

# ESSA Q1 2016 INTEGRITY REPORT





## EDITORIAL



Last year proved to be a difficult period for the sports sector, with a number of scandals and allegations of corruption coming to light. This has presented a test to the previously unchallenged principles of the specificity and autonomy of sport. The reasons for this situation can be varied, but fundamentally stem from the issue of governance.

We shouldn't lose sight of the fact that, whilst recent publicity in this area has been negative, there are examples of good governance in sport.

ESSA works with many within the sector who are examples of good governance and integrity. Sport, in general, continues to have clear societal and health benefits and to play a positive part in our lives. However, it's administrators need to stand up and be counted and accept that running sport like a private members club is not the future format that will deliver better governance.

In what is a self-regulating sector, there will always be the possibility of wide variations in the application of governance practices, both at national and international levels. With the adverse impact of poor governance now widely accepted as a key cause of many of the troubles facing sport, it is right that the sector is being pressured by governments to urgently address this issue.

It is, therefore, worth exploring some of the potential solutions to this issue in a broad sense, which in turn play an important part in tackling associated matters such as match manipulation, the infiltration of criminals and wider unethical practices in sport. Firstly, ensuring democratic procedures is the bedrock of any good governance practices, with the implementation of effective regulations and rules

paramount. It is a principle produced and upheld as a direct result of an organizational structure that truly represents all of its stakeholders and where elected administrators and boards have fixed terms in office, and are held personally accountable for their actions.

Accountability is a fundamental requirement. Only with accountability can poor sports governance, fiscal mismanagement or even corruption be addressed. On event/participant integrity, that means that sports need to enact a zero tolerance approach, achieved through the establishment of ethics/integrity units with effective investigatory powers and visible disciplinary procedures.

Finally, greater transparency is necessary. Transparency improves integrity and that in turn limits opportunities for corruption. That is only achieved, however, if sports governing bodies coordinate their actions and exchange information with all key stakeholders. In the area of match-fixing, that includes: gambling regulatory bodies, law enforcement and betting operators.

In recent years, we have seen such principles increasingly promoted by policymakers, most notably on integrity through the Council of Europe's Convention, IOC's betting integrity recommendations and the UK Integrity Action Plan. Effective sports governance is a key aspect of these initiatives.

Such governance issues and integrity solutions are examined further in the two articles in this report, concerning the Council of Europe-led and European Commission funded "Keep Crime out of Sport" project, and the Sports Integrity Initiative's reflections on these issues from its perspective as an independent media body focused on integrity. I thank them both for their valuable input.

**Mike O'Kane**  
ESSA Chairman

## ESSA's integrity figures for Q1 2016

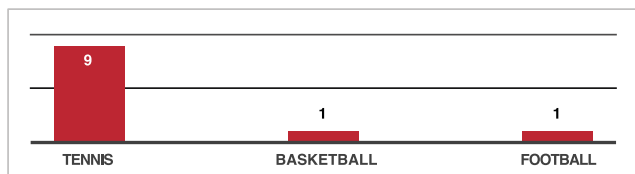
In the first quarter of 2016 ESSA and its members reported 11 cases of suspicious betting patterns to the relevant sporting and regulatory authorities for further investigation. That involved nine cases identified in tennis and one each in football and basketball. From a geographical perspective, there were five cases in Asia, three in Europe, two in Africa and one in South America.

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 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.

## Suspicious alerts in Q1 2016



## How the ESSA system works

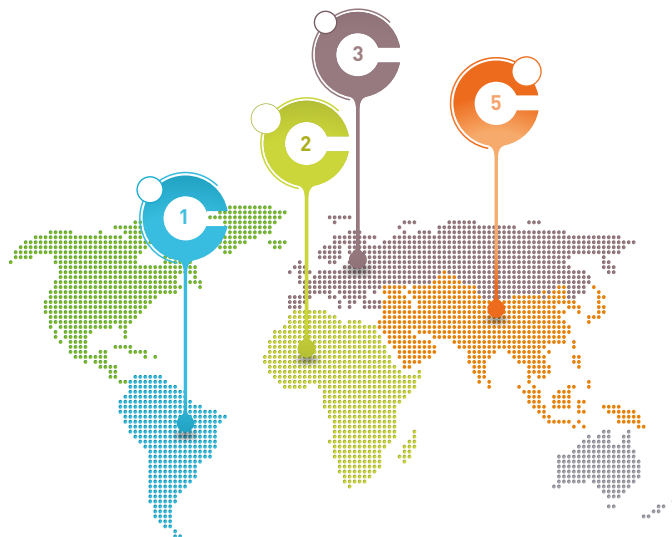
The ESSA alert system primarily works on the input provided by its members, notably alerts created by members relating to suspicious transactions detected by their own internal control systems.

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
2. advise the member(s) concerned to make a report to their own national regulatory authority.

## Suspicious alerts in Q1 2016 per continent



## SPORT'S LOSS OF TRUST: A THREAT TO THE AUTONOMY OF SPORT



**Andy Brown is editor of the Sports Integrity Initiative, a website that analyses issues that affect the integrity of sport.**

Historically, the European Union has allowed sport a great deal of freedom to regulate itself and operate its own quasi-legal system. Sport is not exempt from EU law, but the European Commission's White Paper on Sport in 2007 recognised that sport is different from business and the importance of allowing it to set its own rules,

termed the 'autonomy' of sport.

However, recent events have highlighted sport's inherent conflict of interest; it must both prosecute wrongdoers and protect its reputation. This is not easy - sport must maximise financial return from its events, and outing corruption ahead of a major championships is simply not good for business. Sport must maintain this balance, but recent events have shown that within some sports, protecting the sport's reputation has taken priority over protecting the athlete.

This presents a serious problem for sport, as its regulation hinges on trust. Athletes trust that sport will treat them fairly when they sign their Athlete Agreement, which requires all disputes to be settled outside of the courts, within the sporting system. Governments trust that sporting bodies will use public money frugally, operating in the best interests of improving athlete performance. However, signs are appearing that both athletes and governments have lost this trust.

Athletes subject to sanctions are questioning the motives of their governing bodies. Sport has become a business and athletes are legitimately arguing that an arbitration body designed to assess whether sporting rules have been correctly applied is not the correct place for their complaints. Governments are asking national bodies to justify and explain their actions and are proposing legislation in order to keep them in line.

Sport is on the brink of chaos. We face a situation in which 69% of fans of the world's most popular sport have lost faith in the ability of its governing body (FIFA) to run the game. At the Rio Olympics, it is possible that we could see two of the biggest nations in athletics shut out. If Russia and Kenya are allowed to compete in Rio, has another deal been done?

Sport has scared off the very people it should represent, the athletes. The mantra 'we need to rid sport of the doping cheats and match-fixers' is tired. In the eyes of the many, sport is the one doping athletes and fixing games.

"Federations who fail to meet the highest ethical standards must face greater scrutiny - and if need be, our full regulatory power", EU Sport Commissioner Tibor Navracsics recently told the EU Sports Forum on good governance. "I will soon invite sport federations big and small to commit publicly to good governance principles. I will launch this initiative during the second European Week of Sport in September." Sport has five months to regain athletes' trust and convince the EU that it has earned its right to autonomy.

**Andy Brown,  
Sports Integrity Initiative**

## KEEPING CRIME OUT OF SPORT



**The economic growth of the sports sector in the last decade due to various factors has pushed the existence of the phenomenon of the manipulation of sports competitions into the spotlight, as it affects a number of sectors, including financial crimes and transnational criminality. On the one hand, the commercialisation of the sports market, such as increased supply of betting products and on the other hand, the rising betting market, including increased TV rights has created a need for regulations and monitoring at national and international level.**



The Council of Europe has undertaken to put in place measures to fight this phenomenon of match-fixing, through the 2014 adoption of a legally binding instrument, the Convention on the Manipulation of Sports Competitions, as well as through the implementation of a Joint Project, co-funded by the European Union, to provide countries with practical assistance in regulating sports betting and fighting match-fixing. The 18-month Keep Crime Out Of Sport (KCOOS) project was launched in January 2016 and targets EU and Council of Europe Member States.

KCOOS, along with its nine project partners, including ESSA, will raise awareness and play an active role in assisting countries with the implementation of measures to fight match-fixing. The objective is to ensure that relevant actors are not only aware of the gravity of

the situation but that they have technical assistance with setting up necessary bodies and mechanisms required to tackle these issues. The project is being implemented in three phases; initially to gather information on the current situation regarding national cooperation, exchange of information and existing challenges, through a questionnaire, follow up and analysis. The second phase will involve execution, via Regional Seminars in the autumn of 2016, followed by study visits to France and the UK, where the national platforms already in place will be demonstrated. Finally, two expert missions will be organised, in order to provide customised assistance to two beneficiary countries. The events will allow challenges to be tackled and will provide possible solutions, via the aid of experts and through exchange of information at regional level.

KCOOS will set the groundwork for the establishment of national platforms, which will act as contact points facilitating national cooperation between public authorities, law enforcement, public betting authorities, sports organisations and sports betting operators; as well as international collaboration in the fight against sports manipulations. Educational tools based on all research and events will also be produced. The project presents an excellent opportunity for diverse actors to work towards a common goal. Among the project partners, thus, are ESSA, European Lotteries, the IOC and INTERPOL, among others.

While KCOOS represents the practical aspect of combating match-fixing, the Council of Europe Convention provides a legal basis for implementing such measures. The Convention highlights the multi-dimensional risks involved in match-fixing and sports betting, including money laundering and financial fraud. It encourages enhanced cooperation at national and international level. It is open to signature by Council of Europe member States as well as non-member States.

**Cassandra Matilde Fernandes,  
Council of Europe**

## OUR MEMBERS



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