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**The Wonderful World of
Sports Betting**

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Criminal Code Restrictions

- *Criminal Code* exemption provisions enable provincial governments & licensees to legally offer sports betting services to Canadians. Specifically excluded are:
 - (i) betting on single sport events or athletic contests;
 - (ii) betting on any fight; and
 - (iii) betting on any race.
- Government has no greater right to offer such betting than the old "corner bookie" who was once Canadians' only sports betting service provider
- These sorts of bets remain illegal in Canada, unless they are private bets between individuals not engaged in the business of betting

Criminal Code Restrictions

- Relevant section is 207(4) of the Code
- Dates from last major amendments to Code relating to gaming & betting, which occurred in 1985
- Twofold rationale:
 - (i) principle of "not expanding" the gaming & betting available in Canada as of 1985; and
 - (ii) guarding against providing the incentive to "fix" sporting events
- Neither rationale remains relevant today

Reluctance to "Expand" Gaming & Betting

- In 1985, federal government was at pains to take a public stance that its amendments would not “expand” the gaming and betting then available in Canada
- To enable that public position to be held, the provinces were permitted to offer every type of gaming and betting service that was then being offered, or which had in the past been offered, by any province
- As of 1985, the only sports betting services which had been offered in Canada were “sports pools” in which the bettor had to predict the outcome of more than one sporting event or contest before being declared a winner

Reluctance to "Expand" Gaming & Betting

- For sake of consistency with public statements, the 1985 amendments to the Code “froze” sport betting offerings in a multiple-sport format
- This "Non-Expansion" principle has long since been abandoned. Amendments in 1999 removed dice games from list of "forbidden" games which could not be offered by provincial governments – Provinces now offer at least one game which they were not offering in 1985

Not Providing the Incentive to "Fix" Sporting Events

- Parliament was concerned that sports betting could provide an incentive to activities that would damage the integrity of sports in Canada
- The spectre of match-fixing was in the mind of the drafters of the betting exemptions in the Code
- By requiring that bettors correctly predict multiple event outcomes, it made it far more difficult for someone to profit by a match-fixing conspiracy
- Logistics of exerting illegal influence over more than one sporting event occurring over a short period of time rendered such an outcome highly unlikely

Not Providing the Incentive to "Fix" Sporting Events

- This rationale explains why bets on fights and races, even in multiple-event (or "parlay") format, were kept off the list of permissible services for legalized betting
- Fights & races were seen as being particularly vulnerable to manipulation, such that any kind of betting on them should be prohibited
- Michel Gagnon was counsel for the Interprovincial Lottery Corporation in 1985, in which capacity he took part in the federal-provincial negotiations that led to the 1985 amendments. He has confirmed how this rationale influenced the present wording in s. 207 of the Code

Not Providing the Incentive to "Fix" Sporting Events

- In December 1985, M. Gagnon testified before a Senate committee examining the 1985 amendments to the Code:
"...very important restrictions...are being brought forward...In the betting on sports area, today any province or any licensee of a province could organize any betting scheme on any sport. Bill C-81 would restrict the area dramatically: no more betting on races; no more betting on fights...and, with respect to other sporting events, it could not be done on a single event. It could only be done on a series of events. The reason for that is that we do not want the players to get involved in funny games."
- M. Gagnon has confirmed that the "funny games" to which he referred in 1985 meant "fixed" matches

Not Providing the Incentive to "Fix" Sporting Events

- The incentive to "fix" matches now exists regardless of anything found in the Code
- Single-sport betting now available to anyone with a computer & Internet access. Merrill Lynch estimates the international market for online sports betting will reach \$200 billion by 2015
- The restrictions in the Code no longer serve to protect the integrity of sport

Not Providing the Incentive to "Fix" Sporting Events

- By comparison, legalized sports betting operations has demonstrated that it has tools at its disposal that allow it to monitor betting patterns in a manner that has the potential to identify telltale signs of match-fixing
- Betfair famously demonstrated this capability when it noticed odd patterns & amounts of betting on obscure tennis match in Poland – unearthed match-fixing controversy – ATP has deal with Betfair to provide such information

Conclusion

- The 1999 amendments that legalized dice games provide a useful comparison point to the current status of single-sport betting
- This amendment was inspired by two factors:
 - (1) Economic Competition – Border casinos in U.S. were offering dice games, and provinces desired to compete on equal terms; and
 - (2) Potential for Regulation – By 1999, technology had advanced & provincial regulators believed they could control any potential for cheating that came with dice. In 1985, they had doubts.

Conclusion

- Same factors exist today regarding single-sport betting
- Provinces are losing market share to offshore betting websites that can offer single-sports bets
- Margin on sports-betting may be small (5%-7%), but provinces stand to gain by competing on equal terms, particularly when one takes into account benefits of crowds it can draw, e.g. Super Bowl & March Madness
- An estimated \$92 million was bet on last year's Super Bowl in Nevada sports books— but at least 10 times that amount was bet on the game online. Fertile potential market for Canadian provincial lottery corporations

Conclusion

- Online sports books & betting exchanges demonstrate the ability to track unusual betting patterns, giving them the ability to detect match-fixing. Technology allows government the ability to protect integrity of sport by adopting methods that did not exist in 1985
- In the modern context, any government choosing not to regulate single-sports betting is effectively abandoning its responsibility to serve the public interest
- The present provisions of the Code are unsuited to accomplishing the laudable legislative goals of 1985
- Governments can choose to change tactics, or leave the integrity of sport and Canadian bettors entirely unprotected
- We await to see the choices made by governments at all levels