

## **EPMA combats Horse Race Results manipulation**

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Sport integrity has come to the forefront for the past 5 years. Sport is threatened by many scandals; match/race fixing is one of them.

Match-fixing, in its definition, is most of the time linked to betting activities. The French research centre IRIS defines sport corruption as any manipulation or attempted manipulation of a result or aspect of a game with the aim of securing financial gains on the sports betting market (Iris 2012).

Such type of match-fixing has been highly publicised on the occasion of "big sporting cases". Recent cases include the 2004-2005 manipulation of football matches in Belgium, the 2005 Bundesliga scandal in Germany, the Finnish football cases in 2011. All sports can be affected although official statistical data on the number of suspected cases and on the number of proven cases are lacking.

In 2008, a race-fixing trial in UK and the beginning of enquiries on potentially corrupted Jockeys showed that Horseracing was also under threat.

Many International Conferences and public debates have asked for more efficient tools, controls and a better cooperation between sport organisers and betting operators. The 5<sup>th</sup> World Conference of sport Ministers in September 2013 asked for zero tolerance and decisive actions.

In this context, EPMA members have decided to explain how Pari Mutuel operators are combating fraud and fixing.

### **Pari Mutuel and the integrity of horseracing**

Preliminary remarks: Betting has accompanied horse racing from the beginning. With Tote betting, the amounts bet on all of the individual horses are totalled and distributed to the winners in proportion to the amount of each bet. This is done in complete independence of the outcome of the race and therefore the Tote operator has absolutely no interest in fixing the race. Moreover, the pari mutuel model only enables betting on successful outcomes. This makes it far more difficult to fix a race as it would need the acceptance of all the participants whereas only one accomplice is necessary in other models.

In countries with the Tote model for betting, there has been no case of fixed races for years.

Match/Race fixing cases appeared in UK in 2004 and 2006, directly derived from Betting Exchange manipulation (ex: Miles Rodgers & Mercer case; operation «Crypton» also known as «Fallon » case).

Although the Tote model is not favourable to fixing methods, Tote operators have all put in place a specific department as well as relevant tools for supervision and report regularly to regulators and enforcement authorities on such methods of control, improvements made every year and suspicious cases.

## **Specific departments to monitor fraud, money laundering and fixing**

To refine the knowledge of its customers on accounts and in points of sale and, accordingly, optimize the detection of suspicious transactions, each Tote has created a specific department with such mission.

Departments of "Controls and Incidents" or "security" insure the follow-up and the data analysis necessary for the detection of the transactions and the atypical behaviour which could reveal acts leading to suspicion.

### Organisation and methodology of such departments:

From 1 to 5 persons are usually dedicated to the integrity of the transactions. They usually have set up various methodologies and tools to obtain a complete supervision.

Tools:

- Risks mapping combined with several types of supervisions are set up to optimize the detection of the atypical behaviour of customers which could reveal acts of fraud or laundering
- Automatic Alert systems
- Analysis of data

A dedicated device allows notifying directly agencies in charge of the follow-up of the activity of points of sale when unusual stakes are noticed in a point of sale. These "intelligent" alerts are realized according to the history and to the profile of every point of sale. They are mainly dedicated to the financial supervision of points of sale to avoid irregularities in the taking of bets, bets on credit in particular, but can also be an indicator of fraud.

Bets are monitored in real time. Large amounts bets are detected (beyond a threshold). Pari Mutuel operators also detect certain combinations where there are a lot of big amounts bets.

These combinations are compared with those expected (specialised press, for example) to determine if they are atypical or not.

### Cooperation with Horseracing Authorities:

A live alert, for each race is realised to detect possible concentrations of stakes on certain combinations of bets. This alert allows identifying, possibly before the departure of the race, atypical bets with regard to combinations not very probable played or their geographical places of recording. In case of suspicious bets, it is planned to alert the concerned racing association and to put winning bets in payment by check in certain countries or to block them;

A specific surveillance for:

- the very big stakes (unique), with, where necessary, an alert to the concerned racing association;
- horses declared non-runner on incident and allowing a customer to obtain a "false winning" without risk before the blocking of the recording on the central system;
- An identification of winning bets representing an important percentage of the net pool. The threshold is usually fixed to 10 %.
- High winnings usually above €100 000

Pari Mutuel operators have correspondents in each racing authorities. These correspondents can ask for information before or after the races, and they are informed if any unusual or particular stakes is detected before a race.

Substantial investments have been made over the years for racing integrity, long before it became a priority in other sports.

Anti-doping measures as well as the health and welfare of horses have been on the agenda of horseracing structures around the world for many years.

The missions of the Integrity Services teams inside horseracing authorities usually include:

- Identifying and deterring breaches of the Rules of Racing and malpractice in horseracing.
- Conducting investigations into breaches of the Rules of Racing
- Gathering information in respect of potential wrong doing in the sport
- Inspections of training establishments
- Monitoring real-time betting markets for suspicious betting activity
- Protecting the integrity of the stabling area and weighing room on racecourses on a racedays
- Working closely with the Equine Veterinary Departments in setting and enforcing standards of veterinary care

- Tote operators have all put in place a specific department to control all types of fraud as well as relevant tools for supervision
- Tote operators and horseracing authorities have a long experience of working in close cooperation on betting supervision
- EPMA members report regularly to regulators and enforcement authorities on such methods of control, improvements made every year and suspicious cases