



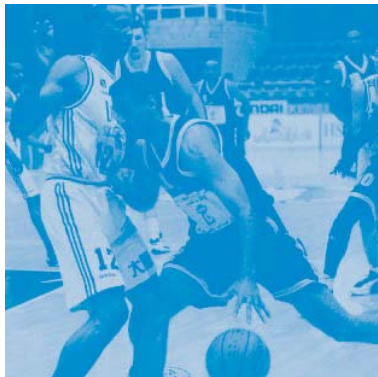
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PROMOTING

4

4.7 BETTING



WHY YOU SHOULD READ THIS CHAPTER?

Understanding Betting Before Handling it (or not!)

Betting is one of the oldest activities revolving around sport. For centuries sport has been the source of all sorts of gambling both to the great benefit and loss of gamblers around the globe.

Betting, which was historically associated with horse or dog racing, has now entered a new era. The developments of new media technologies, like internet and mobile devices, have created new modern betting platforms.

These changes have created a new challenge: should sport organizations attempt to control betting, and maybe even get a share of revenues, or should they continue to turn a blind eye?

This chapter does not answer this question simply because betting laws and regulations differ so much around the world - they depend on the National Government regulations - that one simple solution could not please everyone.

There are as many differing opinions on the role of sport organizations in controlling gambling as there are people involved in the decision process. But one thing is for sure: we as basketball organizations need to be aware that betting exists and that millions are being “traded” every day around our sport.

Careful consideration should be given before deciding to get involved in the control of betting in your country. Ethical principles should be at the center of all discussions and decisions. Transparency and clear communication of your actions and involvement are key to protecting the image of your national federation as well as the image of basketball around the world.

This chapter will help us to understand the phenomenon and the terminology so that we can at least make decisions that are right for us, and right for basketball.

PROMOTING — 4.7 BETTING



4.1 BRANDING THE SPORT	1
4.2 MEDIA RELATIONS	9
4.3 SELLING TO SPONSORS	23
4.4 TELEVISION	33
4.5 EVENT MANAGEMENT	43
4.6 EVENT MARKETING	63
4.7 BETTING	73
Why you should read this chapter	73
1. Introduction	75
2. Online Betting	75
3. Legal Issues	76
4. Data Protection	77
5. Keep in mind	77



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We Are Basketball

PROMOTING

4

1. Introduction

Betting continues to grow rapidly in popularity and the issue of betting is now a subject that is relevant to basketball. In most countries betting has become an occupation that is in demand from the public and sports betting is now a global industry which generates an estimated US\$ 60 billion per year. A large portion of this figure is illegal insofar as the sports content is used without the permission of the relevant “rights holders” and without payment to the rights holders. Sport is an ideal product for the betting industry as it has an uncertain outcome, gets wide media and live TV exposure and this is especially the case when it can be used by the betting industry free of any charges or fees.

2. Online Betting

In the last five years there have been considerable developments in online technology and the TV infrastructure that have resulted in the creation of a very vibrant betting market whether it takes place over the internet, telephone or through the traditional betting outlets. The main reason for this rapid development is the increasing availability of live visual information via interactive TV. In addition with broadcasters in many countries also streaming video content to internet households through broadband technology it is now possible to watch and bet through the interactive services.

Betting has proved to be a very successful product that is perfect content for the internet. As a result of this all of the major bookmakers have established websites in those countries where it is legally allowed and they are making handsome profits. In addition a new form of betting provider in the form of the betting exchange has emerged which is proving very attractive and competitive to users as it allows them to bet in real time while the relevant event is in progress.

Online sports betting is growing rapidly and industry analysts estimate that the total online gaming industry is currently worth approximately US\$ 5 billion and that it will continue to grow rapidly to reach US\$ 20 billion in 2010. Further growth is imminent due to the global development of broadband technology which will further promote the distribution of interactive services such as gaming together with web casting and its parallel sports betting services. The same will apply for the growing development of interactive digital TV. This scenario has already led to betting through specific horseracing TV channels in the UK. The current national laws allow for such a concept and has attracted investment into the betting sector. The internet brings betting to a new audience that was previously not involved in horseracing or other forms of sports betting.

Cross border betting is remote betting that takes place when the bettor and betting operator are not located in the same country. This form of betting leads to increased concerns as it involves different legal systems and the control of such operations requires international cooperation between the enforcement authorities.

Many betting operators are based in countries with “soft” laws (countries where the national laws do not prohibit or enforce such betting operations); with little control and in many cases most transactions are simply illegal in the country where the actual transaction takes place (i.e. the bettor’s country of residence). Unfortunately online betting operators in most cases violate the laws. In most cases betting operators offer bets to residents of countries without having a license for that country by establishing themselves in “soft” countries.



For the sports authority concerned, internet betting means that suspicious betting is much more difficult to identify as it allows betting operators that are based in “soft” countries where there is unlikely to be any active monitoring of any suspicious betting behavior. Audit trails will not deter any persons involved in unlawful activities and even if or when suspicious betting behavior is identified the amounts are often considered too small to convince foreign enforcement authorities to take action. Enforcement authorities in such “soft” countries are unlikely to cooperate with strict controls and prosecution due to their national interests and lack of enforcement infrastructure.

3. Legal Issues

Some National Sports Federations are now faced with the situation where their Governments have taken a commercial decision on betting without there being a policy in place by the relevant National Federation. From a development aspect, it could be disastrous for the development of basketball when its integrity is questioned through match-fixing. There are more and more basketball games offered for betting and it is becoming increasingly difficult for the National Federations to be sure that there is no match-fixing or that none of the players, coaches or referees are involved in any wrongdoing. This threat of match-fixing exists and will grow.

Betting is subject to the relevant national laws and is considered by every society as a sensitive issue. Therefore the general approach that governments take is to forbid the activity but to allow exceptions to avoid the move into illegal and thus uncontrolled gambling activities. The concerns of each society basically relate to public order, the fight against crime and money laundering and the protection of the consumers. Each country has developed its own policies and systems to deal with betting and most of them do not take into account the issue of cross border activity apart from forbidding such activity.

The definition and enforcement of the gambling laws are the responsibility and relate to the integrity of the national jurisdiction and the policy of sports bodies should respect this fundamental principle. It is up to the integrity of the governments to define betting laws and polices and sports bodies and betting operators alike should respect these. International sporting rules that aim to preserve the integrity of the sport may exist, but can obviously never go against national laws. Sport bodies have to emphasize the issue of jurisdiction and to stand up against unauthorized betting, as this will, in the long term, benefit sport.

Inappropriate betting is not currently a major problem in sport, but it is important to take advantage of enhanced monitoring of the betting markets in order to prevent and discourage any persons considering illegal wrongdoings.

If National federations were able to have agreements with the leading betting agencies the it would allow the National Federation to access a greater level of information than they have previously been able to obtain from the betting industry. Specifically the National Federation would be able to request information which will identify individuals behind any suspicious betting activity.

The betting industry and the National Federation must work closely together and exchange information as this will be the best way to ensure that the relevant sport is kept free of criminal activities.



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PROMOTING

4

4. Data Protection

Another issue for the various sports bodies is that their content is widely used by the betting industry without payment. Some sports are starting to gain revenues through licensing the use of their data. For example a part of the horseracing structure is funded by the betting industry via fees for the use of data. The music industry is a good example of the difficulties that rights holders are facing in the enforcement of their intellectual property rights when related to the internet. At this stage any claim by a sporting body regarding the abuse of their intellectual property rights is difficult to enforce in an uncontrolled global internet environment. However each National Federation, by working on legalizing its "basketball product" with betting companies and National Authorities may be able to use and develop its "database" to obtain substantial revenues for the Federation.

The term "database" refers to any collection of works, data or other materials that are separable from one another without the value of their contents being affected and such collection should include a method or system of retrieval. For example, a fixture list for a basketball league is within this definition. Database right protection requires suitable "investment." For example there needs to be an investment made in the verification or obtainment of "existing data" in order to qualify for database right protection. An investment made in the creation of data (such as lists of players with statistics or basketball fixture lists) may qualify for database right protection.

5. Keep in Mind

Each National Federation should open for discussion and review with its relevant Government all of the issues related to the subject of betting on basketball. By doing this it will be able to better control the activities and know that such activities are within the relevant national legal system and are done with the support and agreement of the National Authorities.

In order to be in a position to effectively respond to this serious problem, all of the concerned parties need to meet, cooperate and establish conferences, special events and forums to discuss, understand, develop and provide the necessary actions required to move forward and to channel those issues related to betting. Sporting bodies should be proactive and always endeavor to ensure the fairness and integrity of its sports within the existence of legal and illegal betting activities.