

GAMING LEGALNEWS

BILL C-290, SINGLE GAME SPORTS BETTING AND ORGANIZED CRIME IN CANADA

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Despite the availability of provincially authorized sports lottery parlay games and offshore betting and gaming (iGaming) operations licensed and regulated in other jurisdictions, unlicensed and unregulated sports books run by organized crime continue to flourish in Canada. Recent law enforcement efforts to combat such sports books have resulted in arrests, but legislation aimed in part at depriving sports books run by organized crime of markets by providing safe, lawful alternatives appears to have stalled.

PlatinumSB Arrests

On February 3, 2013, police raided an invitation-only 2,300-person Super Bowl party north of Toronto, Ontario. Six men were charged with offences relating to their alleged roles in betting taking place at the party and in connection with an alleged illegal iGaming operation in relation to the iGaming website PlatinumSB. These arrests were part of Project Amethyst, a partnership between three levels of Canadian police formed for the purpose of investigating the criminal activities of a particular organized crime group.

Bill C-290

The PlatinumSB arrests came at a time when it appears the Canadian Senate is prepared to let Bill C-290, "An Act to Amend the Criminal Code (Sports-Betting)," lapse. Bill C-290 is a private member's bill originally introduced by Windsor Member of Parliament Joe Comartin. If passed, the bill would modify the Canadian Criminal Code to remove the restrictions that prevent provincial lottery corporations from offering wagers on "any race or fight, or on a single sports event or athletic contest."

Subject to restrictions in the Criminal Code, each Canadian province determines which bets and games it offers within its jurisdiction. The purpose of Bill C-290 is to expand the potential bets that provinces may offer so that provincial lottery corporations may compete with U.S. casinos (by having Nevada-style sports books) and also to provide Canadians an alternative to unregulated betting that may be operated by organized crime (by being able to offer bets on single events).

The bill passed through the House of Commons unanimously and appeared as if it would be passed by the Senate in the winter of 2012. However, various senators have spoken out against the bill, and news reports speculate that there may not be enough votes in the Senate to pass Bill C-290.



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Conservative Senator Bob Runciman stated the following during debate on Bill C-290:

Make no mistake: If you vote against this bill, you are not voting to put a stop to single-event sports gambling, but you are voting to ensure it remains in the shadows, with the money going offshore and to organized crime.

In stating his concern that proceeds from sports betting is not going where it should (the government), Senator Runciman appears to make a distinction between offshore operations and organized crime. From a policy and enforcement perspective, this would be a sensible distinction to observe. Online sports betting operations regulated in other jurisdictions by government entities create little risk by accepting bets from Canadians, and may in fact have few real connections to Canada. This may be contrasted with entirely unregulated betting operations which may be run by organized crime and which may have strong ties to Canada. Betting operations run by organized crime typically use proceeds to fund other illicit operations and may resort to violence in order to collect debts.

PlatinumSB and Organized Crime

Based on the allegations available through media reports, PlatinumSB appears to be an online version of the conventional sports betting rings that have long been operated by organized crime. It does not resemble iGaming operations which are licensed and regulated by governments throughout the world.

Unlike typical offshore iGaming operations, which are licensed and regulated by agencies of foreign governments, PlatinumSB was not licensed or regulated in any jurisdiction.

It is alleged that the website was operated by Canadians in Canada (based on the individuals arrested), and that through activities such as the "invitation-only" Super Bowl party that took place in Markham, Ontario, it exclusively targeted Canadians. Unlike typical offshore iGaming operations, which accept funds through electronic transfers of funds or through credit card payments, in the PlatinumSB operation it appears that bets are made on credit, and thereafter Canadian agents collect money locally from Canadian customers. If unable to collect from customers, "debt-collectors" are used. According to police, debt collectors were involved in a 2004 shooting at a restaurant in North York, Ontario, which left a young girl paralyzed after she was hit by a stray bullet.

Bill C-290 and Organized Crime

Passing Bill C-290 would allow provincial lottery corporations to be on a level playing field with gambling operations run by organized crime with respect to the types of bets able to be offered. The law as presently drafted requires that Pro Line, the current provincial lottery corporation sports betting operation, must offer only parlay betting to customers. Parlay bets are generally considered "sucker" bets, due to the large house edge.

The PlatinumSB arrests make it clear that this has the effect of creating a market for sports betting operated by organized crime, which is not subject to such restrictions. One PlatinumSB customer is quoted in a Toronto newspaper as stating "Pro Line is not really gambling. They take 40 per cent off the top. The vig [vigorish] with PlatinumSB is 10 percent."

If provincial lottery corporations were permitted to offer single-game bets, and did so at competitive odds, perhaps customers currently placing bets through organized crime syndicates would consider betting with provincial lottery corporations. Unless Bill C-290 is passed, we will never know the answer.

Opponents of Bill C-290 in the Senate who have spoken in debate have not addressed the organized crime issue, despite the fact that it was prominently discussed when the bill was reviewed in the Standing Senate Committee on Legal and Constitutional Affairs. Supporters of Bill C-290 must raise the PlatinumSB arrests as an issue in debate, making it clear that those who oppose the bill may unwittingly do a favour to organized crime operations that earn millions of illicit dollars by carrying on unregulated betting in the void created by the status quo.