tolerance of match fixing and corruption. The Lisbon Treaty gave the EU a soft competence on sport and the Union has taken a strong position on the sport matters such as corruption. Still Member states have a large responsibility on how seriously certain issues are taken as not all the decisions relating to, say, match-fixing can be made at EU level. This underlines the vital urgency of cooperation among institutions. EU level coordination is important, but certain issues should remain under national competence. My constituency is a good example of a responsible gambling culture and legislation. The Finnish national gambling organisation, Veikkaus, has adopted a good and exemplary practice by handing the money gained from gambling in professional leagues to grassroots sport. Making fair financial return mandatory to licenced gambling operators is also one of the initiatives presented in my report. Additional to the proposal of the report, this could be a way to fund a fight against match fixing in all the Member states.

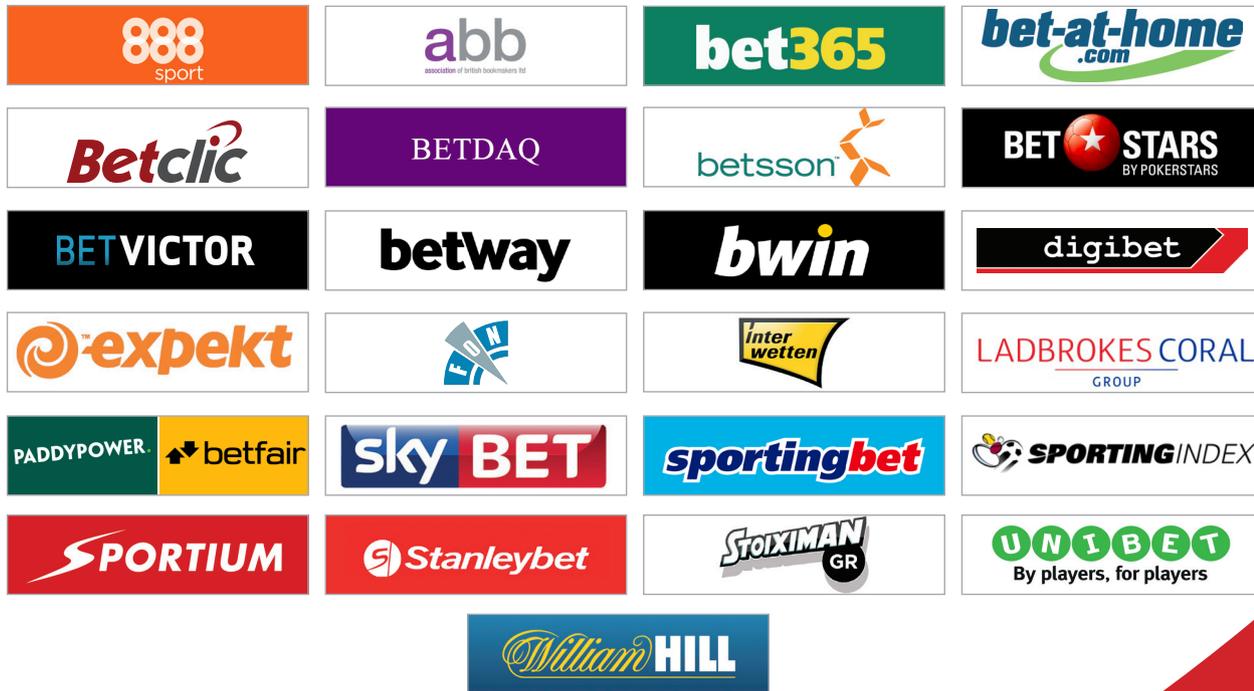
Match fixing and money laundering are not only damaging for the image of sport, but also serious criminal activities. Introducing specialised prosecution services on sporting fraud in Member states would be one step closer to tackling this heinous problem. Gambling operators working with associations like ESSA are key to winning the fight against match fixing through cross-sector cooperation and information sharing. Whilst the Fourth Anti-Money Laundering Directive has introduced a requirement for them to carry out due diligence checks on high value transactions.

Action has also been taken in the field of sport organisations. An example of good practice comes from the football sector where gambling operators issue alerts in cases where they find unusual gambling habits. FIFA's Early Warning System and UEFA's Betting Fraud Detection System are built to recognise possible abuses and minimise criminal activities in the field of sport. These examples prove that both the gambling sector and sport organisations are committed to working towards zero tolerance of match fixing.

Match fixing is a current problem on which the EU should present a unified front. My sincere hope is that the EU and Member states will ratify the Council of Europe Convention on the manipulation of sport competitions during Malta's presidency. This would be a great signal that we in the EU are utterly committed to fighting together against match fixing.

**Hannu Takkula (ALDE, Finland)**  
**Member of the European Parliament**

## OUR MEMBERS



### CONTACT INFORMATION

Khalid Ali

Secretary General

[https://twitter.com/ESSA\\_Betting](https://twitter.com/ESSA_Betting)

[ka@eu-ssa.org](mailto:ka@eu-ssa.org) • [www.eu-ssa.org](http://www.eu-ssa.org)

