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Sports and Fraud: identifying the relevant framework

1. Are there specific legal forms for sports club (e.g. specific type of company structure, association, etc.) in your jurisdiction?

The current legal framework in Greece provides for specific legal forms on both amateur and professional levels. On an amateur level private individuals are entitled to establish sports clubs operating under the form of a sports association which is a non-commercial (non-profit) legal form dedicated to the promotion of the practicing of a specific sport, regulated by the relevant provisions of the Civil Code as well as the applicable provisions of the Law on Sports (2725/1999).

For professional sports the situation is more complicated. First of all, it is not possible to establish professional championships or competitions and subsequently professional sports clubs for any sport unless the Minister of Sports has granted such a license in order for a championship to be recognized as professional. Furthermore, professional sports clubs may only have the form of a limited sports company (Societes Anonymes) regulated by the respective law on Limited Companies (2190/1920) as well as the Law on Sports.

2. How are sports clubs / players grouped? Are they administrative bodies, associations, federations etc.? Please provide a few examples.

Amateur sports:

As already mentioned, sports associations are the first level of organization of amateur sport. On a second level, ten or more amateur sports associations may establish sports unions which are themselves associations having the purpose of promoting the relevant sport within the boundaries of a specific geographical region. On a third level, sports associations (at least 20) or sports unions (at least 5) may group themselves together in order to establish sports federations, which again take the form of the non-commercial (non-profit) association dedicated to the promotion of the practicing of a specific sport, regulated by the relevant provisions of the Civil Code as well as the applicable provisions of the Law on Sports (2725/1999). For every sport only one federation may be established.

Players are not grouped.

Professional sports:

The official championships for professional sports are organized by Professional Sports Unions, members of which are exclusively the Limited Sports Companies (Societes Anonymes) specifically established for the practicing of the specific sport. These Unions, which are independent legal entities, again operate under the

form of the non-commercial (non-profit) association, regulated by the relevant provisions of the Civil Code as well as the applicable provisions of the Law on Sports (2725/1999).

3. What is the relevant regulatory framework for sports associations/clubs/etc. in your jurisdiction? Is State legislation applicable or is self-regulation applicable? Please provide a few examples.

The current legal framework governing sports activities provides for State legislation which regulates both amateur as well as professional sports. The main body of the applicable legislation is the Law on Sports (2725/1999). Professional football for instance is highly regulated. The Law stipulates that a Football Club, which must operate in the form of a Limited Sports Company (Societes Anonymes) must have a minimum paid-in share capital of 510.000 €. Every transaction regarding the purchase or sale of the Club's shares has to be notified to the Professional Sports Commission, a special Commission under the auspices of the Ministry of Culture and Sports supervising Professional Sports in Greece, within 10 days. Shareholders, members of the BoD of one Club are not allowed to acquire shares in any other professional club of any other sport.

Football in particular is self-regulated in the sense that its federation has the right to set the rules and regulations without the State's intervention insofar these are in compliance with the general rules set out by the Constitution and the prevailing laws.

4. Are there any sport-specific risks that you may think of? Are there specific legislation for such risks? The following should be considered:

- Finance in connection with donations or subventions, misappropriation of money;
- Decision making process: nepotism, corruption regarding election or selection of the site for a big sport event;
- Health-issues (doping);
- Competition: match fixing, etc.;
- Online gambling.

All of the above topics are actual risks which have troubled Greek Professional Sports, time and again. There have been many attempts by the legislator to cover these threats and therefore the provisions of the Law on Sports regulate most of these issues providing that:

1. The Professional Sports Commission (a special division operating under the auspices of the Ministry of Culture and Sports) has the power and authority to perform financial inspections of the Limited Sports Companies (Professional Sports Clubs). It is also mandatory prior to the start of each season that every Limited Sports Companies submit their budgets for approval. Every loan or sponsorship agreement along with a comprehensive list of ticket sales per month have to be submitted as well for approval.

Furthermore Limited Sports Companies are obliged to notify the Professional Sports Commission for any amount of money they receive as a subsidy from supporters or shareholders.

2. No-specific decision making process for sporting events is provided for.
3. Doping has become a big plague for professional sports. The Sports Law contains specific provisions dealing with it. At the same time a National Anti-doping Agency is trying to tackle the issue. Sanctions are provided for also against anyone steering an athlete towards the use of illegal substances or for administering illegal substances to an athlete against his knowledge (articles 128 -128p of the Law on Sports).
4. Allegations for match fixing have also been on the rise over the past few years especially for Professional Football. The Law on Sports has match-fixing related provisions (article 132)
5. On-line gambling is a serious threat to the integrity of sports organizations however no specific regulations other than those for match fixing have been implemented.

The case for compliance

5. **How are risks to be evaluated with regard to corruption, fraud and other white-collar crimes? Are there internal control systems? Transparency criteria? Compulsory controls by auditors / administrative?**

The Professional Sports Commission which is an administrative body is tasked with supervising Professional Sports in Greece. It has extensive control and investigation powers and it can block Limited Sports Companies, their shareholders and their managers from participating actively in the specific Sport, it has the Power to rescind the Certificate to participate in Professional Championships, which itself issues, at any time etc.

The Commission also carries-out pre-emptive inspections. In the case of transactions regarding the acquiring of 2% or more of the share capital of a Limited Sports Company the acquiring person or entity has to obtain a permit by the Commission otherwise the transaction will be deemed to be null and void.

6. How is compliance applied to sports-organization? What differences are there compared to the “traditional” business world?

Private individuals that are actively participating in the professional sports scene are subject to additional scrutiny, meaning that they have to disclose their tax returns; they have to grant binding statements under the penalty of perjury that they are not in violation of the existing legal framework etc.

As mentioned above the main difference compared to the traditional business world is that sports organizations are subjected in many instances in pre-emptive control and clearance processes. The example of the mandatory licensing process in order for anyone to acquire shares (more than 2%) in a Sports Club is the most characteristic.

7. Could you give examples of internal compliance process / internal decision-making processes?

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The issue of sanctions

8. According to which provisions (e.g. criminal law, regulatory law, and administrative law, etc.) may a sports association be sanctioned in your jurisdiction?

In Greece, the sports associations may be sanctioned administratively through the revoking of the Federation’s Special Sports Recognition by the Minister of Sports which means that the federations seizes to be the body officially representing the specific sport.

On a criminal level, sanctions are possible only against the specific individuals that are charged with a crime punishable by Law.

9. Who may be sanctioned within the association (e.g. the association itself, the board, an employee)? Please provide examples of applicable sanctions in the recent years.

Within the association sanctions are possible only against the board, its managers and its employees.

There are no recent examples of individuals involved in the management of associations (federations) having been sanctioned. To the contrary there have been recent cases where the Professional Sports Commission banned certain individuals from being involved in the management of Clubs they own because of pending criminal investigations against them.

- 10. How do those sanctions interact with decisions from State courts? Is there a need for enforcement of the sanctions (i.e. is there a filter / exequatur process by State courts, as in arbitration)? Is there a possibility for State courts to consider a case also examined by a regulatory body, e.g. a federation (i.e. is there a risk of “double jeopardy”)?**

The bodies tasked with the supervision of Professional Sports in Greece and in particular the Professional Sports Commission are obliged by Law (article 77A of the Law on Sports) to refer any violation of the applicable provisions to the administrative and judicial authorities. Respectively the Commission is obliged to make sure that all the court judgments concerning entities or individuals associated with professional sports are enforced.

Case studies: Online gambling, doping scandals and whistleblowing

- 11. What are the legal consequences with regards to match-fixing in your jurisdiction? Please specify the relevant legal framework.**

Match fixing is primarily regulated by article 132 of the Law on Sports, which provides for heavy fines against those who are engaged in match fixing. In particular the following penalties and fines are provided for:

- a) For persons becoming engaged in unfair activities in order to influence the outcome of a match, imprisonment of at least 1 year and a penalty between 100.000 € and 500.000 €
- b) For persons demanding or accepting gifts or benefits for the same purpose, imprisonment of at least 2 years and a penalty between 200.000 € and 1.000.000 €
- c) The same fines and penalties as above are provided for, for persons offering, giving or promising to athletes, coaches, referees, executives or other persons affiliated with the aforementioned, the club, the Limited Sports Company gifts or benefits.
- d) If the pursued purpose of the aforementioned 3 paragraphs is achieved or if the match is included in bet offer (foreign and domestic), then the perpetrator may be sentenced to imprisonment of up to 10 years.

Usually federations that organize professional championships have more specific provisions in their disciplinary codes. Such is the case with the Greek Football Federation in the Disciplinary Code of which articles 17 -23 regulate match fixing.

12. How is online gambling considered in your jurisdiction and how is it dealt with in case of fraud?

The ordinary provisions for gambling and match-fixing are also applicable to on-line gambling.

13. Are any measures foreseen in your jurisdiction for the protection of “whistle-blowers”?

Whistle-blowers, insofar they come forward and notifies the authorities of the planned offense (match fixing) or facilitate the punishment of the perpetrators shall be exonerated or in the case that the result pursued by fixing the match has occurred his repentance will lead to preferential treatment (article 132 par. 5 of the Law on Sports).

The Law also provides for witness protection programs for whistle blowers that come forward according to the witness protection provisions applicable in the case of criminal offenses (article 9 of Law 2928/2001).

14. How is confidential information treated in your jurisdiction? Any risks for whistle-blowers?

Insofar the confidential information concerns a criminal offense which is in the planning, there are no risks for the whistle blower.

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