

State of Kansas House of Representatives

House Federal and State Affairs Committee

HEARING ON HB2792 – Creating the Kansas sports wagering act

Testimony - Andy Cunningham, Director Integrity Services, Sportradar – Protecting the Integrity of Sport Through a Robust Sports Betting Regulatory Framework

Many thanks to the Committee for giving me this opportunity to submit written testimony and share my experiences and views on how the regulation of sports wagering can and should assist in protecting sporting contests from the threat of match-fixing. Unfortunately, I am unable to attend the hearing in person due to a prior commitment.

I have worked in the field of sports wagering integrity for the last 14 years assisting over 60 sports governing bodies, wagering operators, wagering regulators and law enforcement agencies around the world in countering the threat of betting related corruption in sport. A key part of my experience in the field has been designing and implementing systems and processes to detect and report suspicious wagering.

For the last 4 years this experience has been gained at Sportradar.

Sportradar as well as being a leading provider of technologically advanced sports data products to the betting and media industries is the global leader for providing betting integrity related services to sports governing bodies and leagues, betting regulators, law enforcement agencies and government authorities. The company is truly global in reach with offices in over 30 locations internationally giving it a unique and extensive background and experience in the field of sports wagering integrity.

The company's Integrity Services - bet monitoring, intelligence and investigation, education and prevention, regulatory and consultancy solutions are used by over 70 sports federations around the world. This includes here in the US the NBA, NHL, and MLS and further afield the likes of FIFA, UEFA, CONMEBOL, International Cricket Council, World Rugby and the International Ice Hockey Federation amongst many more.

We have also supported over 30 law enforcement agencies globally and in addition have assisted governmental bodies and betting regulators such as the Norwegian Gaming and Foundation Authority, the National Integrity of Sport Unit (Australia) and the Italian National Betting Regulator (Agenzia dogane e Monopoli).

Sportradar's approach, expertise and capabilities have proven effective in assisting our partners to prevent, detect and investigate match-fixing. To date we have detected and reported to our partners over 3,500 sporting fixtures as likely manipulated and the company's findings have initiated or supported over 240 sporting and criminal betting corruption related sanctions worldwide. On four occasions, our evidence has been examined at the Court of Arbitration for Sport (CAS), who describe it as a 'reliable means of evidence' and see 'similarities between the procedures followed in respect of the FDS (our bet monitoring system) and the athlete blood passport in doping matters'.

Therefore the technology, expertise and capabilities very much exist today to monitor wagering patterns and protect the integrity of sport.

A regulated sports wagering market with a robust integrity framework for monitoring wagering, in contrast to an unregulated, illegal market, has clear integrity benefits. Bringing as much of the latter under the sophisticated and technologically advanced microscope of bet monitoring can only increase the probability of detecting and thwarting any attempt to fix or otherwise corrupt a sporting event.

Absorption (channeling) of the unregulated sports-wagering market into the regulated market needs to be actively promoted via fundamentally sound framework design and implementation encouraging an open and competitive market place. Land based, online/mobile and in-play sports wagering needs to be included in the regulatory framework to ensure regulated and licensed operators are able to compete with off-shore operators.

Restrictions and conditions on all stakeholders need to be critically evaluated in order to achieve the integrity aims, optimize the market conditions for all stakeholders and channel off-shore and unregulated wagering activity into the regulated frameworks. Optimal tax rates and other licensed

operator fees need to be crafted to attract and absorb a turnover volume that yields maximum revenues for all stakeholders and allows the licensed operators to compete with the unregulated market.

Integrity best practice for bet monitoring includes centrally collating and analyzing in a hub/system anonymized wagering data from all licensed operators in real-time and cross referencing this data with international wagering market integrity data and analysis to get a complete global picture of wagering on a sporting event. Such a solution should identify and report suspicious wagering activity to state regulators and sporting bodies in real time.

The optimal solution would involve a central repository collating all bets placed with licensed operators, ideally, on a national or federal level. As this seems unlikely to be possible in the early stages of a potential liberalization of sports wagering in the U.S., States and regulators should carefully think about the process and the structure they implement for protecting the integrity of sporting events ensuring uniform standards where possible.

Operators and sporting bodies clearly have a central role to play in the protection of sport. Certain jurisdictions prefer to wait for operators to report suspicious wagering activity they detect. Compliance and threshold questions can arise and this approach does not allow for a centralized over-arching and real-time analysis of all bets placed in a regulated market across operators needed to help identify suspect wagering. Licensed operators have a lot to lose as do the sporting bodies with regards to corrupt activities and both stakeholders must collaborate and cooperate with any integrity framework that is implemented by a State body or regulator.

The integrity framework in a jurisdiction should also give consideration to having the sporting bodies directly involved in the decision on what betting market types can be offered on their events and which competitions under their jurisdiction can be bet on in order to minimize the risk of an integrity incident occurring. Any restriction on market types and competitions that can be bet on should be carefully considered as to not drive wagering to unregulated bookmakers where it cannot be readily monitored.

The framework should also allow for and mandate robust integrity related reporting to the regulator and sporting body from operators when a suspicious incident is detected for the purposes of informing an efficient and effective investigation. This reporting should include registration details of the bettors involved, their wagering and financial transaction history and telephone and IP address computer forensic information recorded.

Getting the wagering regulatory setup from an integrity stand point right is important in order to cover and protect against all key betting integrity risk areas that need to be considered to protect the integrity of sport - from the fixing of whole matches, to the fixing of specific aspects of matches, to the misuse of inside information, to the breaching of betting rules by participants - all need to be considered. Of course, education of all involved on these topics is crucial.

Therefore, bringing as much of the illegal betting occurring in the US under the sophisticated and technologically advanced microscope of betting monitoring technology that can and should exist in a robust sports betting regulatory framework, can only increase the chances of detecting attempts to fix matches and ultimately help protect the integrity of sport.

It is encouraging to see that Bill HB2792 factors in several of the integrity related regulatory framework considerations outlined in this testimony but Sportradar would encourage the Committee to consider them all.

Sportradar is committed to assisting and educating relevant stakeholders in the US to formulate sports betting legislation and regulation that offers the utmost integrity protection. That concludes my testimony and I thank you again for the opportunity.