



# GAMBLING RESEARCH REVEALS

## The integrity of game outcome in professional sports betting markets: An interview with Brian Soebbing

Legalized betting on professional sports is a multi-billion dollar industry in North America. By way of example, figures from the State of Nevada Gaming Control Board indicate that an astounding \$81.5-million was wagered on the 2009 Super Bowl game in the State's 176 sports books. A significantly larger amount was estimated to have been bet with illegal bookies, offshore sports books, office and Internet betting pools and person-to-person betting. With such vast sums being staked on the outcomes of sporting events, it is not surprising that there are individuals who seek to unfairly influence these games for their own personal enrichment—oftentimes involving gambling schemes.

Sports executives are acutely aware that the integrity of their leagues is at risk whenever there are improprieties that call into question the validity of matches. Leagues are prepared to do whatever is necessary to legitimize uncertainty of game outcome to protect event attendance and associated revenues. The challenge of determining whether suspect activities have actually taken place and how best to discourage them has been taken up by University of Alberta Ph.D. student Brian Soebbing. Soebbing is making use of his background in sports economics to analyze sports wagering data to determine whether sports betting markets are efficient<sup>1</sup> as well as how to detect efforts to undermine the integrity of individual sporting matches. He's supplementing this work with a historical examination of how the public has perceived efforts taken by sports leagues (e.g., disciplinary actions, media releases) to maintain the integrity of their games.

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### What was it that inspired you to investigate a gambling-related research topic for your dissertation?

SOEBBING: Betting on sports has always sparked my curiosity. My specific interests in this area have to do with the uncertainty of outcome and competitive balance of professional and amateur sports leagues. Within this area of research, analyzing sports betting data has become a popular method used to better understand uncertainty of outcome.

The Alberta Gaming Research Institute is a consortium of the Universities of Alberta, Calgary, and Lethbridge. Its primary purpose is to support and promote research into gaming and gambling in the province.\*

#### OUR MISSION

To significantly improve Albertans' knowledge of how gambling affects society

A compromising situation could arise if an athlete incurred a large gambling debt... which would then make them susceptible to involvement in match fixing to discharge this debt.

Specifically, my research looks at things like point spreads<sup>2</sup> and money lines<sup>3</sup> ... Interestingly, research in the field of sports betting is a fairly new phenomenon although it has matured alongside the widespread use of computers, the Internet, and relational databases.

### What do you think most differentiates sports wagering from other forms of gambling like casino games and lotteries?

SOEBBING: I think the big thing that differentiates sports wagering from these other formats has to do with the event itself. If you look at traditional casino gambling formats like slots and table games, most times you are simply playing against the casino – aka “The House.” With lotteries, people select their numbers and there is a significant time lag until results are made available. By comparison, sports betting combines gambling with the hugely popular pastime of watching televised sports. It is this extra level of excitement that differentiates it from these other traditional forms of gambling.

### Do you consider betting on horse racing and dog racing to be sports gambling?

SOEBBING: Personally, I term horse racing and dog racing as sports gambling but it also depends on whether you consider those two activities as sports. The difference between what people see as traditional sports wagering, and betting on animal sports, is the type of bet. In sports betting, people purchasing a bet choose to accept the posted odds—be it a money line or a point spread—for that particular match. In pari-mutuel horse betting, the odds are not determined until the moment a race begins. For example, if a person places an early bet on horse X, he or she won’t know what the exact odds will be until wagering ceases and the race actually begins. A saying in the horse betting circles is, “late money is smart money”... which drives home my point on the uniqueness of the betting environment.

### Nefarious Methods Used to Undermine the Integrity of Sporting Events

**TANKING** is when a team intentionally loses a game. A team that loses in this way may obtain a perceived future competitive advantage.

**SPYING** is when a team secretly records or is given access to another team’s information. A recent example of spying involved the New England Patriots of the NFL during the 2007-2008 season. The league determined that the organization was illegally videotaping signals made by opposing coaches in order to steal their signs and gain an unfair competitive advantage.

**REFEREE BIAS** has been framed in the literature as a form of discrimination. It can be defined as concealed, personal biases against players of different races and ethnic backgrounds. Referees do this either knowingly or unknowingly.

**MATCH FIXING** is defined as a player or players deliberately and knowingly altering the outcome of the match. Match outcome is strictly defined as being a win or a loss. Point shaving is a subset of match fixing which can be defined as altering the **score** of a match.

<sup>1</sup> Soebbing notes, “Researchers define **market efficiency** in different ways. For me personally, market efficiency contains two main criteria. The first is that no consistent strategy exists, whether that be betting on a home team, favourite, underdog, etc., that can yield long-term profits. The second criterion is that the information in the money line or point spread takes into account all the relevant information.”

<sup>2</sup> **Point spreads** are used to even out the number of participants on each side of a wager by assigning a “handicap” placed on the expected match winner.

<sup>3</sup> **Money lines** are a way of expressing the amount of money received back from a winning wager placed on either a favourite or underdog.



Photo by Neil McIntosh.

## **In the past few years, the media has reported match-fixing scandals in professional tennis. Is it possible that such scandals in tennis and elsewhere go undetected?**

SOEBBING: Absolutely, there is always that possibility. I thought the *New York Times*<sup>4</sup> did a wonderful job of detailing the fixing scandal in tennis a couple of years ago. In this era of highly specialized sport, if an athlete wants to fix a match, he or she could do so in a way that even the most knowledgeable of sports fans would have trouble recognizing. However, the betting markets often detect this irregularity.

## **Can you provide examples of actions taken by professional sports leagues to legitimize the uncertainty of outcome in their games?**

SOEBBING: The Chicago Black Sox Scandal in 1919 was an early but important example of an action taken by professional sports leagues. The then-commissioner of baseball banned a number of players from the game for life over a gambling scandal... even though the players were found innocent of any wrongdoing in a court of law. This, I believe, set a precedent for the rest of professional sport. More recently, major league baseball took a similar action when it handed former player Pete Rose of the Cincinnati Reds a lifetime ban in the late 1980s for his involvement in betting on baseball games.

Yet another example involved professional basketball where the league came under much scrutiny in 2007 because of the actions of NBA referee Tim Donaghy. Donaghy took money in exchange for his involvement in point shaving professional basketball games. He also gave inside information to gamblers regarding the tendencies of other referees. In exchange for information, Donaghy's debts to gamblers were partially forgiven.

## **What athletes are most vulnerable to actions taken to undermine the uncertainty of outcome in a sporting event?**

SOEBBING: Even though the cases I listed above were from professional sport, amateur athletes are even more vulnerable. Intuitively this makes sense. The rise of professionalization in sport was a way of deterring professional athletes from taking money in exchange for fixing matches or shaving points. With that being said, more income brings with it a potentially larger source of discretionary spending on activities like gambling. A compromising situation could arise if an athlete incurred a large gambling debt... which would then make them susceptible to involvement in match fixing to discharge this debt. In fact, this was what happened in the cases of both Pete Rose and Tim Donaghy.

## **Can research on sports betting have potential public policy implications?**

SOEBBING: I certainly hope so. With states, provinces, and whole countries relying on gambling revenue to fund programs and infrastructure projects, it is important to study gambling in order to inform policy... on both its positives and negative attributes. In addition, sports leagues have to understand that betting on sport events actually *helps* their particular sports by providing a system of checks and balances that watches for potential match fixing or point shaving irregularities. It is my hope this research informs both the public and sports leagues themselves regarding the positive and negatives of sports betting and gambling as a whole.

<sup>4</sup> The article "Talk of Efforts to Fix Matches Rattles Pro Tennis" appears in the November 25, 2007 issue of *The New York Times*.



*Brian P. Soebbing is a Ph.D. student in the Faculty of Physical Education and Recreation at the University of Alberta. He holds a bachelor's degree in management from Saint Louis University and a master's degree in sports management from the University of Illinois at Urbana-Champaign (UIUC). He recently received a research allowance from the Institute to investigate the efficiency of sports betting markets in Canada and Europe as well as the relationship betting markets have with the uncertainty of game outcome in professional sports leagues.*

### **Internet Gambling Conference @ the Banff Centre March 27th and 28th**

The Institute and the University of Lethbridge are co-sponsoring a conference on Internet gambling on March 27th and 28th at the Banff Centre, in Banff, Alberta. Presenters will present research findings on various aspects and issues of relevance to online gambling. The final conference registration deadline is Friday, March 13, 2009. Attendees can register online using the Institute's web site.



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### **Institute to co-sponsor 14th International Conference on Gambling & Risk-Taking**

The 14th International Conference on Gambling & Risk-Taking will take place May 25-29, 2009 at Harrah's Lake Tahoe in Stateline, Nevada. This important event brings together the world's top gambling scholars to present, discuss, and debate the latest trends and findings on gambling and commercial gaming. The Institute is pleased to announce that it will be an associate sponsor of this event.