



MACOLIN CONFERENCE ON ILLEGAL SPORTS BETTING

ACT

ADDRESSING **C**OMPETITIONS'
MANIPULATION **T**OGETHER

Rabat, 7 November 2023

SUMMARY &
CONCLUSIONS



PRESERVING THE INTEGRITY OF SPORT BY COMBATING ILLEGAL SPORTS BETTING

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BACKGROUND

On 7 November 2023, the Council of Europe organised a conference in Rabat (Morocco) aimed at raising awareness of illegal betting, one of the biggest challenges to sport integrity and a key target in the fight against the manipulation of sports competitions, as addressed by the Council of Europe Convention on the manipulation of sports competitions (the Macolin Convention).

The Macolin Convention is the only international law instrument focusing on the manipulation of sports competitions that is open to any country in the world. It requests public authorities to co-operate with sports organisations, betting operators and competition organisers to prevent, detect and sanction the manipulation of sports competitions. It proposes a common legal framework for efficient international cooperation to respond to this global threat.

The event was organised with the support of the ACT cooperation project (“Addressing Competitions’ Manipulation Together”) and the Marocaine des Jeux et des Sports.

Over 150 participants attended the conference, from Morocco, and other countries from the region (Cameroon, Egypt, Ghana, Guinea, Guinea-Bissau, Ivory Coast, Nigeria, Sierra Leone, Tunisia and Uganda) representing governments, gambling regulatory authorities, law enforcement, betting operators, olympic committees and sport federations. The Conference was also attended by representatives of the national platforms composing the Council of Europe Network of National Platforms (also known as the Group of Copenhagen).

“Illegal and unregulated betting are major threats to sports, being operated beyond the surface, without any legal framework, thus making it easier for criminal activities to go unnoticed. The Macolin Convention aims to reduce such betting by promoting cooperation and setting international standards”, highlighted George Mavrotas, Chair of the Follow-up Committee of the Macolin Convention.

On 8 and 9 November the conference was followed by the fifth meeting of the Network of National Platforms to combat the manipulation of sports competitions, the Group of Copenhagen.

OPENING AND SETTING THE SCENE

The session was opened by His Excellency **Mr Chakib Benmoussa**, Moroccan Minister of National Education, Pre-school, and Sports. He introduces the general framework of the conference and emphasised his country's particular interest in issues relating to illegal betting.

Ms Sophie Kwasny, Head of the Council of Europe's Sport Division, expresses her gratitude to Morocco and the MDJS (Marocaine des Jeux et des Sports) for their invitation to organise the conference and for the warm hospitality. She highlights that the organisation of this conference was made possible thanks to the active support of the partners of the ACT project (Addressing Competition's Manipulation Together), including the World Lottery Association (WLA), the European Lotteries (EL), as well as FDJ, and the Norwegian, Swiss, French, and Cypriot public authorities. She also warmly welcomes the African delegations present and encourages them to join the Macolin Community, especially by initiating the process of signing the Convention.

Ms Carmen Morte-Gomez, Head of the Council of Europe Office in Rabat, emphasises that Morocco's signing of the Macolin Convention is part of a broader framework, as the country had acceded to several conventions aimed at protecting public order and combating all forms of crime. She specifies that Morocco's methodology, including the assistance provided by the Council of Europe through a cooperation mission, could serve as a good practice example for other countries, not only African ones.

Ms Isabelle Falque-Pierrotin, President of the Gambling Regulators' European Forum (GREF), highlights not only the dangers associated with the proliferation of illegal gambling worldwide but also reminds of GREF's missions in this area. She also proposes concrete recommendations to fuel today's discussions. Among these, two have particularly captured the participants' attention:

- The possibility of establishing an international list of illegal operators.
- The need to consider new digital services (such as NFTs), which share similarities with sports betting and, in most countries, remain unregulated, potentially posing risks to civil society and sports.

Mr Georgios Mavrotas, Chair of the Follow-up Committee of the Macolin Convention and Secretary-General of Sports in Greece, provides a detailed description of the Convention's content and explains why combating illegal gambling is an essential component of it. He underscores the importance of effective international cooperation in this field, as he believes that efforts made at the national level can truly succeed and demonstrate their effectiveness only within this international framework.

ILLEGAL BETTING AND THE MANIPULATION OF SPORTING COMPETITIONS: DECIPHERING THE PHENOMENON

Mr. Christian Kalb, independent expert, outlines the main challenges faced in the fight against illegal gambling. He emphasises that the risk associated with this scourge is extremely high, not only due to its frequency but also because of its impact on civil societies, the sports world, and consumers.

Mr. Luca Esposito, General Director of the World Lottery Association (WLA) and Secretary-General of the United Lottery for Integrity in Sports (ULIS), highlights the commitment of its members to the integrity of sports. He underscores that WLA and ULIS members, primarily lottery companies structurally linked to public authorities, offer their products and services in compliance with the Macolin Convention. WLA actively participates in the fight against illegal gambling, including financial support for the Council of Europe's ACT project and the initiation of a comprehensive study on the quantification of the illegal market in partnership with the University of Lausanne (UNIL). The results of this study will be shared with the Macolin Community in 2024.

Mr James Porteous, Senior Manager (Due Diligence and Research) at the Hong Kong Jockey Club, one of the largest global sports betting operators, presents the latest study conducted by the Asian Racing Federation in 2023. This analysis, which particularly impressed conference participants, established links between organized crime and illegal gambling. Mr. Porteous detailed how this system operates and revealed that tens of thousands of people are forced to work in conditions akin to modern slavery within illegal betting networks and cybercrime operations across Southeast Asia. The illicit profits generated by these operations, orchestrated by individuals deeply entrenched in Asian organised crime, are estimated to range between 40 and 100 billion euros annually.

Ms. Zoe Flood, independent filmmaker, points out that sports betting is a particularly sensitive sector, and its impact on vulnerable populations is often overlooked. She argues that the normalisation of sports betting and the uncontrolled expansion of its offerings create increasing risks for consumers who may not be adequately informed by local authorities. Citing the example of Uganda and issues of gambling addiction, she emphasises the damage caused by illegal gambling.

OPERATING METHODS IN THE FIELD OF ILLEGAL SPORTS BETTING: AN IN-DEPTH ANALYSIS

Mr Moses Swaibu, former professional footballer and founder of MS5 Solutions, shares a particularly moving personal testimony. He points out that, as recent highly publicised events have shown, many sportsmen and women bet, sometimes even on their own competitions, and can develop an addiction. He wishes to draw the attention of the international community to the serious consequences of this phenomenon.

Mr Dieter Braekeveld, Head of Training and Coordinator of Strategic Development and Capabilities at Interpol, describes the increasingly sophisticated mechanisms used in both illegal sports betting and match-fixing. These methods leverage all available resources in unregulated finance, the darknet, and cryptocurrencies. The crucial importance of international police cooperation in the fight against illegal sports betting is underscored by Interpol's concrete successes, especially within the framework of SOGA (SOccer GAMbling) operations. In conclusion, he proposes to share with the Macolin Community the typologies and operational methods associated with illegal gambling.

Mr Khalid Naili, Project Manager at the MDJS (Marocaine des Jeux et des Sports), presents the development of illegal gambling in Morocco. MDJS conducted a particularly in-depth analysis of the techniques employed locally by illegal betting operators and their impact: confusion and risks for consumers, infiltration of organised crime at the local level, and loss of revenue for Moroccan sports (partially funded by the proceeds of legal sports betting managed by MDJS). This study reveals that unscrupulous illegal operators can bypass the strict currency controls implemented by some countries. Furthermore, these operators do not hesitate to try to recruit MDJS bettors by offering more attractive odds or even paying commissions to retailers to divert them from the regulated offering.

Mr Philippe Auclair, investigative journalist, and **Mr. James Sandy**, journalist at the Financial Times, illustrate the opacity characterising most illegal operators through two specific cases (TGP Europe and 1X2). They highlight constellations of companies and shell corporations, a lack of transparency regarding the ultimate beneficiaries and operators' accounts, as well as a lack of clarity on authorizations issued by regulatory authorities. Their presentation also emphasises the links established between illegal gambling and leaders of criminal organisations, many of whom have already been convicted of serious criminal offenses. In conclusion, the two journalists call on conference participants to intensify their efforts to counter increasingly sophisticated, well-organized, international groups with considerable human and financial resources.

NEW ERA: REGULATION OF SPORTS BETTING AND GAMBLING POLICIES

Mr Philippe Vlaeminck, lawyer, provided an overview of European case law on gambling. In particular, he explained that a Member State of the European Union can legitimately impose restrictions (such as limiting the number of operators and the scope of services) when its policy is consistent and aims to channel gambling activities to combat illegal gambling. He also mentioned that in this context, geo-blocking of consumers is allowed in the gambling sector.

Mr. Tunde Adebisi, doctoral researcher at the School of Sport at the University of Ulster, revisited the risks previously mentioned by Ms. Flood and Mr. Swaibu. He expressed concerns regarding what constitutes legal betting in Africa, particularly in Nigeria. The existing framework often legitimises betting, emphasising its economic value. However, the lack of sufficient regulations to manage its social costs is a significant issue. Betting brands, including illegal ones, constantly expand their offerings into the broader leisure gaming sector, seeking to secure consumer trust. While these transitions are celebrated as innovations, they create regulatory gaps, voids, or lags. These gaps suggest either a blind spot or a lackadaisical attitude on the part of regulators.

Mr. Evangelos Alexandrakis, Senior Manager Policy & Institutional Affairs at the Olympic Movement Unit for the Prevention of Manipulation of Competitions at the IOC (International Olympic Committee), highlighted the Olympic Movement Code on the Prevention of the Manipulation of Competitions. This Code, mandatory for the entire Olympic Movement, aligns closely with the Macolin Convention.

He also discussed the IOC's guidelines for sports organisations regarding sponsorship by betting entities, along with relevant regulations from various International Federations. The IOC has developed an extensive suite of tools for education, prevention, and monitoring, alongside regulatory measures for sports organizations. These resources, including best practice guidelines, are readily accessible to all members of the Macolin Community.

Mr. Patrick Wilson, Head of Legal Affairs at the UCI (International Cycling Union), illustrates the pioneering role played by his organisation in regulating sports betting. Cycling was the first sport to establish clear rules regarding conflicts of interest and sponsorship by betting operators, such as prohibiting an operator that controls a cycling team from offering bets on cycling. The UCI has also defined a list of authorised competitions and types of bets. This approach is particularly relevant as it contributes to the considerations of national regulatory authorities.

BEST PRACTICE IN THE FIGHT AGAINST ILLEGAL SPORTSMEN AND SPORTSWOMEN: INITIAL APPROACHES

Mr. Patrik Eichenberger, Deputy Director of the Swiss Gambling Supervisory Authority (GESPA), emphasizes that combating illegal gambling is one of the primary missions of his organisation, along with managing the national platform for combating the manipulation of sports competitions. To enhance the effectiveness of its actions, Switzerland has granted GESPA administrative powers, enabling it to play an active role in certain criminal procedures. In the fight against illegal gambling, Switzerland combines the technical expertise of its regulatory authority with the specific investigative tools of law enforcement, with both entities closely collaborating within their respective competencies. Mr. Eichenberger also adds that his organisation plays a key role in mobilising and training law enforcement on the issue of illegal gambling.

Mr. Kristian Johnsen Hjetland, Senior Advisor at the Norwegian Gaming Authority, believes that the various interventions during the conference confirm the necessity of strict control of gambling by public authorities. He presents Norway's strategy in combating illegal gambling and explains that a set of complementary measures makes the overall system effective: blocking illegal websites, withholding payment of winnings, prohibiting advertising for illegal operators, and imposing particularly severe financial penalties. He emphasises that payment blocking (where the gaming regulatory authority can instruct banks to block transactions) appears to be the most effective action, even though illegal sites may resort to payment intermediaries.

Mr. Patrick Kwakye, former Head of Compliance at the Ghana Gaming Commission, illustrates with a concrete example how a legal operator's website can be copied by an illegal competitor. He highlights the importance and relevance of the Macolin Convention, especially concerning the consideration of illegal gambling. Indeed, in Ghana, several real cases have demonstrated the links between match-fixing and illegal gambling. He also emphasises that in Africa, the use of cryptocurrencies in a predominantly unregulated framework (in 98% of cases) is becoming increasingly common and now represents a serious threat to the integrity of gaming operations.

Ms. Martina Cilia, Senior Legal Counsel at the Malta Gaming Authority (MGA), presents the various tools implemented by her organisation to combat illegal gambling. The country has established extensive cooperation with many other states in the field of illegal gambling. Additionally, Ms. Cilia points out that the MGA has an internal investigative service, which allows it to sanction operators who break the rules when necessary.

Mr. Eugenio Curia, Associate in Crime Prevention and Criminal Justice at the United Nations Office on Drugs and Crime (UNODC), considers the risk associated with illegal gambling to be extremely high at present. This situation is explained by four combined factors: the development of online gaming without territorial boundaries, the globalisation of sports, the unlimited expansion of sports betting offerings, and the anonymity of payment methods. He encourages the Macolin Community to mobilise against the issue of money laundering, often associated with illegal gambling. Finally, he highlights the weaknesses of certain regulatory systems, which do not sufficiently control operators, indirectly contributing to the opacity of international financial transactions.

CONCLUSIONS AND CLOSING

In summary, **Christian Kalb** details the 7 major challenges raised by the conference participants.

CHALLENGE #1: Promote the definition of the Macolin Convention on illegal gambling to ensure a unified stance among all stakeholders. Current international legal analysis shows that this unification is both possible and desired by a significant majority of concerned parties. Developing a typology is essential to properly categorise legal and illegal sports betting operators.

CHALLENGE #2: Engage public authorities, both at the international and national levels, at a higher level by demonstrating the proven links between organised crime and illegal gambling. Without effective measures against illegal gambling, states risk compromising their sovereignty by leaving vulnerabilities exploited by international criminal organisations. These organisations utilise increasingly sophisticated technologies and financial instruments. Beyond combating illegal gambling, the real challenge lies in combating organised crime.

CHALLENGE #3: Monitor the evolution and analyse the methods used by organised crime in the context of illegal gambling. It is also crucial to examine other contemporary forms of illegal activities, such as counterfeit luxury or pharmaceutical products, and various substitutes. Understanding these practices is essential for developing effective strategies.

CHALLENGE #4: Incorporate five new topics into Macolin Community discussions, all closely related to manipulation of sports competitions:

- Knowledge of the beneficial owners of betting operators and, more generally, the transparency of gambling operations;
- Similarly, there should be greater transparency regarding the shareholders of sports clubs and player transfers;
- Money laundering associated with sports betting and competition manipulation;
- The growing risks of addiction to sports betting, particularly among the most vulnerable populations, with a focus on sports players;
- Products and services that fall outside the scope of sports betting regulations but present similar risks for the integrity of sport (NFT, "recreational" betting, etc.).

CHALLENGE #5: Further refine risk quantification, like the study conducted by the WLA to more accurately assess the global illegal betting market. It is important not to exaggerate or downplay the numbers to support a fact-based approach.

CHALLENGE #6: Draw inspiration from international best practices and develop even more innovative tools to combat illegal gambling and counter the sophisticated methods employed by illegally operating operators.

CHALLENGE #7: It is crucial to acknowledge that the fight against illegal gambling is far from over, as evidenced by the limited number of ratifications of the Macolin Convention. The stakes are enormous. Despite the good intentions expressed during today's conference, systemic resistance can be expected, whether it be political, commercial, or related to territorial interests. Therefore, cooperation and reaching compromises without sacrificing our common principles constitute the major challenge to overcome illegal activities.

Sophie Kwasny concludes the day by thanking all the participants, Morocco and the MDJS for their invitation and the excellent organisation of the event, as well as the ACT project partners for their ongoing support.

THE COUNCIL OF EUROPE IN BRIEF

The Council of Europe is the continent's leading human rights organisation. Since its creation in 1949, this organisation has established a common legal area in its 46 member states, based on the European Convention on Human Rights (ECHR), resulting in a death penalty-free zone for more than 700 million people.

THE COUNCIL OF EUROPE AND SPORT

Sport brings people together. At its best, it contributes to their health and happiness, breaking down barriers and building trust and community spirit. For over five decades, the Council of Europe has advocated fair play and respect in sport, tackling corruption and helping make sport safe, ethical and accessible to all. This work contributes to the creation of inclusive, democratic societies which respect human rights and the rule of law – the Council of Europe's *raison d'être*.

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