

Remarks To

The Senate Committee on Legal and Constitutional Affairs

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By

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Regarding

Bill C-290, An Act to amend the Criminal Code (sports betting)

My name is Gerald Boose. I am the Executive Director of the Gaming Security Professionals of Canada (GSPC). The GSPC is a not-for-profit association, with a membership that consists of executives and senior managers in private and public sector organizations who have responsibility for supporting and ensuring the security of gaming operations. Its mandate includes game protection, game integrity and regulatory compliance in general and more particularly, the protection of casino, video lottery, conventional lottery ticket systems and electronic gaming products and systems.

My career began with the Ontario Provincial Police (OPP), where I rose to the level of Deputy Commissioner, Operations. Included in that mandate were responsibilities for criminal intelligence, organized crime and illegal gaming. My mandate also included the support of legal gaming by means of assigning investigators and enforcement staff to the Alcohol and Gaming Commission of Ontario and through representing the interests of law enforcement as Chair of the Charitable Gaming Sub-Committee of the Ontario Association of Chiefs of Police. I retired after thirty years of service in law enforcement, but remain involved in the police community as a member of the Ontario and Canadian Associations of Chiefs of Police.

My second career has been in the gaming industry, where I have had responsibility for game protection and integrity, security, surveillance, investigations and regulatory compliance. Over the span of fourteen years, I have worked for private and public corporations, as well as governmental organizations. In the early years, this work was performed in Ontario and subsequently in Manitoba. In more recent years, I have had responsibilities at the national level on the Board of Directors of the GSPC and now as its Executive Director.

I draw on this experience when I make comment on the matter of single event sport wagering.

At the outset, I would like to state that the Gaming Security Professionals of Canada support this legislative amendment. We believe that it would be good for the Canadian public, it would be good for the Canadian gaming industry, and it would be bad for organized crime.

I will take the next few minutes to elaborate on our position.

The argument for having the ability to wager on a single sporting event is that it enhances the enjoyment of the event. The argument against it is that it can result in the corruption of the event as those having placed a wager on its outcome may want to somehow influence the results. In fact, corruption of sporting events has occurred from time to time in the other jurisdictions, but it remains quite rare to see evidence of this activity in Canada.

A large segment of the population have clearly put aside any concerns with regard to the prospect of corrupting influences and are watching, listening to, monitoring the results of, and wagering on sporting events. In North America, there are very limited opportunities to bet legally on single sporting events, with some notable exceptions. Those exceptions include pari-mutuel wagering on horse races and in the State of Nevada, which is one of the few jurisdictions in the United States where single event sport wagering is permissible. All of these venues are subject to very strict regulatory regimes.

Aside from horse racing, the ability to legally wager on sporting events is being partially met in Canada by gaming jurisdictions providing opportunities to wager on multiple events with a single bet - essentially a 'work around' of Section 207. (4) (b). This form of parlay wagering is offered to the public as Sport Select, Sports Action, Proline, etc., but they are all essentially the same product.

With the legal opportunities being so limited and the demand so great, it is not surprising that the gap is being filled in a large measure by organized crime through their traditional methods and the more contemporary means of hiding behind the legally murky area of offshore betting via internet gaming.

As societies have evolved and globalized so has Organized Crime, but one thing that has not changed is that "bookmaking" has remained a reliable 'profit centre' for many of these organizations. That bookmaking remains a key profit centre for segments of Organized Crime may seem to be somewhat of an anachronism, but there are a number of factors in its favour:

- demand from the public is high
- legal venues are few and/or limited in scope
- public view this as a victimless crime or no crime at all
- investigations are labour intensive and expensive
- prosecutions are complex and difficult
- not a police priority and experts in the field are few
- penalty upon conviction is a maximum of 2 years and generally much less

For the majority of participants, this appears to be a harmless activity. There is little if any awareness that criminal organizations may be profiting from the transactions and the increasingly aggressive marketing of these services provides a façade of respectability. The bookmaker will deal with the consumer fairly in the normal course of events as they depend on their reputation to sustain and grow the business. However, this is a very fragile relationship that can deteriorate overnight because of its criminal nature.

On an individual basis, there is the inherent risk of dealing with criminal organizations in that those organizations are fully prepared to engage in loan-

sharking, extortion and other criminal behaviour to achieve their ends. Further, the philosophy of Responsible Gaming, which has been so fully embraced by the Provincial gaming jurisdictions in Canada, is a completely foreign notion in this venue. The only responsibility is to pay ones debts on time.

This well established criminal activity has undergone a renaissance and achieved exponential growth owing to the introduction of the multi-channel universe and the Internet. Together, the opportunity to be fully engaged in the world's sporting events and to transact the business of wagering on these events has become virtually limitless.

As you have already heard, there are estimates that suggest the Canadian market in illegal bookmaking is in excess of \$10 Billion annually, and could be as much as \$40 Billion. Wagering through offshore sports books alone is estimated to be approximately \$4 Billion annually. This is a very big business.

The attraction of the public to placing sporting event wagers through illegal bookmakers or through the legally grey area of offshore service providers is that the Canadian provincial jurisdictions are prohibited from offering single event sport wagering. As noted earlier, the only current legal alternative is for those jurisdictions to offer multi-event wagers – parlay wagering – but that is viewed as being a much less satisfying form of gaming. In spite of that, Canadians currently wager approximately \$450 Million per annum through this legal venue – a significant amount and yet a small fraction of the total market.

The public policy framework is very different in many other jurisdictions where wagering on sporting events is considered to be a legitimate public pastime. By way of example, in the United Kingdom and Australia, the public policy orientation is to ensure that gambling is conducted in a fair and open way. In those jurisdictions, well established and legal private sector models deliver bookmaking services, with the government's role being to ensure integrity through licensing and regulation.

The impact on organized crime and policing of providing a legal outlet for single event sport wagering is difficult to measure. However, it is abundantly clear that

when a legitimate, easily accessible and well regulated alternative exists, organized crime's bookmaking revenues suffer as a result, as evidenced by police services being able to reallocate their scarce resources from this law enforcement activity.

By comparison, current Canadian public policy as reflected in the Criminal Code has a number of negative implications. In effect, there can be no assurance that the system is fair and is delivered responsibly, and it is certainly not open. At the same time, it serves to stigmatize a large segment of the population by criminalizing their activity and ceding billions of dollars of revenue to criminal organizations. Finally, it serves to divert precious law enforcement resources from higher priorities.

The recommended amendment to the Criminal Code would enable the legitimate gaming authorities in Canada to provide this very popular form of wagering to the public in a responsible manner and in a highly regulated environment which ensures the integrity of the system and method of payment. This would not mean the complete end of all illegal sports betting. However, it would provide for a legal alternative in which the public could have confidence and would become the preferred form of sports wagering based on the experience of other jurisdictions.