



PLAYING BY THE RULES

A Global Perspective on Gaming Regulation

Tackling the problem of match-fixing?

By Susan Hensel and Birgitte Sand

In May the police raided the training camp of the Italian EURO2012 side putting players under investigation and arresting seventeen people on suspicions of match-fixing. This is just one of the latest events in the history of match-fixing, which stretches back as far as the Olympics of the Classical era where allegations of athletes taking bribes to lose a competition were common. Even in the United States, national leagues have long come under scrutiny for deliberately throwing games, the most infamous example a 1919 attempt by Chicago White Sox players to fix the World Series.

In recent years match-fixing, particularly that linked with sports betting, has risen high on the political agenda, in particular in Europe where the issue is regularly raised in the European Parliament and the Council of Europe. Both FIFA (Federation Internationale de Football Associations) and the IOC (International Olympic Committee) have pointed to growing concern about sports betting integrity with the IOC suggesting the problem was greater than doping.

But unlike doping, sports betting corruption cannot be detected by a simple blood or urine test. Nor can it be eliminated simply by outlawing betting on events as there is a large illegal betting market. Opinions differ on whether restrictions on the type of bets or events on which bets can be made would reduce the risk of sports betting corruption or increase illicit betting. Certainly deciding which bets to ban and which not to ban is likely to be a very resource demanding and difficult task, but what is clear is that jurisdictions cannot tackle sports betting corruption effectively in isolation. Those behind the corruption, those organizing the sporting events, the sporting participants and the sources of funds often come

from different countries. Nearly all licensed operators offer betting on matches outside the jurisdiction in which they hold a licence; they may even operate from an entirely different country from where they hold their license. The authorities in the licensing jurisdiction will not have enforcement rights over most of the parties involved e.g. the athletes, the organizers of the match-fixing or even the betting customers.

International cooperation between sports bodies, betting operators, gambling regulators, the police and other regulatory bodies that might be responsible for sports activities such as the Ministries of Culture and Sports is needed if the risks are to be minimised. Initiatives taken by international institutions such as the IOC, the Council of Europe and the European Commission highlight the need for concerted action by sports governing bodies, betting operators and regulators and law enforcement bodies to prevent, deter and disrupt those intent on corrupting sports for betting purposes.

Good governance at all levels in sports bodies which supports a culture of integrity and deters players and officials from participating in match or event fixing by strict rules and effective sanctions such as fines and bans can be supported and reinforced by betting operators and regulators. Working together betting operators and regulators can provide intelligence to law enforcement bodies on unusual and suspicious betting transactions, suspend or void markets, and build up and share intelligence on suspected perpetrators. Regulators can insist on information sharing by their licensees and on betting terms and conditions that reinforce sports bodies' betting restrictions and rules on use of inside information.

Betting bans for certain categories of individuals (ath-

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letes, sports officials, executives and employees of betting companies) and rules against use of inside information are part of the preventative jigsaw. Operators cannot be expected to identify those breaching the rules in real time but

proving breaches of these sufficiently for civil remedies such as fines or banning of sports people and refusal to pay out or refund stakes after the event can be quicker and more straight forward than proving match fixing for criminal gain.

Tackling match-fixing calls therefore for global efforts based on a commonly agreed framework to prevent, detect and deal with the matter with the long-term goal of establishing a global early warning system providing timely warnings to relevant authorities.

Bodies such as the International Association of Gaming Advisors (IAGA) and the International Masters of Gaming Law (IMGL) together with more regionally based organisations such as the North American Gaming Association (NAGRA) and the Gaming Regulators European Forum (GREF) have a key role to play in fostering cooperation and sharing good practice. Sharing experience and expertise internationally is critical and will facilitate coherence between local regulatory initiatives and the ongoing work of the IOC and other international institutions. IAGR's forthcoming conference in Singapore will include a session on sports betting integrity and the lessons that can be learned from the 2012 Olympics more generally for major sporting events.

As members of the IAGR we support and look forward to participating in the common fight against match-fixing and the important international cooperation in securing a legal and safe gambling market. ♣

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meaning that virtual currency can only be bought from or sold to third parties contrary to a game's terms and conditions?

The interaction between virtual currency and social gaming has blurred the lines between gaming and gambling. Some countries, such as South Korea and China, have elected to regulate the sale of virtual goods (including currency). Regulating the sale of virtual currency implies that virtual currency has a monetary value. If virtual currency has a monetary value, and it is staked by a player in a game of chance or mixed chance and skill, that player could lose money or money's worth. If virtual currency is used as a prize, a player could win money or money's worth. Thus, social gaming which involves a game of chance or mixed chance and skill and uses virtual currency as consideration and as a prize would satisfy the Canadian test for gambling, namely that a game must be a game of chance or mixed chance and skill in which the participants have a chance to both win and lose money or money's worth. ♣

² R.S.C. 1985, c. C-46.

³ *Ibid.*, s. 197.

⁴ *Di Pietro v. R.* [1986] 1 S.C.R. 250. [hereinafter *Di Pietro*].

⁵ N. O'Neill, 'What exactly are social games?', 2008.

Retrieved from <http://www.socialtimes.com/2008/07/socialgames/>

⁶ V. Lehdonvirta, 'Virtual item sales as a revenue model: identifying attributes that drive purchase decisions', *Electronic Commerce Research*, 9, 1-2, 2009.

⁷ *Supra* note 4 at para. 26.

⁸ *R. v. Ross* [1968] S.C.R. 786, 4 C.R.N.S. 233, [hereinafter *Ross*].

⁹ *Supra* note 4 at para 29.

¹⁰ Dr. Vili Lehdonvirta & Dr. Mirko Ernkqvist, *The World's Bank Knowledge of the Virtual Economy*, Infodev: April 2011.

¹¹ There may be exceptions to this, one of which would be if a social gaming company would be able to design a game where it would be impossible for users to engage in virtual currency transactions with a 3rd party.

¹² *R. v. Wilkes*, [1930] O.J., No. 49.

¹³ In Canada, a large Starbucks specialty coffee costs more than \$5.

¹⁴ *Supra* note 4 at para 29.

¹⁵ *Supra* note 13 at para 8.

¹⁶ *R. v. Zippilli* (1980) 54 C.C.C. (2d) 481 (Ont. C.A.) [hereinafter *Zippilli*].