

ESSA Q2 2018 INTEGRITY REPORT





EDITORIAL



Congratulations to France for winning the World Cup! It was a fantastic tournament that was enjoyed by hundreds of millions of people across the world. Earlier this year we renewed our cooperation agreement with FIFA to inform them of any betting patterns and activities that could indicate possible match manipulation. As expected there was no instances during the World Cup, however, our agreement also extends to football matches under the lead of confederations, FIFA member associations and their leagues.

A recent report published by Perform Group & Star Lizard found that of the 54,757 football matches played in 2017, 397 (0.73%) were found to have had suspicious betting patterns. ESSA reported 45 cases of suspicious betting in football in 2017, this clearly indicates that criminals are avoiding using ESSA members, who are licensed and regulated operators, to place bets on manipulated events. However, as an industry we can never be complacent and we are determined to grow our network, therefore I am pleased to announce that Perform Group will be the first data provider to join ESSA as an affiliate member. Perform Group is the digital leader in global sports media and they have developed a non-commercial integrity team, which we look forward to working with closely.

The first half of 2018, also saw two new operators join the association; Austrian based Cashpoint, which has more than 5,000 retail outlets across Europe, as well as a significant online presence; and Betfred, which launched its digital platform back in 2004 and operates over 1,650 retail premises throughout the UK.

As we continue to build our presence in Europe we have also turned our attention to the US where the Supreme Court found the Professional and Amateur Sports Protection Act (PASPA) was unconstitutional. This has effectively paved the way for legalised sports betting, which for too long has been hidden in the shadows. We want to make sure that the betting market will protect consumers and preserve the integrity of sport, which is why we have been working with our colleagues at the American Gaming Association (AGA) about creating an "ESSA style" model for the US market. In our guest feature, Sara Slane the Senior Vice-President of the AGA, explains what the PASPA ruling means for the US sports betting market and how they intend to tackle the issue of betting integrity.

The Tennis Integrity Review Panel recently published their Interim Report into corruption in tennis, where they have recommended discontinuing live data for certain levels for ITF Tennis. We are currently in the process of preparing our response to that proposed recommendation and the report in general.

Khalid Ali
Secretary General

ENSURING SPORTS BETTING INTEGRITY IN THE US



As legal sports betting becomes a reality in the United States, the American Gaming Association (AGA) looks to ESSA as a model for promoting sports betting in a safe and regulated environment, while ensuring the integrity of games.

On May 14, 2018, the U.S. Supreme Court overturned the Professional and Amateur Sports Protection Act (PASPA), a failed 1992 federal ban on sports betting, thereby paving the way for states and sovereign tribal nations to legalize and

regulate sports betting in their own jurisdictions.

In the months since the Supreme Court ruling, there has been noteworthy action in the states, with Delaware and New Jersey becoming the first states after Nevada to offer single-game sports betting. Meanwhile, Rhode Island, West Virginia, Pennsylvania and Mississippi have each legalized single-game sports betting, with plans to offer it before the end of the year.

Opening up the legal sports betting market helps undercut the massive illegal market that thrived under PASPA. This illegal market fuels criminal activity, fails to protect consumers and doesn't generate a dime in tax revenue.

It also enables betting fraud and makes games vulnerable to breaches of integrity since the illegal market lacks the transparency, oversight and cross-stakeholder collaboration necessary to identify, analyze, and stamp out illicit activity.

As sports betting opens up across the U.S., the gaming industry hopes to build off of the integrity monitoring successes enjoyed in Nevada, as well as in regulated markets throughout Europe. To that end, the AGA supports the establishment of a collaborative integrity monitoring association in the U.S.

This association, modelled after ESSA, would help facilitate communication of suspicious betting information between stakeholders. Its goal would be twofold: to collaboratively identify risks to integrity and to empower all stakeholders – including operators, leagues, regulators and even law enforcement – with the information they need to take action.

Unfortunately, recent U.S. sports betting policy proposals that claim to further integrity monitoring would actually hinder it.

The so-called “integrity fee” on handle, for example, would require operators to pay sports leagues a percentage of the total amount wagered. This fee would do nothing to ensure integrity.

Instead, such a fee would wipe out operators' already razor-thin margins, thereby worsening the odds they can offer customers and all but ensuring that customers continue to place their bets with illegal bookmakers that can offer a better price.

It would also undercut the robust and effective integrity protections that have worked well for decades in regulated jurisdictions.

As sports betting models are proposed and debated throughout the United States in the months ahead, AGA hopes policymakers continue to dismiss foolish proposals and instead incentivize the most effective form of integrity monitoring.

Sports betting companies, data providers, leagues and regulators each need to share information in real-time out of a mutual shared interest to preserve the integrity of the games we love. Only then can the legal sports betting market flourish in the United States.

Sara Slane
Senior Vice President, Public Affairs
American Gaming Association

ESSA INTEGRITY FIGURES FOR Q2 2018

There were 62 alerts relating to suspicious betting activity reported to the relevant authorities for further investigation by ESSA during the second quarter (Q2) of 2018. The Q2 cases involved 8 sports with: 44 cases in tennis, 12 cases in football and one each in basketball, beach volleyball, boxing, bowls, eSports and handball.

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

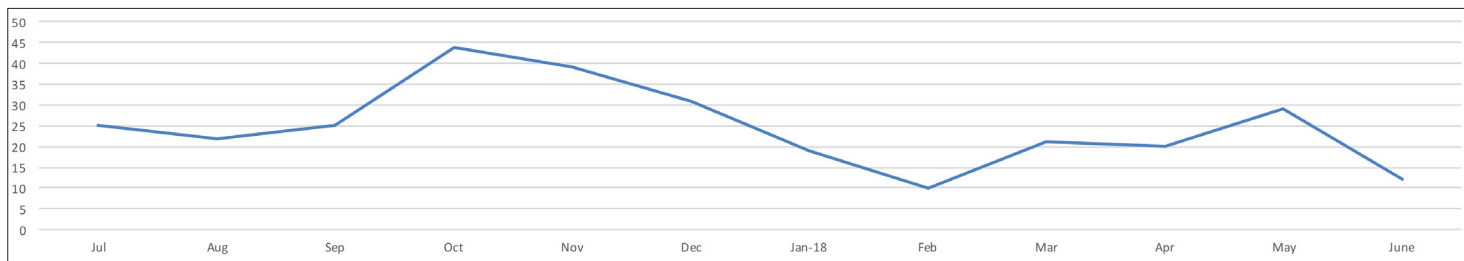
International Olympic Committee (IOC). It represents many of the world's biggest regulated sports betting operators, serving over 40 million consumers in the EU alone, and is continually reassessing and improving its alert and reporting systems.

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.

ESSA ALERTS: LAST 12 MONTHS



SUSPICIOUS ALERTS IN Q2 2018 - TOTAL: 62

Tennis



Total alerts:

44

Football



Total alerts:

12

Bowls



Total alerts:

1

Handball



Total alerts:

1

Boxing



Total alerts:

1

Basketball



Total alerts:

1

Beach Volleyball



Total alerts:

1

eSports



Total alerts:

1

OUR MEMBERS



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