

8 February 2011

Hon. James Wood AO QC  
Chairperson  
NSW Law Reform Commission  
Level 13, Swire House  
10 Spring Street  
Sydney NSW 2000

Dear Mr Wood,

## RE CHEATING AND GAMBLING

I refer to your letter dated 6 January 2011 addressed to the Tabcorp Chief Executive Officer, Mr Elmer Funke Kupper, in which you have afforded Tabcorp the opportunity to make a submission with regards to an Inquiry being undertaken by the NSW Law Reform Commission regarding the application of the criminal law to the range of activities that might constitute cheating in the course of gambling. Mr Funke Kupper has asked that I respond to you on his behalf.

Specifically you have noted that the Inquiry intends to review the current law in order to determine whether, in the course of spot and spread betting, it provides an adequate response to conduct directed towards fixing the result of, or an incident in the course of, a sporting or other event that may be the subject of either lawful or unlawful betting.

### ***Spread and Spot Betting***

It is our understanding that spread betting is defined as any of various types of wagering on the outcome of an event, where the pay off is based on the accuracy of the wager, rather than a simple "win or lose" outcome. We understand that the general purpose of spread betting is to create an active market for both sides of an outcome, even if the outcome of an event may be *prime facie* biased towards one side or the other. For example, in a sporting event, a strong team may be matched up against a historically weaker team. If a traditional market is opened, such as "which team will win", almost all bets would be for the favourite, with very few betters willing to bet on the underdog.

In spread betting, the wager becomes "by how much will the favourite win" with the amount won or lost determined by the difference between the actual score and the points spread, and the amount invested by the customer. The point spread can be moved to any level to create an equal number of participants on each side of the wager. This allows the bookmaker to make a market on both sides of the spread. We understand that spread betting has predominately been offered by UK bookmakers with, in recent years, a focus on financial markets. Tabcorp does not currently offer spread betting however may consider offering this type of product in the future. We are only aware of one Australian based operator who currently offers spread betting, this being Sports Alive.

Spot betting sees gamblers staking their money on the minutiae of sporting encounters. This can be anything from the exact timing of the first throw in during a football match to whether the first ball of a cricket match will be a wide or no ball. Tabcorp does offer a form of spot betting.

There is a possibility that spot betting represents a greater threat to an individual sport's integrity than conventional betting because outcomes can be decided by the corruption of one individual. By this we mean that in conventional betting, punters bet on the overall outcome of the match or race, requiring multiple participants in order for the integrity of the event to be threatened, whereas in spot betting, potentially only one person needs to be engaged with and corrupted in order for the scam to be successful.



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## **COMPPS – Specialist Anti-Corruption Working Party**

Tabcorp is a member of COMPPS, a specialist anti-corruption working party that has brought together betting agencies and sports bodies to review a range of matters including the impact of spot betting on integrity.

A confidential draft report has been issued to the members of that working party, including Tabcorp. Due to the confidentiality of the report, we cannot comment on it in any detail in this submission, however we would urge the NSW Law Reform Commission to consider the recommendations of the final report of COMPPS when it is issued when considering the formation of its report.

We do however note two issues that are currently in the body of the draft report, not the recommendations, being mandatory account betting for sports betting and tracking of Caller ID of customers who place bets. Tabcorp does not agree with the introduction of either of these measures. With regards to enforced account betting, we consider that this would ultimately lead to a decrease in the integrity of sports betting as it has the potential to force customers who do not wish to open accounts to bet with illegitimate or illegal operators. The tracking of Caller ID does not further assist with the integrity of sports as telephone bets can only be placed by customers with accounts and in accordance with Anti Money Laundering and Counter Terrorism Financing requirements these people have already been appropriately identified.



### ***Integrity of our operations***

Tabcorp prides itself on the integrity of its operations and we welcome and support efforts to ensure that gambling is regulated to the extent that our consumers are satisfied that the gambling industry is free, as far as possible, from criminal activities.

### ***Australian environment***

We are unaware of systemic criminal activity in the gambling sector in Australia. We are aware that cricket and tennis appears to become caught in allegations of cheating more than other sports and that the individuals who are usually implicated are the illegal bookmakers who operate in the Indian market, rather than the punters themselves. With regards to spread betting, we understand that there have been scams in the UK involving some soccer matches, however we do not have sufficient information about it.

There have been few instances of scams in Australia with regards to spot betting. A number of years ago, prior to Tabcorp commencing its operations, there was reportedly a successful betting plunge on the winner of what was then the NRL's Rothman's Medal. More recently there has been controversy surrounding the Cowboys/Bulldogs (2010), Roosters/Cowboys (2009) NRL games and the Danny Green v Paul Briggs fight (2010). With regards to the NRL games, our total potential losses were approximately \$500,000, however the alleged scam on the Cowboys/Bulldogs match was not successful and on the other match we managed to mitigate our losses. With regards to the Green/Briggs fight, we identified unusual betting early and there was no loss sustained by us.

It is our view that many of the successful betting scams in Australia have related to individuals targeting the "best of tote" bet type offered by bookmakers, rather than individuals targeting spot betting (as we do not offer spread betting, we cannot comment on scams in Australia involving such betting).

The difficulty with identifying a scam in the sport betting environment is that betting fluctuations on an event are commonplace and can become unusual for legitimate reasons. For example, our customers will move quickly if they become aware of information which has the potential to impact the outcome of an event, such as an injury to a key player or a significant change in the weather which may impact the amount of points scored. If the bookmaker does not quickly move to amend the prices offered in these types of circumstances it provides an opportunity for customers to obtain a price which is above the 'true' price for that particular outcome. For someone 'looking in from the outside' these investments and price fluctuations may look unusual and have the appearance of a scam, but in reality may have an innocent and simple explanation.

### **The current law**

Given our limited exposure to the issues with which you have identified as being important to your review, we do not feel that we can comment on whether or not a specific law as it relates to cheating in sport is required. We consider that direct cheating by participants on a sporting event should already fall within the NSW fraud statutes, but we cannot comment conclusively on this. We query if there is adequate ability for law enforcement to charge those on the periphery of the fraud event for being an accessory after the event or for not reporting direct or indirect knowledge of a fraudulent event about to take place. We are unclear if these are offences (that is, those on the periphery of a fraudulent event) that are capable of being proven or if a successful prosecution could emanate from such an offence.

### **Sports Bodies Agreements**

We consider that our operations are built on appropriate risk management practices and that our ability to manage and counter purported cheating is strong and successful. Our staff are experienced, our Compliance Program robust and our systems at the forefront of technology such that we are able to quickly identify and monitor unusual betting patterns and move rapidly to protect our business and our legitimate customers in the event of such activities being identified.

We have agreements with all the major sports bodies in Australia which require us to work closely with them to monitor our customer's betting habits, identify unusual betting activity and report such activity to them. Via our agreements, these bodies have a veto right on the bet types offered by us.

We do consider that the sporting bodies need to consider their responsibility to manage integrity concerns and issues in their code and ensure that they have strong integrity units, policies and processes capable of managing integrity concerns. We consider that this is an issue being appropriately managed through the COMPPS working party.

### **Bet types**

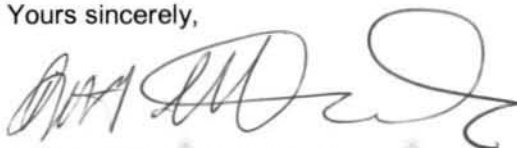
With regards to bet types, as they are numerous and dependent on the events to be played on any given day, we would recommend that you take the opportunity to visit our website at this link → <http://www.tab.com.au/Sports/Information>

This link will display all the sports on which we are offering betting and all the bet types available on those sports.

Alternatively the NSW Schedule of Sports Betting Events and Approved Forms of Betting may also provide you with useful guidance and it can be accessed from this link → [http://www.olgr.nsw.gov.au/pdfs/schedule\\_sports\\_betting\\_events.pdf](http://www.olgr.nsw.gov.au/pdfs/schedule_sports_betting_events.pdf)

We hope that the information we have provided in this submission proves useful to your review and if you have any questions regarding the content of our submission please do not hesitate to contact our General Manager, Regulatory & Compliance, Robyn Ziino on [REDACTED]

Yours sincerely,



**DAVID ATTENBOROUGH**  
Managing Director, Wagering