
Commission of Inquiry on Horse Racing in Mauritius

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Contents

	Page No
Executive Summary	i-iv
Chapter 1: Introduction	1
Chapter 2: Terms of Reference	1
Chapter 3: Methodology	1-3
Chapter 4: Background	3-4
Chapter 5: Overview of Horse Racing in Mauritius	4-6
Chapter 6: Gambling Regulatory Authority	6-9
Chapter 7: Police des Jeux	9-11
Chapter 8: The Mauritius Revenue Authority	11-13
Chapter 9: Financial Intelligence Unit	13-14
Chapter 10: Independent Commission Against Corruption	14-15
Chapter 11: The Mauritius Turf Club	16
Chapter 11(a): Organisation, Management and Administration of the MTC	16-20
Chapter 11(b): Funding of Racing in Mauritius	20-21
Chapter 11(c): The Rules of Racing	22-23
Chapter 11(d): Stewarding and Race-day Team	23-26
Chapter 11(e): Licensing	26-28
Chapter 11(f) Bloodstock	28-31
Chapter 11(g): Veterinary Issues	32-34
Chapter 11(h): Race Planning and Race-day Operations	34-35
Chapter 12: Racing's Participants	
Chapter 12(a): Owners	35-36
Chapter 12(b): Trainers	36-37
Chapter 12(c): Jockeys	37-39
Chapter 13: Betting	
Chapter 13(a): Overview	39-41
Chapter 13(b): The Legal Market	41-42
Chapter 13(c): The Illegal Market	42
Chapter 13(d): The Future	42-45
Chapter 14: Integrity	
Chapter 14(a): Overview	45-48
Chapter 14(b): Race Fixing/Suspected Corrupt Activity	48-50

	Page No
Chapter 15: Separation of Powers	50-53
Chapter 16: Summary of Recommendations	53-59
Annex 'A': Commission of Inquiry on Horse Racing - Terms of Reference	60
Annex 'B': Rules of Racing	61-63
Annex 'C': Integrity: Races involving suspicious/corrupt activity	64-66
Annex 'D': Structural diagram for a new Mauritius Horseracing Authority	67
Annex 'E': Structural diagram for Integrity Unit in MHA	68

Commission of Inquiry on Horse Racing in Mauritius

Executive Summary

1. On 24 September 2014, the Prime Minister's Office of the Republic of Mauritius announced the creation of a Commission of Inquiry on Horse Racing in Mauritius and the President of the Republic appointed Richard Parry as Commissioner to Chair the Inquiry, with two fellow Commissioners, Dennis Gunn and Paul Scotney, to act as Assessors.
2. The 12 Terms of Reference for the Inquiry are shown at Annex 'A'. The methodology adopted by the Commission is fully described at Chapter 3 of the Report and included detailed examination of a wide range of documents and materials relevant to the organisation, management and administration of horse racing in Mauritius, as well as formal sittings of the Commission which took evidence from 87 deponents. Members of the Commission also visited Hong Kong and Macau for a comparative analysis of racing in those territories.
3. The Mauritius Turf Club (MTC) is currently the sole regulatory and governing authority for horse racing in Mauritius. The Commission assesses that the MTC organises and manages the general planning of the race-days well (see Chapter 11(h) of the Report) and recommends the Club should retain those functions (**Recommendation 3**). The Commission also feels that there is merit in consideration being given to changing the Club's status from a private club to a company limited by shares under Company Law (**Recommendation 4**) and enhancing its commercial status by the Government granting it a 'Sports Betting Licence' (**Recommendation 5**). That will assist the Club to develop its income generation base and facilitate fundraising for the new race course which has been proposed to replace Champ de Mars (**Recommendation 6**). The rationale for those recommendations is contained at Chapter 11(b).
4. However, whilst the Commission felt such positive changes would help a reconstructed, re-motivated and better financed MTC to move forward, it had serious concerns about the management and administration of the Club itself. Those concerns are covered in Chapter 11(a) of the Report. The Commission received a litany of complaints about how the Club was run, including complaints ranging from personal criticism of the President and his alleged cabal of supporters within the Administrators and membership of the Club, to wider allegations about maladministration and rigging of proxy votes.
5. The Commission took evidence, both written and oral, from a wide spectrum of interests, both for and against the current President and senior

management of the Club. The Commission noted evidence about the two ‘clans’ in the membership; one siding with the current President, the other with a former President. It listened carefully to the evidence from both sides and was struck by the comment of a current Administrator that the divisions within the MTC “*had brought the Club to its knees*”; the Club is dysfunctional.

6. The Commission considers that the MTC is riven with division and malcontent and is a fractured organisation which borders on being ‘institutionally corrupt’. So concerned was the Commission about those matters that, after its formal sittings and following high level legal advice, it submitted a confidential Interim Report to the President of the Republic on 28 November 2014 recommending an urgent criminal investigation be set up to investigate concerns that criminal offences of cheating were occurring with little obvious action being taken to address those matters.
7. The Commission feels strongly that there is an urgent need to remove the regulatory and governance responsibilities from the MTC and, instead, create a separate organisation, the Mauritius Horseracing Authority (MHA), which would be a new independent statutory body to oversee the regulation and governance of horse racing in Mauritius.
8. Those issues, and the need for the ‘separation of powers’ between the MTC and the MHA, are fully discussed in Chapters 11 and 15 and covered by the Commission’s **Recommendations 1 and 2**.
9. The Commission notes that, currently, five other Government Departments or Agencies have an oversight of/interest in racing in Mauritius, viz:
 - The Gambling Regulatory Authority;
 - The Mauritius Revenue Authority;
 - The Police des Jeux;
 - The Financial Intelligence Unit;
 - The Independent Commission Against Corruption.
10. Principally, the GRA has a statutory oversight of the MTC under the provisions of the Gambling Regulatory Authority Act 2007. The Commission found the GRA to be ‘not fit for purpose’ and required fundamental changes in leadership, operational strategy and, crucially, proper resourcing with experienced and motivated staff and better technological support (see Chapter 6 and **Recommendation 7**).
11. That recommendation is borne out by an almost unanimous opinion from all evidence given to the Commission that the GRA is an ineffective and inefficient organisation, in spite of the fact that the Gambling Regulatory Authority Act 2007 provides excellent statutory backing for the Authority.
12. The Commission noted the operational and staffing limitations of the Police de Jeux and was disappointed to hear both the Commissioner and Deputy

Commissioner of Police say that horse racing/sports crime and illegal betting on the island were of low priority. The Commission considers that a greater priority should be given to such matters, together with a clearer strategy and, crucially, more and better trained staff for the Unit (Chapter 7 and **Recommendation 8**).

13. The Commission noted the work of the Mauritius Revenue Authority, the Financial Intelligence Unit and the Independent Commission Against Corruption and considers that greater inter-agency cooperation between those organisations and the MTC, Police des Jeux and the GRA would enhance their oversight and effectiveness in horse racing matters in Mauritius (Chapters 8-10 and **Recommendations 9-11**).
14. The Commission has examined, in detail, the current various regulatory and governance functions of the MTC, including:
 - Funding of Racing in Mauritius;
 - The Rules of Racing;
 - Stewarding;
 - Licensing;
 - Bloodstock;
 - Veterinary Issues;
 - Race Planning and Race-day Operations.
15. Those issues are covered in detail in Chapters 11(b)-11(h) of the Report and **Recommendations 12-19** and Annex 'B' and, as mentioned, responsibility for such matters should be transferred to a new independent statutory authority - the MHA.
16. In considering the problems of integrity in horse racing, a fundamental cause of concern for the Commission was the manner in which betting is currently conducted in Mauritius. The Commission noted the cultural, political and sporting background to such matters but considers that the current mix of legal and illegal betting markets on the island to be unsustainable.
17. Much evidence was presented about the possible size of the 'illegal market' being at least as large, if not larger, than the legal market - the truth is no-one knows. However, the Commission considers the lack of official will and effort to combat the illegal market and the huge loss of revenue to the Exchequer from the loss of taxation (estimated up to MUR 800 million) to be alarming and totally unacceptable.
18. Whilst noting the very real political concerns about a proliferation of betting in Mauritius, the Commission considers a modest revision of the rules/laws on betting to allow fixed odds debit betting, together with a better regulated market, would significantly help to reduce illegal betting whilst creating significant extra finances to help fund the recommendations in this

Report, if accepted, and help with the island's welfare and domestic needs (see Chapter 13 and **Recommendations 20-23**).

19. The Commission fears that the illegal betting market is helping to fund corruption in horse racing. The Commission judges that the integrity of horse racing in Mauritius is at an all time low. A principal reason for the creation of the Commission of Inquiry, according to the former Prime Minister's statement in Parliament on 22 July 2014, was public concern about the integrity of horse racing in Mauritius.
20. Chapter 14 of the Report and Annex 'C' discusses, in detail, the Commission's concerns about the integrity of horse racing in Mauritius and betting on the sport. Without integrity in a sport and the people who regulate and govern it, as well as ensuring the fairness of the competition, a sport will lose support from its sponsors and the public.
21. The Commission was interested to learn from a number of witnesses that one reason horse racing was much less popular in Mauritius than it used to be is because the racing public had lost confidence in its integrity.
22. Indeed, the Commission noted, with interest and concern, the number of stakeholders in racing in Mauritius who told us that "*the Commission is the last chance for racing in Mauritius*".
23. The detailed discussion in this Report and the 23 Recommendations for improvement across the 12 Terms of Reference are designed to reinstate the integrity of horse racing in Mauritius. The Commission sincerely hopes that will happen.

Commission of Inquiry On Horse Racing in Mauritius

Report

Chapter 1: Introduction

1. On 24 September 2014, the Prime Minister's Office of the Republic of Mauritius announced the creation of a Commission of Inquiry on Horse Racing in Mauritius. In accordance with Section 2(2) of the Commissions of Inquiry Act 1944, the President of the Republic appointed Richard Parry as Chairman of the Commission, assisted by two Assessors, Dennis Gunn and Paul Scotney, to carry out the Inquiry and report to the President its findings and recommendations.
2. The Commission also co-opted onto its team, two specialists, Professor Timothy Morris, a veterinary expert and Patrick Russell, a solicitor and expert in sports law, who have assisted the Inquiry on veterinary and legal matters.

Chapter 2: Terms of Reference

1. The Terms of Reference for the Inquiry are contained at Annex 'A' to this report.

Chapter 3: Methodology

1. The Commission of Inquiry Team held initial meetings with Senior Government Officials to discuss and agree the scope, range and modus operandi of the Inquiry.
2. The Inquiry Team examined a wide range of documents and materials relevant to its Terms of Reference and, in particular, the organisation, management and administration of horse racing in Mauritius. Those documents included but were not limited to:
 - The Commissions of Inquiry Act 1944;
 - The Gambling Regulatory Authority Act 2007;
 - The Mauritius Revenue Authority Act 2004;
 - The Financial Intelligence and Anti-Money Laundering Act 2002;

- The Prevention of Corruption Act 2002;
 - The Non-Citizens (Employment Restriction) Act 1973;
 - The Registration of Associations Act 1978;
 - The Rault Committee Report on Horse Racing in Mauritius 1985;
 - The Mauritius Turf Club Statuts;
 - The Mauritius Turf Club Rules of Racing;
 - National Assembly - Sitting of 22 July 2014, Parliamentary Questions No 1B/2 and 1B/7 and replies by the Prime Minister with regard to gambling and horse racing and the setting up of a Commission of Inquiry;
 - Various Press Cuttings from Mauritius media outlets in relation to horse racing and gambling issues since 1 July 2014.
3. The Inquiry Team also studied other documents in Mauritius which were relevant to its Terms of Reference.
 4. Between 29 October and 2 November 2014, a fact finding visit was made to Mauritius by members of the Inquiry Team and they held meetings with senior officials of the following organisations:
 - The Gambling Regulatory Authority;
 - The Mauritius Police Service;
 - The Mauritius Turf Club.
 5. In addition, they visited Champ de Mars Racecourse, Port Louis, to inspect facilities and operations at the course, including the Weighing Room and the Stewards Room, together with security and veterinary arrangements for horses at the track, both before and on a race day.
 6. Following detailed analysis and examination of all information and evidence gathered, Commissioners Parry, Gunn and Scotney returned to Mauritius and between 11 and 27 November 2014, they undertook formal sittings of the Inquiry Panel, taking evidence from 87 persons, comprising:
 - Senior officials from Government Departments, including the GRA and MRA;
 - Senior officials from the Police/Intelligence and Anti-Corruption Agencies;
 - Senior officials of the Mauritius Turf Club;
 - A wide range of members of the public who expressed a wish to depone following the announcement of the Inquiry and public consultation exercise;
 - Representatives of betting organisations;
 - Members of the Mauritius Turf Club, past and present;
 - Horse owners/trainers and jockeys.
 7. Everyone who expressed a wish to give evidence to the Commission was given the opportunity to do so. In achieving that task, the Commission wishes to pay tribute to the professionalism and commitment of the

Secretary to the Inquiry and all his staff for their efforts in making that possible.

8. That evidence and information gathering included the examination and analysis of a wide range of documents and materials presented to the Inquiry by those who, at the formal Panel sittings, gave evidence.
9. Following the formal evidence-gathering in Mauritius, two members of the Inquiry Team, Gunn and Scotney, travelled to Hong Kong and Macau, between 12 and 17 January 2015, to carry out a comparative analysis of how the regulation and governance of horse racing and betting is undertaken there.
10. Subsequently, a further comprehensive and detailed examination and analysis of all statistical, financial, administrative and operational data gathered during the Inquiry was undertaken before making recommendations and submission of the Final Report to the President of the Republic of Mauritius.

Chapter 4: Background

1. For a number of years, concerns have been raised about allegations of corruption in horse racing in Mauritius. Those concerns have raised serious doubts on how the Mauritius Turf Club and other agencies involved in the organisation, management, administration and oversight of horse racing and betting on the island have dealt with such issues.
2. The concerns culminated in Questions in the Mauritian Parliament on 22 July 2014, when the then Prime Minister responded by saying that ...*“the Government views with great concern the wide-ranging allegations about the organisation and management of horse racing in Mauritius. Government is equally concerned about criticisms levelled at agencies dealing with horse racing and betting activities related thereto. It is obvious that public confidence in the integrity of the horse racing industry has been severely dented..... I have decided to set up a Commission of Inquiry to look into all aspects of horse racing in Mauritius.”*¹
3. The Commission, as part of its evidence gathering, was interested to learn that there had been an earlier review of ‘Horse Racing in Mauritius’, set up by the Mauritius Government in 1984. That Review, by the Rault Committee, was also asked to *“look into the organisation, management control and administration of horse racing in Mauritius ...”* and reported with recommendations in 1985.

¹ Parliamentary Questions 1B/2 and 1B/7 22.7.14 - National Assembly Sitting

4. It covered much of the same ground as the current Inquiry and many of its comments, and some of its recommendations, resonate with the findings of the current Inquiry.
5. Following the formal evidence-gathering sessions of the Inquiry, the Commission concluded, on the basis of the evidence and information received so far, that there was prima facie evidence that certain persons may have committed, and continued to commit, criminal offences against Section 146 of the Gambling Regulatory Authority Act and that there was maladministration, bordering on 'institutional corruption' within the Mauritius Turf Club that perpetuated an environment in which suspected criminal activity was allowed to flourish.
6. Following high level legal advice on 22 November 2014, the Commission submitted an Interim Confidential Report to the President of Mauritius on 28 November 2014, recommending the urgent creation of a Specialist Criminal enquiry to investigate those matters. The Interim Report contained the reasons why such an investigation was necessary in the view of the Inquiry, together with named suspects who should be targeted, how the Investigation Team should be constructed, and identified seven suspect races which required further investigation. It also explained why the Commission considered it inappropriate to pursue the investigation itself.

Chapter 5: Overview of Horse Racing in Mauritius

1. Horse racing in Mauritius dates back to the early 19th century. In 1812, the Mauritius Turf Club (MTC) was formed as the third oldest racing organisation in the world, after The Jockey Club in Great Britain (1750) and the Irish Turf Club (1790).
2. The Champ de Mars Racecourse in Port Louis was opened in June 1812 and it has remained as the only racecourse on the island to date. It is a right-handed track, almost circular, with a circumference of 1300 metres and a width of 14 metres. Training facilities are available at the racecourse and at a second training centre in Floreal.
3. The MTC is the sole Regulating and Governing Authority for horse racing in Mauritius and is responsible for the organisation, management and administration of horse racing on the island. The MTC was a founding member of the International Federation of Horseracing Authorities (IFHA) in 1993 and was a founding member of the Asian Racing Federation in 1999. The Club is steeped in history and a more detailed description of its organisation, management and administrative functions is contained in Chapter 11(a) of this Report.

4. The regulation and governance of racing bloodstock is again the responsibility of the MTC. A more detailed description of those matters is also contained in Chapter 11(f) but, as a general overview, in the early days of racing on the island, bloodstock comprised thoroughbreds imported from Britain, South Africa, France and Australia. Subsequently, two failed horse breeding attempts in Mauritius resulted in a return to total reliance on the importation of horses. Since 1987 the MTC has no longer been involved in the purchase of such horses which is now the sole responsibility of private owners. The MTC retains the responsibility for authorising the importation of horses into Mauritius but the owner or stable manager/trainer pays for the freight, ancillary costs and landing charges before the horse arrives on the island. In 2014, there were 419 race horses registered by the MTC.
5. The racing season in Mauritius runs from the second week in March to the first week of December. It has four Classic Races in its fixture list; the Duchess Cup, the Baptisté Cup, the Maiden Cup and the Duke of York Cup, which are annually the highlights of the Racing Calendar.
6. A total of 43 race meetings was held at Champ de Mars during 2014 (see also Chapter 11(h)).
7. The MTC also organises an International Jockeys' Day which, since its launch in 1984, has attracted many of the world's top jockeys.
8. The Mauritius Turf Club is a non profit-making organisation. Currently, the majority of its revenue comes from streams over which it has no control.
9. The principal income streams which fund racing on the island are:
 - Bookmakers 41%
 - Tote 19%
 - Telebook at SMS Pariaz 9%
 - Others 31% (including sponsorship, ticket sales, lotteries, etc)
10. Public support for horse racing in Mauritius has been strong over the years, with the average weekly attendance in the 1990s of 35,000, peaking to 75,000. However, in recent years, with live transmission of races on national TV and with off-course betting facilities, the crowds have dropped to an average attendance of 6,000, although Classic Meetings still attract around 12,000 persons. The race course itself is also rather dated, with a range of facilities requiring renovation. Interestingly, the Commission heard from a number of witnesses that another important reason why people were not going racing was the widely held concern about corruption in the sport and the betting on it.
11. Whilst the Mauritius Turf Club is a private club registered with the Registrar of Associations under the provisions of the Registration of Associations Act

1973, there is a statutory oversight of the MTC by the Gambling Regulatory Authority, under the provisions of the Gambling Regulatory Authority Act 2007. Other Government Departments and Agencies having an interest in horse racing/betting matters who have given evidence to this Inquiry are:

- The Police des Jeux;
- The Mauritius Revenue Authority;
- The Financial Intelligence Unit;
- The Independent Commission Against Corruption.

12. Those organisations are dealt with in Chapters 6-10 of this Report.

Chapter 6: Gambling Regulatory Authority

1. The Gambling Regulatory Authority is a body corporate under the aegis of the Ministry of Finance.
2. The Gambling Regulatory Authority Act 2007 provides the legal framework for the regulation of gambling activities in Mauritius. Part VII of the Act, Sections 31-33, sets out the licensing provisions and responsibility of the 'Horse Race Organiser' (The Mauritius Turf Club), together with general conditions concerning the Rules of Racing and charges payable to the horse racing organiser.
3. Importantly, the Act also provides powers, inter alia, for the GRA to regulate and monitor the organisation of horse racing and promote public confidence in the integrity of horse racing (Section 4); to ensure that the MTC effectively discharges its responsibilities regarding horse racing in all its aspects (Section 6), and issues licences and guidelines and imposes conditions, as well as supervising and controlling the conduct/operation of any activity under the Act, and carrying out investigations on any activity registered under the Act (Section 7).
4. The Commission took evidence from the Chairman and Officer-in-Charge (Acting CEO) of the GRA. It also considered written evidence provided by the Authority and heard from a wide range of other deponents to the Commission who commented upon the GRA and its operations.
5. The GRA became operational on 6 December 2007, taking over responsibility for gambling and horse racing from four different organisations, which included the Horseracing Board.
6. The specific objectives of the former Horseracing Board were to regulate horse racing activities, promote transparency and democratisation in the organisation of horse racing, exercise better control over betting activities and protect the public. The Board had a small permanent staff of seven.

7. The Gambling Regulatory Authority was set up by the Government to bring under the control of one Authority all gambling and gaming activities, as well as specifically to promote public confidence in the integrity of the gambling and horse racing industries.
8. The GRA is administered and managed by a Board comprising a part-time Chairperson who spends two-three hours a month on Board matters, a Vice-Chairperson and five members, including the Solicitor General and Deputy Commissioner of Police.
9. The Authority has a management structure and staffing establishment of 24. At the time of the Inquiry (November 2014), there were only four permanent posts filled with nine others on secondment or short-term contract.
10. In the two core departments of 'Licensing' and 'Inspection and Investigation Division', none of the posts was permanently staffed. There are actually five officers employed on contract in the Licensing and Inspectorate Division, with an average age of 64 years, together with a retired driver from the public service who is also aged 65 years, acting as a messenger/driver on contract. In essence, the GRA is poorly staffed with very limited operational capacity. There is no-one with any experience or expert knowledge of gambling and, over the last four years, only 12 cases involving allegations of alleged illegal, dishonourable or improper practice in relation to horse racing, have been investigated by the GRA, from a total of 112 complaints referred to the Authority in the same period.
11. When questioned about the general performance of the GRA and the specific problems of recruiting sufficient experienced and able staff to the Authority, the Chairman and Acting CEO were unconvincing in their responses.
12. Whilst acknowledging the lack of resources, expertise and experience to conduct investigations, the Commission was concerned about the GRA's policy for handling such matters and how they are received and processed.
13. The Commission queried how complaints were dealt with in the GRA. Apparently, when a complaint is received in the GRA from a member of the public or another source (eg the MTC), a licensing officer will analyse and assess the case. If it concerns an arrestable offence, the case will normally be referred to the Commissioner of Police for the Police des Jeux to investigate.
14. If it is received from the MTC, a check is made to see whether the Club has already taken some action under the Rules of Racing. If so, the GRA will not investigate it further unless there are new elements to the case; if so, the GRA will then refer it to the Police des Jeux. A complaint must be received within 30 days of the event, under Section 156 of the Gambling Regulatory Authority Act.

15. It is clear to the Commission that the GRA does not actively seek or wish proactively to become involved in horse racing investigations. Its first preference is to refer a case to the Police des Jeux if possible criminal offences (eg cheating) are involved or pass a case to the MTC to deal with disciplinary matters under the Rules of Racing. There is little motivation, impetus or will within the GRA to be proactive in such cases and little or no evidence to show that the Authority properly fulfils its responsibilities under Sections 4, 6 and 7 of the Gambling Regulatory Authority Act in respect of monitoring, overseeing or supervising the activities of the MTC.
16. The Commission considers there is a lack of leadership within the GRA and little or no evidence of any strategic plan to ensure that the Authority's responsibilities under the Gambling Regulatory Authority Act are carried out.
17. The limited resources of the GRA are focussed almost entirely on licensing and compliance issues around its licensing functions. In respect of the MTC, the GRA limits its role to issuing a licence to permit the Club to organise horse racing on the island. The Authority seems to ignore its wider responsibilities concerning how the MTC conducts its affairs and carries out its investigations, leaving such matters to go unchecked.
18. In relation to betting, the GRA again issues licences to the bookmakers on the island and the two Totalisator operators. Currently, there are 51 such licences issued, comprising 35 bookmakers taking fixed odds on course and 11 bookmakers taking fixed odds bets on local races outside the race course, two bookmakers taking fixed odds bets on local races by telephone, two tote operators and SMS Pariaz, which takes fixed odds betting on local races through remote communications (text).
19. The Authority has an online connection to the Gambling Regulatory Authority Betting Control System (GRABCS) which, since March 2013, has been housed at the Mauritius Revenue Authority. The principal objective of the system is to combat tax evasion and all bookmakers are now linked into the system.
20. However, there was a five year delay in connecting one on-line bookmaker, SMS Pariaz, to the system which the Commission found surprising and asked whether that company had in fact paid tax over the five year period it was not connected to the system. There was no clear answer to that query; the Acting Chief Executive of the GRA said tax collection was the responsibility of the Mauritian Revenue Authority, not the GRA. Although SMS Pariaz had a responsibility to pay tax for the five years it was unconnected, and the MRA stated that tax had been paid, there is no confirmation available through the GRABCS on whether taxes had been paid by that company or how much.
21. The Commission noted the comments from the GRA about GRABCS, which it regarded as past its best and required a complete review. The Authority believes that an upgrade to the Standard Horse Racing Bookmaker Software, under Section 109(3)(a) of the GRA Act by the Government is now needed to

combat illegal betting practices and ensure a more appropriate and effective control on horse race betting. The Commission strongly agrees and recommends such a review. **Recommendation 7.**

22. Within the GRA, there is no ‘live’ monitoring of betting and very limited reactive analysis of the betting markets. There is no betting expertise within the Authority and little understanding of betting markets.
23. Whilst the GRA grants licences to the various betting operators, their due diligence checks appear to be limited to a police check and a check on financial status. There appeared to be little attention paid to potential conflicts of interest; one such example being the granting of a betting licence to the family of a prominent horse racing stable manager.
24. The Commission also noted poor inter-agency cooperation between the GRA, the Police des Jeux and other Government Departments or organisations who could play an important part in helping to combat betting related corruption.
25. The Commission considers the Gambling Regulatory Authority Act 2007 to be an excellent and wide-ranging statute with substantial powers and provides the GRA with an excellent regulatory framework to address the demands and challenges of the gambling and horse racing industries.
26. However, the Commission judges that the GRA is failing in that duty, based upon the evidence gathered during the Inquiry. The Commission considers that the GRA is ‘not fit for purpose’ and requires a fundamental overhaul with more dynamic leadership, a clear strategic plan to fulfil its wide-ranging responsibilities under the Act, tactical options for implementing its strategy and, crucially, needs to be properly resourced with experienced and motivated staff. **Recommendation 7.**
27. The Commission recognises that the problems experienced by the GRA are exacerbated by chronic staff shortages. However, in spite of those problems, without proper leadership, together with a clear vision of the Authority’s principal objectives and strategic plan to address those objectives, the Commission considers that the GRA will not be an effective body to fulfil its obligations under the Act.

Chapter 7: Police des Jeux

1. The Gambling Regulatory Authority Act (Section 113) confers the powers of an Inspector under the Act on Mauritian Police Officers who are attached to the Police des Jeux. The Police des Jeux are empowered to provide the GRA Board with any such assistance as may be required under the Act.

2. The Police des Jeux, formerly the Brigade des Jeux, were created under Section 30 of the Horseracing Board Act on 1 August 2003. Their role is to monitor betting activities and prevent and detect illegal betting offences.
3. The Unit comprises an intelligence gathering, investigation and operational capacity which, at the time of the Inquiry, was staffed by 22 officers under the command of an Assistant Superintendent of Police.
4. The Commission interviewed the Commissioner of Police and his Deputy Commissioner, as well as the head of the Police des Jeux. Both the Commissioner and Deputy Commissioner stated that they viewed horse racing crime and betting offences as a low priority. The head of the Police des Jeux admitted there was a problem with illegal betting but complained about a lack of resources to address the issues. The Commission was informed by the Deputy Commissioner that any breach of the Rules of Racing is the responsibility of the MTC. If there is suspicion of the involvement of a third party, the MTC would seek the assistance of Police des Jeux for further investigation and subsequent court action.
5. The Gambling Regulatory Authority Act, Section 146, provides for an offence of cheating, which includes activity connected with horse racing and betting. The offence is punishable by a fine of up to MUR 500,000 and penal servitude.
6. The Police des Jeux provided the Commission with details of a number of cases involving jockeys, stable managers and officers of MTC between 2008 to date.
7. In total, 190 cases have been reported to the Police des Jeux since 2008, covering the following issues connected with horse racing:
 - Transacting with an unlicensed person;
 - Unlawful transfer of licence (sub-letting);
 - Failure to comply with conditions of a licence;
 - Accepting bets from a minor;
 - Providing credit for gambling;
 - Failure to pay winnings;
 - Cheating.
8. It is not clear how all those cases were dealt with but the Police des Jeux submitted to the Commission details of 23 of the more serious cases, including 19 involving offences of 'cheating'. Of those cases, no further action was taken in six, one case was dismissed, two cases resulted in court fines and ten are still awaiting a result (two of which date from 2010/2011).
9. The Deputy Commissioner and Head of the Police des Jeux admit that the Unit is under-resourced and, in particular, lacks expertise in betting and financial matters. They also admit no formal training on such matters is given to officers of the Police des Jeux. Evidence-gathering is a problem,

they claim, because of the unwillingness of some complainants fully to cooperate with an investigation and technological shortcomings within the Department.

10. Additional problems, they allege, are a lack of cooperation from the MTC and poor interagency working between the GRA, the MRA and other agencies.
11. The Commission acknowledges the staff shortages and lack of relevant expertise within the Police des Jeux. However, it is concerned at the apparent low priority given to offences connected with horse racing, given the high profile nature of allegations of corruption within horse racing in Mauritius in recent years and the criticism of the organisations responsible for investigating such matters.
12. The Commission notes, with concern, the comments of both the Commissioner of Police and his Deputy that horse racing crime is given a low priority and there do not appear to be any immediate, or even medium term, plans to raise the profile of such matters.
13. The Commission feels that there is an urgent need for the following action:
 - (i) make horse racing crime and illegal betting a higher priority in policing in Mauritius;
 - (ii) devise a clear strategy and tactical options for addressing such matters;
 - (iii) enhance the resources of the Police des Jeux with the appropriate skills in betting and sports-related crime, including specific training on such matters;
 - (iv) enhance the technological resources to help combat such matters;
 - (v) improve inter-agency cooperation and working practices with the MTC, the GRA, other Government Departments and agencies connected with sports crime and illegal betting.
14. The Commission recommends that those matters are addressed forthwith. **Recommendation 8.**

Chapter 8: The Mauritius Revenue Authority

1. The Mauritius Revenue Authority (MRA) was established under the Mauritius Revenue Authority Act 2004. As an agent of the State, it is vested with the authority to collect and administer taxes, duties, levies, fees and other charges leviable under the Act.
2. In respect of horse racing, that means persons and organisations involved in such matters have to submit relevant tax returns and pay the relevant duties and taxes. The MRA is authorised to examine the books and records of such persons and organisations and determine the tax due.

3. The MRA is run by a Board comprising a chairperson and six members.
4. The principal source of information on horse racing tax matters is derived from the GRA providing to the MRA full particulars of licences issued, renewed or invoked under the GRA Act. The Gambling Regulatory Authority Betting Control System (GRABCS), referred to in Chapter 6 of this report, provides information from bookmakers/operators connected to the main server which, since March 2013, has been located in the MRA, with a direct feed to the GRA.
5. The Commission took evidence from the Director General of the MRA and three of his senior officials. They presented details of the stakeholders in horse racing registered with the MRA for tax purposes in 2014 and VAT assessments on 13 horse racing stables.
6. VAT on the upkeep of horses, medical and training facilities, has only been payable by the stables since 2011. Currently, 11 stables have been assessed, with two stables still under audit.
7. Also liable for tax are local and foreign jockeys; with foreign jockeys having to pay their tax due before leaving the country.
8. The Director-General presented to the Commission four cases of failing to pay taxes in respect of horse racing. One person was fined, one case dismissed and two are awaiting trial in 2015.
9. The Director-General also explained how the MRA was improving the assessment process by getting data direct from the GRABCS server, and any mismatch between that data and the data received from the bookmaker/organisations, would be carefully checked for unpaid taxes.
10. The Director-General then described how the MRA was dealing with illegal betting/credit betting. He explained that under money-laundering legislation, it is a criminal offence to have or accept cash beyond MUR 500,000 (a matter for the police and GRA) but the MRA does not have the necessary legislative mechanisms or legal obligation to pursue such matters.
11. The Commission queried the limitations of the legal betting market in Mauritius.
12. The Director-General explained that the objection to credit betting in Mauritius was both a moral matter and a policy issue. He explained how the MRA were addressing the challenges of payment of taxes. In respect of the 13 stables, an extra MUR 72 million tax has been claimed back from 11 stables with two still under audit. In respect of the 517 owners of horses in Mauritius, the Director-General said the position was more complicated. Apparently, about 100 horses are bought and imported into Mauritius each year and the MRA has selected 58 owners for specific audit in respect of their purchase of horses and importation of them to Mauritius.

13. The Director-General emphasised that the MRA was responsible for taxation and other levies. The Authority was not responsible for money-laundering or illegal betting activities, which are a matter for the police and, if related to horse racing, the GRA.
14. When questioned about two specific stables that stand out on the VAT assessment forms for total tax yield, the Director-General said one of the stable owners was also under audit for income tax purposes.
15. The Commission then queried issues concerning the importation of bloodstock, which will be covered in detail in Chapter 11(f), but it is clear there are concerns about how bloodstock purchases are made, the declarations of the monies spent and importation to Mauritius of the horses involved.
16. The Commission took careful note of the helpful evidence from the Director-General and his senior colleagues. It is clear that the MRA shares the Commission's concerns about the lack of ability of the GRA to fulfil its objectives. By reason of lack of resources and limited expertise, the MRA feels that the GRA has struggled to perform its functions effectively. That was recognised by the MRA in transferring the GRABCS server from the GRA to the MRA in 2011.
17. The Commission acknowledges that the MRA's principal role is to assess, collect and administer taxes and other due levies. The MRA emphasised that it has neither the jurisdiction, legal powers nor professional expertise to delve further into alleged corrupt activities in horse racing or illegal betting, beyond the correct payment of taxes and other due levies.
18. The Commission notes the limitation of the MRA role and the measures it is taking to improve its tax collection responsibilities in respect of horse racing and betting. However, it feels that greater inter-agency co-operation between an effective GRA, the Police des Jeux, the MTC and others involved in the management, administration and operation of horse racing in Mauritius, would enhance its efficiency in those matters, without prejudice to the statutory tax collection duties of the MRA. To achieve that end, the Commission recommends that a Memorandum of Understanding is drawn up between the GRA, the MRA, the Police and others involved with the regulation and governance of horse racing in Mauritius to improve inter-agency working against tax evasion, money laundering and other corrupt activities connected with horse racing and betting. **Recommendation 9.**

Chapter 9: Financial Intelligence Unit

1. The Financial Intelligence Unit is an independent organisation, set up under the provisions of Section 9 of the Financial Intelligence and Anti-Money

Laundering Act (FIAMLA) 2002. It is run by a Board and Director appointed by the President on the recommendation of the Prime Minister.

2. The Commission took evidence from the Assistant Director of the FIU, who said the role of the Unit is to receive suspicious transaction reports and gather intelligence for dissemination to investigatory and supervisory authorities.
 3. The Unit has 32 staff in four divisions; Compliance, Systems Administration and Security, Financial Analysis and Legal/Corporate Affairs/Communications/Training.
 4. Whilst explaining the provisions of Section 30 of the FIAML Act concerning confidentiality, the Assistant Director said, between 30 September 2009 and October 2014, there were 16 cases related to horse racing and nine concerning gambling and betting that were disseminated variously to other Authorities, including ICAC, the Police, the MRA and the Bank of Mauritius).
 5. It was also confirmed that the FIO will share information that it has analysed jointly with other agencies (eg Police, GRA, MRA, ICAC), if it feels there may be cross-agency interest.
 6. As a result of the evidence received, the Commission concludes that the FIU does take an interest in gathering information from a variety of sources, analysing it and passing on assessed intelligence to relevant agencies.
 7. The Commission notes that of the 25 cases referred to it with some horse racing/betting connection, confidentiality provisions means that it has not been possible to ascertain if there were any referrals to the FIU from the MTC, GRA, the Police des Jeux or MRA.
 8. The Commission cannot judge, therefore, how effective the FIU is in liaising with the principal organisations who have a responsibility for the regulation, governance and oversight of horse racing. It notes, however, that information/intelligence is the ‘life-blood’ of investigations into horse racing/betting related offences elsewhere in the world and the Commission encourages the FIU to acknowledge such matters for future reference.
- Recommendation 10.**

Chapter 10: Independent Commission Against Corruption

1. The Independent Commission Against Corruption (ICAC) is an organisation created under the provisions of the Prevention of Corruption Act 2002.
2. Its remit is to investigate allegations of corruption in the public sector.

3. The Commission took evidence from the Director-General of the ICAC who confirmed the role of ICAC as being restricted to the public sector, although he did detail one case of a jockey being prosecuted under Section 16 of the Act which deals with 'Corruption of an Agent'. That case dated back to 2003 and was finally disposed of by the court in 2012, with the dismissal of all three charges.
4. The Director-General said that between 2009 and 2014, 14 complaints in respect of horse racing or betting had been received by ICAC. Four of those cases are still under investigation, whilst the others have been discontinued.
5. The Director-General illustrated the difficulties facing his Commission when dealing with corruption cases. He then said, from his experience, dealing with corruption in Mauritius is an "*impossible*" task because of the small nature of the island and the resistance of witnesses to come forward and give evidence; the lawyers, horse trainers and members of the MTC all know each other and that, claimed the Director-General, was a principal stumbling block to gathering evidence.
6. The Director-General said the ICAC was "*stuck with the law of cheating in the Gambling Regulatory Act*". He explained the difficulties facing the Police des Jeux and police in other countries investigating such matters. Specifically, he explained the principal difficulty of ICAC investigating alleged cheating offences in Mauritius stemmed from the fact that the legislation dealing with such matters (the Gambling Regulatory Authority Act 2007) does not come within the remit of the ICAC. The Commission can only investigate offences under the Prevention of Corruption Act or the Financial and Anti-Money Laundering Act.
7. The Director-General gave cogent evidence of the problems in tackling such offences and the scourge of illegal betting on the island. He then informed the Commission of a proposed amendment to the Prevention of Corruption Act 2002, which has been approved by the relevant Parliamentary Committee and would give ICAC power to investigate allegations where a person solicits, accepts or agrees to accept (or offers or gives any person) any gratification or inducement to influence the run of play or the outcome of a sporting event. That provision, if enacted, would bring cheating at horse racing within the ambit of the ICAC.
8. The Commission was impressed by the evidence given by the Director-General of the ICAC, both in respect of his breadth of knowledge on corruption in horse racing and betting, the practical problems facing the Authorities in Mauritius in prosecuting such matters and a potential solution to overcoming one statutory barrier. The Commission strongly recommends the adoption of the amendment to the Prevention of Corruption Act referred to above. **Recommendation 11.**

Chapter 11: The Mauritius Turf Club (MTC)

1. Background information on the MTC is provided at Chapter 5.
2. This chapter will now deal in detail with the specific Regulatory and Governance roles of the MTC and will cover the following elements of those responsibilities:
 - (a) Organisation, management and administration of the MTC;
 - (b) Funding of Racing in Mauritius;
 - (c) The Rules of Racing;
 - (d) Stewarding;
 - (e) Licensing;
 - (f) Bloodstock;
 - (g) Veterinary issues;
 - (h) Race planning and race-day operations.

Chapter 11(a): Organisation, Management and Administration of the MTC

1. The MTC is a private club with, at the time of the Inquiry, a total membership of 927 persons as follows:

• Life Members	166
• Founding Members	447
• Associate Members	175
• Dormant Members	66
• Members Residing Abroad	64
• Honorary Members	9
2. The Statuts of the MTC set out the Articles of Association and Rules of the Club. Of the membership, only Life Members and Founding Members (total 613) have rights to vote at General Assemblies.
3. The current President, Gilbert Merven, presides over a Board comprising five Administrators and two management personnel, the General Manager and Deputy General Manager.
4. Each year, Life Members and Founding Members elect two new Administrators for a period of three years from within the membership to join the Board.
5. The Board of Administrators direct the strategy and operation of the Club, including direct involvement in the regulatory and governance functions of the Club. It also approves the Rules of Racing and any amendments thereto.

6. The Chief Stipendiary Steward and Stipendiary Stewards are employed by the MTC and appointed by the Administrators, with powers and jurisdiction to effect and enforce the Rules of Racing on behalf of the Administrators.
7. The panel of stewards for each race meeting consists of three Stipendiary Stewards and two Non-Stipendiary Stewards who are nominated from members of the club.
8. The Commission heard evidence about, and witnessed for itself, the close involvement of the Administrators and members of the club with the race-day stewards. In both reality and perception, the Commission assessed that arrangement to be a potential conflict of interest in important regulatory matters for racing and feels that a separation of powers on such issues is necessary. Also, the General Manager and his Deputy are both employees, as well as voting members of the Club, which creates another conflict as they also vote for the Administrators, their employers (see also Chapter 15).
9. The General Manager and his Deputy are responsible for the day-to-day running of the Club, including race-day operations. Currently, 392 people are employed full-time by the Club, assisted by 39 part-time workers during the racing season and 252 additional staff employed on various operational and security duties on race days.
10. Membership of the MTC is open to those who apply. To become a member, applicants need to have three Founding Members as their sponsor and, following a ballot of Members, an applicant may be elected to Associate Membership.
11. An alternative method of entry to the Club allows 20 applicants a year to join as Associate Members, if named and supported by the Administrators, provided the General Assembly ratifies the latter's decision.
12. Associate Members may be elected by the General Assembly to become a Founding Member when vacancies arise.
13. The Commission has carefully considered all the documentary evidence, comprehensive data and witness statements presented to it concerning the Mauritius Turf Club. Members of the Commission have also visited the Club to examine its operations, both on race-days and non-race days.
14. The Commission has found that the MTC manages the general planning and operation of the specific race-days well.
15. Given the complexities of race-day planning, together with the challenges presented by the physical and environmental location of the Champ de Mars racecourse and stabling, the Commission found no major concerns with how the MTC fulfils that specific element of its functions.
16. However, the Commission notes, with significant concern, serious problems in the management of the Club itself. Indeed, the Interim Report submitted

to the President of the Republic on 28 November 2014, states that the Commission has concluded that there is maladministration, bordering on 'institutional corruption' within the MTC.

17. That conclusion derives from the Commission's assessment that, although no firm evidence was produced to indicate that senior officials or members of the Turf Club were, themselves, involved directly in corrupt activities, there is a belief that, corporately, they are aware of such matters taking place in horse racing in Mauritius and are failing corporately to address such concerns.
18. In addition, the Interim Report noted that numerous complaints had been received about how the Club was run and during the formal Panel Sitzings of the Commission, a litany of complaints was received from many who deponed to the Panel.
19. Those complaints ranged from personal criticisms of the President and his alleged cabal of supporters within the Administrators and membership of the Club to wider allegations about the administration and management of the Club.
20. The principal criticism from a range of deponents was that although the technical and practical organisation of racing is good (eg race-day operations), there is a serious fault in the Club's corporate governance. That fault principally centred on the need for a separation between strategic and policy activities and the involvement of the Board members (eg Chairman and Administrators) on the one hand, and the regulatory and governance work of the permanent management and staff of the MTC on the other.
21. Much was made of the severe division in the MTC membership which elects the Board and that schism had permeated down to management level, which has led to an impairment of focus in the management on issues of importance.
22. Maladministration was alleged in how the President, the Board of Administrators and supporters manipulated motions/proposals for change to ensure that the status quo and the President's wishes were maintained. There were also allegations of vote rigging and abuse of the proxy vote system. The Commission was shown documents which indicated strong suspicion of rigging proxy votes in at least one General Assembly motion last year. However, it was told that proxy votes are now verified by an independent assessor.
23. The Commission took evidence from a wide range of witnesses, including current and former senior officials and members of the MTC, as well as representatives from various personnel licensed by the Club and concerned members of the public.

24. The Commission also heard personally from the current President and a selection of the current Administrators/managing officials of the Club.
25. As a result of all the evidence gathered, the Commission has concluded that the MTC is a fractured organisation which requires fundamental change in its organisation, management and administration. It is abundantly clear to the Commission that the MTC is riven with division and malcontent. Indeed, a common description used by many of the deponents who gave evidence was that the MTC comprised 'two clans' - one side supporting the current President and the other supporting a former President.
26. Although the current President and senior officials rejected the notion that the Club had serious problems, dismissing the allegations as the work of mischief-makers and persistent complainants, they did concede that there were divisions within the membership. Significantly, one Administrator in his evidence to the Commission admitted that the divisions within the MTC had "*brought the Club to its knees*"; the Club is dysfunctional. Another Administrator admitted the existence of the 'two clans'. Interestingly, he said he was in the current President's 'clan' because, if you don't belong to a clan, you don't get elected - no chance.
27. The split within the membership should be a major concern for the Club and the Commission heard evidence that, at one General Assembly vote, the current Presidential majority was narrow, indicating that the supporters of the 'two clans' within the Club are fairly evenly spread. That assumption was borne out by evidence presented to the Commission by members of the Club.
28. Such division, coupled with the strength of some of those in opposition to the current President and his regime, which include a former President and former Administrators, members of the judiciary and prominent licensed personnel, does not bode well for the Club.
29. Evidence heard by the Commission was strong and vitriolic towards the current President and his supporters and is not likely to abate without significant change. One Administrator suggested that two leading members of the former President's 'clan' were "*fighting a war*" against the Club.
30. The Commission concludes that fundamental changes to the MTC are needed. The Commission also concludes that the problems identified by the Inquiry are not confined to corporate governance issues within the Club. Those matters could be improved by changing the MTC from a private club into a company limited by shares or guarantee. Such a change would bring greater rigour and accountability into running the Club by making it subject to company law. The Commission acknowledges that changing the status and nature of the Club will involve various necessary administrative changes (eg pension rights, tax liabilities), as well as other legal requirements under company law but, as those matters are outside of the terms of reference of the Inquiry, no specific comment is made thereon.

31. However, the Commission is of the firm view that more fundamental change is necessary on the regulation and governance of horse racing in Mauritius. It concludes that a 'separation of powers' within racing is necessary, stripping the MTC of its regulatory and governance roles, so that it concentrates on the organisation and management of race planning and the operation of race-days but withdraws from its current wide range of regulating and governance responsibilities. These matters are fully covered in Chapter 15 and **Recommendations 1-6**.

Chapter 11(b): Funding of Racing in Mauritius

1. As mentioned in Chapter 5, the MTC is a non-profit making organisation. It has no control over the majority of the revenue streams which fund racing in Mauritius.
2. Total expenditure for the last audited year (2013) was MUR 308.9 million, with an estimated spend for 2014 of MUR 343.8 million. After depreciations and interests are deducted, the audited surplus for 2013 was MUR 11.2 million, although the forecast deficit for 2014 is MUR 2.9 million.
3. The MTC has made considerable efforts to reduce its overall deficit, which peaked at MUR 28.4 million in 2012, but it still faces a significant challenge to overcome the estimated deficit in the coming years, particularly with the major handicap of having little or no control over its main income streams.
4. If that dilemma continues, it is difficult to see how the MTC will continue without significant change.
5. The Commission notes the major financial weaknesses of the MTC and the principal challenges/threats to the Club are:
 - no control over its income;
 - limited negotiation powers on commercial contracts already in force;
 - illegal betting and the environment surrounding such practices;
 - lack of media rights income;
 - limitations on any development of a new racecourse by reason of cost projections against a precarious funding position.
6. Although the proposal to develop a new race course is not within the Commission's terms of reference, several witnesses drew attention to the opportunities and benefits it would bring. These include:
 - substantially better spectator facilities leading to increased attendance and revenue;
 - better facilities for sponsors and broadcasters leading to increased revenue opportunities;
 - a reduction in injuries and increase in the racing life of horses and
 - a substantially improved training and stabling facilities.

7. The Commission believes that those comments are sufficiently compelling to ensure that a new structure for the MTC is conducive to taking on major projects of this nature. A better corporate structure for the Club would bring greater transparency and accountability to its work and enhance the possibility of attracting funding through public subscription.
8. By far the biggest threat to racing in Mauritius comes from illegal betting. These matters are fully described in Chapter 13. However, the Commission notes that the horse racing industry directly provides income to some 1,000 families in Mauritius, with another 1,500 affected indirectly and it considers urgent action is necessary to ensure the sport maintains its important position in the commercial and leisure interests of the island.
9. Notwithstanding the firm recommendation of the Commission that the MTC should cede its regulatory governance functions to a new independent body (see [Recommendation 1](#) and Chapter 15), it believes that the MTC should retain its functions for organising race-days at Champ de Mars and, in addition, there is merit in considering how it may enhance its commercial status. (See [Recommendations 3-6](#).)
10. One major change would be for the MTC to be granted a sports betting licence to allow it to run a totalisator betting system. The Commission understands that in 1996, the Government informed the MTC that it would not be considered as a betting operator. Times have changed, particularly in the betting marketplace. Different betting platforms, internet access, remote betting and a multitude of sporting options upon which to bet have made the betting market international.
11. Without prejudice to the wider aspects of this subject, which involve both legal and illegal markets and which are detailed in Chapter 13, the opportunity for a restructured MTC to increase its income by means of a totalisator product is supported by the Commission. ([Recommendation 5](#).)
12. The precise details of such a change will need careful consideration but, with a tote facility, opportunities are presented to enhance MTC's income generation by permitting co-mingling with foreign racing pools and participation in other betting products, such as the 'L'évé pilé'. It could also assist in unlocking potential revenues from media rights.
13. The Commission considers that opening up such commercial channels to a revamped MTC, together with the potential wider changes to betting in Mauritius, which are discussed in Chapter 13, will re-energise the Club with enhanced finances from a broader commercial base, as well as providing additional finances to improve its race-day operations. ([Recommendation 6](#).)

Chapter 11(c): The Rules of Racing

1. The Commission has examined the Mauritius Turf Club's 'Rules of Racing' in accordance with its Term of Reference (e).
2. Broadly, the Rules align with the International Federation of Horseracing Authorities (IFHA) but the Commission feels that clarification and updating of some Rules are necessary.
3. Importantly, the Rules provide for an independent Appeal Board which was introduced in 1981.
4. The Commission highlights important aspects of regulation which it considers are either insufficiently covered or not covered at all in the current Rules.

5. Licensing

The Rules provided for various positions to be licensed but there should be an enabling rule giving the Club (if this Report's **Recommendation 1** is agreed, this will be the responsibility of the new Regulatory Authority - the MHA) the power to issue and grant licences; to make them subject to conditions as seen fit by the Club; to withdraw or revoke or refuse licences, and to require every person who needs a licence to satisfy the Club at all times that they are a suitable, fit and proper person to be granted and to continue to hold a licence. It is, in the main, a matter of policy for the Club to decide which licensing decisions are appealable but refusals on fitness grounds ought to be appealable to a suitably independent Appeal Board to avoid risk of successful legal challenge.

6. Investigations

There is nothing in the Rules, currently, that requires a person to cooperate with an enquiry or investigation carried out by the Regulatory Authority. Rules of this type are essential for the effective investigation by a private regulatory body of corruption and serious wrongdoing.

7. The Misuse of Inside Information

The Rules do not make any provision regarding Inside Information (ie betting related corruption). The misuse of 'inside information' is a crucial factor of corruption in betting on horse racing. In the absence of express rules, the only route would be to attempt to bring a case of abuse within Rule 209(o) which deals with corrupt, fraudulent, and dishonest practices, but this is not satisfactory. It leaves scope for defences which may be successful. The Rules of Racing of New South Wales provide a simple template for planning the misuse of 'inside information'.

8. The Commission notes, with concern, the lack of a definition of 'inside information', as well as no offence within the MTC Rules. Specifically,

dealing with the 'misuse of inside information, the Commission considers this important issue should be included in a review of the Rules of Racing, as recommended at Annex 'B'.

9. **Independent and Impartial Appeal Board**

The constitution of the Appeal Board (Rule 219) does not meet the Common Law requirement for independence and impartiality. If a stronger stance is to be taken in future concerning the conduct of powerful persons engaged in racing in Mauritius, this presents a straightforward legal challenge for a person with a grievance and a long pocket.

10. The Commission has examined the MTC Rules and considers that a review of specific matters therein would help to tighten the Rules whilst ensuring that they meet the test of transparency and accountability, as well as compatibility with international best practice.
11. The Commission recommends that such a review should be undertaken in respect of the matters referred to in Annex 'B'. (**Recommendation 19.**)

Chapter 11(d): Stewarding and Race-day Team

1. **The Race-day Team:** The General Manager has overall responsibility for the race-day team, which includes full-time and part-time employees of the MTC. They are:
 - the Chief Stipendiary Steward and two other professional stewards;
 - weighing staff, which includes the Clerk of the Scales;
 - the Starters and Judges;
 - the Chief Veterinary Officer and supporting staff;
 - the Handicapper, who also performs the role of Deputy General Manager;
 - race-day stable security, including the Doping Box staff;
 - the CCTV staff and function.
2. Members of the Commission attended two race meetings at Champ de Mars, specifically to observe the race-day team in action. It was evident that all of the main race-day functions are carried out along similar lines to most other major horse racing jurisdictions, including Great Britain, and the Commission observed nothing of concern.
3. **The Weighing Room:** Access to the weighing room is tightly controlled, as is access to the jockeys who are chaperoned by a dedicated security officer. His job is to keep anyone, other than authorised personnel, from having contact with the jockeys throughout the race meeting. When jockeys arrive at the racecourse, their mobile phones are taken from them and kept in an area with CCTV coverage and they are not allowed access to them at any time during the race meeting. The management and security of the weighing room appeared adequate.

4. **Race-day Stewarding:** The Chairman of the Stewarding Team is the Chief Stipendiary Steward, who is supported by two full-time professional stewards and two voluntary stewards from the MTC. Having three professional stewards on the team (who outnumber the MTC volunteers) helps guard against allegations of bias in the decision-making processes. The Stewards' Room is small but adequately equipped with good broadcast and integrity footage, well presented in real time production.
5. The Commission was able to observe the Race-day Stewarding Team in action, including being present at a 'running and riding' Stewards' Inquiry and saw nothing to cause concern about either the competence or professionalism of the Stewarding Team. One issue of concern to the Commission was the lack of access to any meaningful 'real-time' betting data during racing that could be of assistance to the stewards. (See Chapter 14(b) and Annex 'C'.)
6. **The Chief Stipendiary Steward:** The most important element of the role of a Chief Stipendiary Steward is to ensure that horse racing takes place in accordance with the rules of the sport. In particular, to ensure that all jockeys are giving their rides the best opportunity to win a race, within the rules of the sport. There have been numerous examples in recent years in Mauritian horse racing where that was not the case and that has fuelled the allegations of corruption in horse racing on the island. It is also a reason why the Commission has been asked to look closely at the role of the Chief Stipendiary Steward and actions taken by him since his appointment (see paragraph 7 below).
7. The very specialist nature of the role of Chief Stipendiary Steward means that Mauritius, like a number of other racing jurisdictions, (eg Hong Kong) sometimes has to recruit candidates from abroad. Although the present Chief Stipendiary Steward (Stephan de Chalain) is originally from Mauritius, his predecessor (Ian Paterson) originated from Australia and it is Mr Paterson who is the central focus of the Commission's examination of the Chief Stipendiary's role in this Report.
8. Ian Paterson was first appointed to the role of Chief Stipendiary Steward for the MTC in 2008, a position he held for two years until his departure in 2010 to take up a post in horse racing in Qatar. In 2013, Paterson returned to MTC as the Director of Racing and again he became the Chief Stipendiary Steward. In August 2014, Paterson relinquished his position as the Chief Stipendiary Steward to focus on his other duties as the Director of Racing, until his departure from the MTC in December 2014.
9. The Commission was informed that, since 2008, the position of Chief Stipendiary Steward at the MTC has been the subject of an ever increasing criticism. This has come from many different sources within horse racing, the media and the racing public in Mauritius. Much of that criticism has been levelled specifically at Ian Paterson and relates to his performance in both his terms of office as the Chief Stipendiary Steward.

10. These concerns were supported by numerous individuals giving evidence before the Commission, including many of racing's stakeholders, representatives of the media and the racing public. Specific concerns raised by them included doubts about Paterson's integrity, fairness and consistency in his capacity as Chief Stipendiary Steward, as well as suggestions of inappropriate relationships with certain jockeys, trainers and representatives of betting companies. There were also concerns expressed about his apparent close relationship with the President of the MTC that raised issues of a potential 'conflict of interest'.
11. When Paterson vacated his position as Chief Stipendiary Steward for the first time in 2010, Stephan de Chalain was promoted from within the MTC as his replacement. He held this position until Paterson's unexpected return from Qatar in February 2013. Paterson's reappointment as Chief Stipendiary Steward resulted in Stephan de Chalain being demoted to his former role.
12. The Commission had difficulty in understanding the MTC's rationale for this decision, given there was no suggestion that Stephan de Chalain had underperformed in the role throughout Paterson's absence and the significant amount of negativity around Paterson's performance before he left to go to Qatar in 2010, together with the precise reasons for his leaving Qatar to return to Mauritius.
13. In seeking to understand the reason for Paterson's reappointment, the Commission was given conflicting explanations on who precisely appointed him, how he was appointed and why. The Commission concluded that the most likely explanation was that his return was a personal decision taken by the President of the MTC because of his friendship with Paterson. Paterson himself was wholly unconvincing on these matters and why he subsequently stepped down from the post.
14. The Commission assesses that the shambolic way in which the MTC managed the key role of Chief Stipendiary Steward has had a significant negative effect on the integrity of Mauritian horse racing. In 2010 (when Ian Paterson left) the MTC had the chance to rebuild the credibility and image of horse racing in Mauritius under the newly appointed Chief Stipendiary Steward, Stephan de Chalain. The MTC went to the trouble and expense to send him to Hong Kong to an International Integrity Conference on Horse Racing but before he could make important changes to racing in Mauritius, he was replaced by someone who had, in the eyes of many, already failed. During the second tenure of Ian Paterson, the integrity of Mauritius horse racing did not improve, in fact it got worse. The Commission considers that the MTC and in particular the President who, against the wishes of many of his colleagues, brought Paterson back have a heavy responsibility for that state of affairs. The Commission judges, on the evidence it has heard and read, that the actions of Ian Paterson during his two terms of office as Chief Stipendiary Steward were instrumental in bringing the reputation of the MTC into disrepute.

15. The Interim Report submitted to the President on 28 November 2014, names Ian Paterson as a person about whom serious concerns were raised by various deponents relating to his integrity, fairness and competency in his capacity as Chief Stipendiary Steward. The Commission has identified a number of cases in which his decision on the Rules of Racing raise serious concerns. For reasons of potential conflict explained in the Interim Report, the Commission felt it was inappropriate to investigate those specific matters itself but it has recommended in that Report that a separate specialist criminal investigation team be created to inquire into such matters.
16. The cases referred to which, in the opinion of the Commission require further examination, are shown at Annex 'C'.

Chapter 11(e): Licensing

1. The grant of a licence to those persons wishing to take part in horse racing in Mauritius, like elsewhere in the racing world, is a privilege, not a right. A licence confers certain duties and responsibilities on the licensee. It is a primary factor in assisting the Regulatory and Governing Body to monitor, administer and sanction a licensed person taking part in the sport.
2. A licensing regime should embrace two principal elements which are ascertained by effective and efficient due diligence checks:
 - (i) the professional competence of the prospective licensee to fulfil the role for which a licence is sought;
 - (ii) ensuring that the prospective licensee is a 'suitable person' from an integrity point of view, which should include character, financial stability and behavioural aspects.
3. The twin elements of background checks apply to all categories of person (owner, trainer, jockey) who seek registration or a licence.
4. The MTC licensing regime is the gateway through which an owner, trainer or jockey enters the sport and is the opportunity to filter out unsuitable individuals. Also, it is the opportunity to manage the behaviour of such persons once they are a part of the sport. Those licensed persons who fall below a certain standard should be dealt with in a fair and proportionate way in accordance with the provision of their licence.
5. The categories of registration/licence in Mauritius are similar to other racing jurisdictions. Owners require registration whilst the categories of participants granted an annual licence include Trainers, Assistant Trainers, Stable Supervisors and Jockeys. The final decision on whether someone is granted registration or a licence is taken by the MTC Administrators but with a recommendation from the executive. However, in Mauritius there is

currently an additional licence category, 'Stable Manager'; that role is considered to be an anachronism and the Commission was told it will disappear when the remaining 'Stable Managers retire (see Chapter 12(b)).

6. In Mauritius the MTC is reliant on bringing people from other countries to participate in the sport - in particular jockeys and, to a lesser extent, trainers. A robust licensing regime should ensure that anyone coming to Mauritius to be a part of the sport is not only professionally competent but also acceptable from an integrity point of view.
7. The Commission considers that the MTC licensing regime is not fully effective in that respect. As an example, a number of the foreign jockeys that have come to the island to ride in recent years have been involved in suspicious races elsewhere and had a poor disciplinary and integrity record. In Hong Kong (where they also rely heavily on foreign jockeys) it is likely that many of those allowed to ride in Mauritius in recent years would have been denied from doing so in Hong Kong on integrity grounds.
8. As mentioned, an important element of any licensing process, in addition to the professional competence of the prospective licensee, is ensuring that individuals are suitable from an integrity perspective. It is vital that proper background checks are carried out on individuals for all categories before a licence is granted. The experience of other racing regulators has demonstrated that it is difficult to withdraw a licence once granted and preferable to 'weed out' unsuitable persons before a licence is granted.
9. The present system for licensing and overseeing the behaviour of both local and foreign jockeys requires change. Lessons can be learned from other racing jurisdictions such as Hong Kong. The Hong Kong Jockey Club exerts much stricter controls over jockeys through the provisions of their employment contract with the Hong Kong Jockey Club. Hong Kong has also managed to reverse the culture of cheating that existed there some years ago by closer working with other agencies, such as the Police and the ICAC. Anyone caught cheating in racing in Hong Kong is highly likely to get caught and, if found guilty, they go to prison. Also, in Hong Kong, there is a complete ban on jockeys associating with bookmakers, with strong sanctions against anyone found doing so.
10. The Commission recommends that the regime for licensing and monitoring the behaviour of all jockeys whilst they are employed in Mauritius should be changed to encompass a two-part process; (i) a licence granted by the new Regulator after due diligence checks, which should include checks on both the jockeyship competence of the individual as well as a check on the integrity and behaviour of the jockey, to ensure a 'suitable person' test is met and (ii) a contract of employment between the new MTC and all jockeys (not between a trainer and jockey); the contract should include strong sanctions for breaches of a code of conduct which should also be linked to the licence. In addition, the Commission considers, whilst recognising the need for proportionality and affordability, that all jockeys (foreign and

local) should be paid a fair rate for the job to minimise the risk of jockeys seeking nefarious means to support their wages. (**Recommendation 14.**)

11. Trainers wishing to use jockeys should seek/bid for their services via their new employer, the MTC.
12. The Commission notes and supports the very effective regime in Hong Kong on these issues.
13. In respect of the professional competence of jockeys, the Commission was informed that Mauritian jockeys are being granted a licence when not always of the required standard because of Government pressure to develop local talent. It is of course important to nurture and encourage local talent; however, a balance must be struck that does not allow safety standards to be compromised. It is also important to control the supply of jockeys, as having too many competing for a small number of rides can be a serious threat to the integrity of the sport. Again, using Hong Kong as a guide, the Commission considers there are too many local jockeys being granted a licence in Mauritius and it recommends that the new Regulator reviews the specific number of licensed Mauritian jockeys to ensure that the supply better matches the demand. (**Recommendation 14.**)
14. The Commission was also concerned to hear of cases in which the granting of a licence to an individual raised a potential ‘conflict of interest’. Numerous witnesses raised concerns about a stable manager being given a licence despite having strong family connections to a betting organisation. The Commission judges that to be a clear conflict on integrity grounds and recommends that such issues should be seriously considered before any licence is granted. A further perceived conflict raised by some was the fact that the brother of the President of the MTC is a licensed trainer. There is merit in clarifying exactly which members of a family are subject to the MTC’s Rules of Racing as, currently, only ‘spouses’ of administrators and officials appear to be covered.

Chapter 11(f): Bloodstock

1. The background to the bloodstock industry in Mauritius is described in Chapter 5.
2. Currently, the MTC oversees the regulation and governance, including the importation of the racing bloodstock in Mauritius but, since 1987, the purchase of the horse, payment for its freight and other ancillary costs, have rested with the owner or stable manager/trainer.
3. The Commission notes that the processes and procedures for the purchase of racing bloodstock around the world are problematic. Internationally, there is no harmonisation of policy on such matters, although efforts took place in 2004 to get bloodstock trading countries to follow the Code of Practice then drawn up by The Jockey Club in Great Britain. The Society of International

Thoroughbred Auctioneers (SITA) did give their unanimous approval to the Code at that time but problems have still occurred over the past 10 years in the bloodstock industry internationally.

4. In 2009, the Bloodstock Code of Practice in Great Britain was revised in an attempt to rationalise and clarify the relationship between anyone acting as an agent and their principal, either as a vendor or purchaser.
5. Apart from commercial aspects, the other principal aspect of bloodstock import is assuring animal health status to ensure bio security. Mauritius has advantages here as a geographically relatively isolated island. Such animal health controls are usually primarily led by the national competent authority, in Mauritius the Ministry of Agro Industry and Food Security. Operating this at the level the national competent authority allows, assures inter-governmental trust in procedures. Thoroughbred bloodstock is usually of a higher health status. As such, and coordinated through a tripartite approach from the International Organisation for Animal Health (OIE), the International Equestrian Federation (IEF) and the International Federation of Horseracing Authorities (IFHA), there are moves to streamline movement of such horses.
6. In Mauritius, all racing bloodstock is imported, principally from South Africa. The Commission cannot judge whether there are too many horses for the needs of the sport on the island but, as with the number of jockeys (see Chapter 11(e)), it would merit attention by the new Regulator.
7. Evidence presented to the Commission raised concerns about the purchase of horses from South Africa and, in particular, the transparency of the purchase process.
8. Horses imported from South Africa are not subject to customs duty, by virtue of SADC (South African Development Countries) Trade Protocol. Mauritius has similar arrangements with many other countries as a member of COMESA. VAT is still applicable.
9. All imported horses must have a licence granted by the MTC and a Landing Permit from the Veterinary Section of the Ministry of Agro Industry and Food Security. Of particular note is the enzootic presence of the very severe disease, African Horse Sickness in South Africa. Horses are subject to stringent health screening and quarantine procedures in South Africa before travel. Robust procedures are therefore vital for the health of horses in Mauritius and, therefore, the sustainability of horse racing. In addition, race horses are exported from Mauritius to the Middle East and Europe, so it is also vital that disease is not transmitted onwards.
10. The MTC is declared as the importer on the bill of entry and the name of the stables on behalf of which the horses are imported is declared as consignee. The Commission was told that only the MTC can act in that role (ie this role is not open to other bodies). It was understood that this monopoly power

had been given to the MTC after an incident some years ago where a senior politician had imported a horse or pony without authorisation.

11. It is understandable the Ministry of Agro Industry and Food Security, whose focus might be more on farm livestock, might want to take advice from those with expertise in horses. However, there seems no reason why the MTC, as a private club, should have a de-facto monopoly on horse import, indeed, in effect, a power of veto on who imports horses into Mauritius.
12. The Commission noted that the name of the purchasing owner of the horse does not appear on any documents submitted to Customs.
13. On importation into Mauritius, a Customs Bill of Entry (BoE) is submitted electronically with the attached relevant sale documents by the freight company acting for the MTC, the importer.
14. A Bill of Entry is required for each race horse consigned to a stable. The duty and taxes are calculated by the 'Front End System' of the declarant on the BoE, which is submitted electronically to the Customs Management System.
15. Race horses imported from countries other than South Africa (or other countries with which Mauritius has a trade agreement) attract customs duty of MUR 30,000.
16. VAT is charged at 15% on all imported horses. VAT is based on the sum of the Cost Insurance Freight (the value of the race horse plus the relevant duty).
17. The freight company and Customs check the documentation, including the BoE and, if all is correct, a Certificate of Entry is granted by the Ministry of Agro Industry and the horse is admitted for quarantine action as appropriate.
18. The Commission noted the current official procedures and that the value of the imported horse is based upon its purchase price. However, a problem occurs when the value of the horse is declared at less than the actual purchase price. The Commission was informed by the MRA of one case under investigation where the actual purchase price of a horse was one million SA Rand. When it was imported into Mauritius, the declared purchase price was 400,000 Rand, a difference of 600,000 Rand or MUR 1,500,000. The real commercial value of that bloodstock was one million rand and that is the figure upon which VAT should have been calculated. The loss to the Mauritian Exchequer, therefore, was MUR 1½ million.
19. The Commission was informed that there was a suspicion of money laundering in this case but the MRA does not have the expertise or jurisdiction to follow up such matters and it is not clear whether any other agency pursued the case.

20. In 2007, the GRA, MRA and MTC discussed ways of tightening bloodstock procedures by trying to agree a process for assessing the correct price for a horse in order to prevent misrepresentation in such matters.
21. A benchmarking system was apparently agreed, although the problems over bloodstock sales have continued.
22. The Commission cannot judge precisely where monies come from to purchase horses but it is clear that there is a perception that the use of 'black money'/laundering of illicit funds is made easier by the current lack of transparency in the sales process. The current system is not transparent. The Commission strongly feels that the source of funds and method of payment should be clearly declared in the sales process. The real identity of the owner of the horse must be declared. The Commission heard evidence of 'figurehead' owners of syndicates, of rich owners 'behind the scenes' and even 'fictitious owners' representing persons who are being investigated for money laundering and other corrupt practices.
23. Deponents spoke about the need to discourage 'black money' from entering horse racing via the purchase of bloodstock. Also, more transparency on the process, it was claimed, particularly the declaration of adequate funds to purchase a horse and the source of those funds, would help to discourage owners who cannot really afford horses and, therefore, are more likely to rely on gambling (legal or illegal) to help cover their costs.
24. Greater transparency on specific ownership of the purchasers of horses is likely to be unpopular for some but the Commission feels it is necessary to help 'clean the industry' and discourage the use of 'black money' in bloodstock purchases. (Recommendation 15.)
25. The Commission strongly feels that whether the owner is an individual, a syndicate or a company, the true identity of that person/group must be declared in the sales process. If an agent is negotiating on behalf of a principal, the identity of the principal must be declared. (Recommendation 15.)
26. It does note, however, that two particular stables stand out in respect of the total VAT yields for assessments carried out by MRA in 2014. Those stables are the two most successful in Mauritius and that success provides them with the opportunity to purchase more horses than most other stables. One of the stables is subject to further scrutiny for tax purposes and the Commission considers that the owner of that stable would merit closer investigation for other reasons mentioned in the Interim Report.
27. On the importation of horses, the Commission recommends that the MTC as a private club or a new Sports Authority no longer has any formal role in such matters, although it can act as agent and that its expertise on equine or financial matters can be sought if needed by governmental authorities. (Recommendation 15.)

Chapter 11(g): Veterinary Issues

1. **MTC Anti-doping Procedures:** The doping of horses for nefarious reasons is a threat to the integrity of horse racing worldwide and was mentioned during the Parliamentary debate on horse racing in Mauritius in July 2014. The subject has also received significant media attention in the Mauritius press in recent years and was raised as a concern by various persons giving evidence to the Commission, either in writing or in person at the formal Inquiry Panel sittings.
2. However, after careful examination of the facts, the Commission found no real evidence that the deliberate doping of horses is currently a serious threat to the integrity of Mauritian horse racing any more than in other racing jurisdictions. Whilst in recent years there have been a number of equine drug positives in Mauritius, the volume and nature of those cases has not been dissimilar to what other racing jurisdictions have faced during the same period. Indeed several aspects of the MTC's approach, such as pre-race testing, out of competition testing, and use of a modern and state of the art laboratory are commended, although, rather worryingly, it was noted that 'out of competition testing' had been disrupted in 2014 by lack of money. The MTC or other body responsible for racing should publicise its activities in these areas more to raise public confidence. The Commission assesses that the perception of wrong-doing on this issue outweighs the reality of the situation and a greater public awareness of how racing is tackling the problem would help to reduce public concern.
3. **Pre-race testing:** The Commission attended one of the MTC pre-race testing sessions and concluded that, in general, the equine testing procedures, including the chain of custody of all samples are robust, with no substantial contradictory evidence found. Horses (that are not already stabled at Champ de Mars) arrive at the racecourse stables on the Thursday prior to the Saturday and Sunday race meetings. All horses are blood sampled on the Friday morning before racing and the results are known by 2pm that day. Any horse testing positive is withdrawn from the weekend's races by the Race-day Stewards. The system of testing all horses before they run is to be commended and puts them on a par with the Hong Kong Jockey Club and ahead of most other major racing nations.
4. **Identification system:** The identification of race horses in Mauritius is carried out by way of microchip and thoroughbred passport under the IFHA International Agreement; this robust system is the same as most other racing jurisdictions and makes the potential for running of 'a ringer' in Mauritius extremely unlikely.
5. **Security of Race Horses:** Once all the pre-race checks are concluded, all horses are secured in an individual stable with an MTC security guard allocated for every two horses. In the run up to racing there are strict controls by the security guards of any feeds and supplements given to the horses. All of the stabling areas have good CCTV coverage with recordings

kept for a month and there is 24 hour monitoring in a central control room. These security measures are in place until the end of the race meeting. Race day horse feeds and supplements are locked away with MTC staff controlling access. Feed supplements have to be approved and are tested by the laboratory. The Commission considers that the security procedures for horses in the run up to, and during the race meeting, are 'fit for purpose'.

6. **Post-race Testing Procedures:** At the conclusion of each race, blood and urine tests are taken from all winners, beaten favorites and other horses of specific concern to the stewards. This is in line with policy in most other major racing jurisdictions.
7. **Anabolic Steroids:** A number of the racing representatives appearing before the Commission suggested that there was widespread abuse of anabolic steroids in horse racing in Mauritius - a concern that other horse racing jurisdictions (including Great Britain and Ireland) are grappling with in their own countries. The Commission assesses, on the evidence before it, that the MTC has adequate procedures in place to guard against this threat. Under the rules of the MTC, there is a total ban on the use of anabolic steroids and, to ensure compliance, 300 of the 419 race horses in Mauritius were tested in 2014 at various training establishments with no positives reported. Crucially the MTC policy is that all visits to training establishments are unannounced.
8. However, one concern is that in the past, of the small number of positive tests for anabolic steroids, only one of the cases was referred to the PDJ, despite the strict liability on such matters and the clear powers that exist in the GRA Act to act on such cases.
9. The Commission recommends that should there be any future positive cases of deliberate doping of a horse, including the use of anabolic steroids, they should be referred to the PDJ to enhance the deterrent effect in the future. It is also recommended that the MTC or other Regulator, in future makes public the work they are doing in this area. As mentioned, it is likely that the racing public is unaware of the good work the MTC is doing generally to guard against the illegal use of anabolic steroids in racing. (Recommendations 16 and 18.)
10. **Forensic Laboratory:** One specific area that has come in for some criticism is the Mauritius Forensic Laboratory which examines all the blood and urine samples taken from horses by the MTC. On the evidence examined, the Commission judges that this criticism is unfounded. The laboratory is now privately run and is well equipped with professional and highly competent staff, evidenced by the fact that it meets the higher tier of international laboratory standards. Indeed, in 2014 it was part-host to the biannual World Racing Anti-Doping and Medication Control Conference, which was hailed as a success by the international delegates who attended.

11. **Veterinary**: Some anecdotal criticism has also been raised about the standards of veterinary treatment and care given to horses by the MTC. Again the Commission found no supporting evidence for those concerns and judged the whole veterinary team to be of equivalent professional standard to any other major racing jurisdiction. MTC approved veterinary surgeons give all treatments to horses in training and the Commission found no evidence of abuse of that rule and no culture of trainers treating their own horses. As an example, it was clear to the Commission that the giving of an Injection to a horse is regarded as veterinary surgery and must be carried out by a qualified vet. The Regulator of Veterinary Surgeons, the Mauritius Veterinary Council, has a low profile and the Commission understands it has not met for at least a year. The Commission recommends that the Regulatory Veterinary Surgeon remains responsible to and employed by the MTC or its successor, and that all Veterinary Surgeons treating race horses remain licensed by the MTC or its successor. (**Recommendation 17.**)
12. **Other equine areas**: There is good control of horse physical therapies, such as chiropractic, before race day. There is also effective veterinary control of horse 'bleeders'. The horses' tack/gear (eg blinkers, tongue ties etc) are all declared and were seen to be checked by the Handicapper and Clerk of the Course in the parade ring before the race. Farriers are employed by the MTC and shoeing appears of good quality.

Chapter 11(h): Race Planning and Race-day Operations

1. The Mauritius Turf Club is responsible for all planning of the race fixture list, as well as the management and administration and security of race-day operations.
2. As mentioned in Chapter 5, there were 43 race meetings held at weekends at Champ de Mars during the 2014 season, which ran from the second week in March to the first week in December 2014.
3. The precise number of fixtures each season is the responsibility of the MTC but the Club's decision is subject to the approval of Government via the Gambling Regulatory Authority on a yearly basis.
4. The Commission has been asked to examine the number of days on which racing is held and the number of races held during a race day (ToR a(iv)). The Commission has no specific comment to make on the number of race days held at Champs de Mars in a season (43 in 2014). The precise number of fixtures will need annual review by the new MTC to ensure it meets the sporting and business/commercial requirements of the MTC and racing industry but the Commission makes no comment on the issue from an integrity point of view.
5. Currently, each race fixture at Champ de Mars has an average of 7-9 races. The Commission has observed two race meetings and, again, has no recommendation to make on the specific number of races held at each

meeting. That should remain a matter of sporting and business judgement for the race planner (the MTC). However, the Commission has one observation to make on races which are designated only for local (Mauritian) jockeys.

6. Examination of those specific races by the Commission has indicated that they present a possible integrity risk. Whilst not wishing to ban such races, the Commission urges greater attention be paid by the MTC to the potential integrity risk that such races may pose.
7. The MTC's Board of Administrators employs the General Manager who, with his staff (see Chapter 11(a)), is responsible for the organisation, management and administration of race-day planning and organisation.
8. The roles and duties of the General Manager and his staff carrying out those functions include:
 - fixture planning (with approval of GRA);
 - race-card data and preparation;
 - race-day procedures (all operation functions, including security/crowd control);
 - administration and management of betting ring;
 - hospitality and sponsorship.
9. The current regulatory and governance responsibilities of the MTC are described in Chapter 11(a) to 11(h) and Chapter 15 will detail how the Commission recommends that such matters should be dealt with in the future. For the avoidance of doubt, nothing recommended in Chapter 15 is intended to interfere with or disrupt the current and future responsibility of the MTC for 'race planning and race-day operations', which the Commission considers are conducted effectively by the MTC and should remain under their control.

Chapter 12: Racing's Participants

Chapter 12(a): Owners

1. The Commission was informed that, at the time of the Inquiry, there were 517 registered owners of race horses in Mauritius. They included sole/single owners, partnerships and syndicate owners. Issues surrounding the registration procedures are discussed in Chapter 11(e).
2. The Commission took evidence from a number of owners, including the President of the Association of Horse Owners (AEPS).
3. Race horse owners are recruited by 'Stable Managers'/Trainers and, to be registered, the owner has to submit an application through the Stable Manager to the MTC. A signed contract between the Owner(s) and Stable

Manager (the Racehorse Owners Agreement) is required, in addition to a certificate of good character.

4. In 2010, the MTC introduced the 'Keeps Department' which deals with the registration of owners and also collects 'keeps fees' from them on behalf of Stable Managers/Trainers. The 'Keeps Department' also guarantees the payment of prize money to owners.
5. The Commission acknowledged the procedures for the registration of owners but noted, with concern, that when horses are purchased and imported into Mauritius, the name of the real owner of the horse is not shown on the consignment documents (see Chapter 11(f) - Bloodstock and [Recommendation 15](#)).
6. The President of the Association of Horse Owners confirmed comments made by other owners that few owners make money from horse ownership. The Commission was told that an owner needed to win 3/4 races a year to cover their costs. Prize money needed to be improved and the costs of training carefully controlled it was suggested.
7. That situation was a problem because those who were unable to cover their cost by legitimate means could be tempted to recoup them by illegal betting, possibly linked to corrupt races. Whilst the President of the Association of Horse Owners, uniquely, felt that corrupt races were rare in Mauritius, he did acknowledge that if corruption does occur, it is most likely to involve local jockeys, not foreign jockeys.

Chapter 12(b): Trainers

1. The total number of trainers' licences granted in Mauritius is 14, although only 13 training yards are currently operational. Unique to Mauritius is an additional category of licensee, 'Stable Manager', a post which, in 1999, took over the role of the former 'Nominator'. Of the 13 stables currently operating in Mauritius, only two 'Stable Managers' do not hold a current trainers' licence as well.
2. The Commission heard from various stakeholders in racing, including owners, trainers and MTC personnel, that the role of 'Stable Manager' is an anachronism which served to cause confusion over who was in charge of, and responsible for, a training yard. The Commission was told that there was no functional reason for the retention of that post and it would be abolished when the current two holders of the role retire.
3. The Commission sees no purpose to the separate post of 'Stable Manager' and recommends it should be abolished forthwith, leaving only one person, the licensed trainer, having overall responsibility for running the training yard. ([Recommendation 13.](#))

4. A principal concern of the licensed trainers who gave evidence to the Commission was the difficulty they had 'making ends meet'. They quoted poor prize money and low training fees as the main cause of their concerns, which were exacerbated by a recent increase on VAT charges for the upkeep of horses'/medical/training facilities. Indeed, whilst the Commission was sitting and taking formal evidence, the threat of strike action by trainers was averted at the last minute and narrowly avoided having a Saturday race meeting postponed. Such was the strength of feeling of trainers about their financial position.
5. The Commission heard various claims about the cost of training a horse in Mauritius which, on average, amounted to about MUR 25,000 a month. Trainers complained about excessive tax assessments from the MRA and an inability to afford Appeals against such claims.
6. The Commission was told that, of the 13 trainers currently operating, only four or five are making money. An obvious concern surrounding that situation was that trainers may be tempted to resort to betting to try and 'make ends meet' and that can lead to integrity issues and corruption.
7. Trainers spoken to by the Commission expressed serious concern about the state of racing in Mauritius and said that, without the extra monies they are occasionally paid by owners (sponsors), the temptation to take illicit payments from bookmakers and/or become involved in race fixing is ever present. Whilst all those who gave evidence to the Commission denied any involvement in such corrupt activity, they recognised the risk.
8. The Commission viewed, with concern, the statements made by the trainers who gave evidence to it and notes the risk of trainers seeking to supplement their legal income by nefarious means.
9. A new Regulator of racing would be well advised to take heed of the current concerns of trainers (and owners) and should seek to liaise with the GRA and MRA on those matters to avoid further unrest and possible industrial action by the trainers.

Chapter 12(c): Jockeys

1. Allegations of corruption in Mauritian horse racing go back more than 30 years and, in many cases, jockeys are at the heart of such allegations. It was one of the main reasons for the setting up of the Rault Committee which reported in 1985. Since then, allegations of corruption in Mauritian horse racing have continued. Jockeys are still seen by many as central to such activity, as they have direct control of the horse in a race. However, it is highly unlikely that they are acting alone. Mauritian horse racing is heavily dependent on recruiting foreign jockeys. A popular view, especially amongst sections of the Mauritian media, is that foreign jockeys are the primary cause of the corruption; a perception that is reinforced by examples of some of them leaving the island under a cloud and before any disciplinary

or criminal action can be taken against them. Whilst a number of recent corruption allegations on the island have involved foreign jockeys, Mauritian jockeys have also been implicated.

2. The Commission was informed by a large majority of deponents that it is difficult for all but a select few jockeys in Mauritius to make a good living from horse racing. That is particularly true for local jockeys who appear to earn much less than their foreign counterparts, both in prize money and riding fees. The result is that many jockeys seek other ways of supplementing their income, which can range from betting themselves, providing inside information for others (eg bookmakers and punters) or even fixing a race by the way they ride their horse.
3. The Commission was presented with a wealth of information which indicated that the corruption of jockeys has been a part of Mauritian horse racing for so long that the culture of cheating is almost considered by some as normal practice. The Commission was told it had become an accepted part of that culture that both local and foreign Jockeys will seek any way they can to supplement honest wages with dishonest earnings. The alleged cheating that pervades Mauritian horse racing is now so widely known that it is suspected that some foreign jockeys come to the island for that very reason. Many of the foreign jockeys are in the twilight of their careers and Mauritius presents an opportunity to earn good money, either legally or illegally before they retire.
4. The Commission considers that urgent action is necessary to address the very real concerns about corruption amongst jockeys. A starting point has to be ensuring that jockeys are adequately remunerated. As mentioned in Chapter 11(e), evidence presented to the Commission indicated that the MTC appears to have little control or influence over jockeys, other than on race-days - the general view being that they are 'a law unto themselves' and, by their life-style, some are clearly demonstrating that they are living beyond their legal earnings whilst others, mainly the local Mauritian jockeys, are barely able to scrape together enough money to support their families.
5. Currently, once licensed by the MTC, jockeys are attached to a trainer who is expected to keep them in check; most struggle to do so. The Commission received evidence from various stakeholders that many jockeys have inappropriate relationships with bookmakers. Again, it appears to be normal for jockeys to speak to bookmakers without fear of sanction. This was an observation of the Rault report in 1985 and the Commission was disturbed to hear that little had changed in 30 years.
6. The present system for managing both local and foreign jockeys is broken. Lessons can be learned from other racing jurisdictions, such as Hong Kong, who similarly rely heavily on foreign jockeys. As mentioned in Chapter 11(e), Hong Kong provides a potential model for the restructured MTC to be the contracted employer of all jockeys on the island. The number of jockeys should be relative to the needs of racing in Mauritius and

should include both local and foreign jockeys. A trainer could then bid for the services of individual jockeys on a race-by-race basis. The minimum fee that a jockey is paid should reflect a reasonable living wage. (Recommendation 14.)

Chapter 13: Betting

Chapter 13(a): Overview

1. During the course of this Inquiry, ‘betting’ has featured as a principal concern of those giving evidence to the Commission, not just in respect of the current legal and illegal markets, but also suggestions for widespread change on how betting is conducted in Mauritius. Betting was variously described as ‘the root of all evil’ and the main cause for the allegations of corruption in Mauritian horse racing, to the possible answer to the funding problems surrounding racing on the island, if certain changes are made. The integrity of betting in Mauritius suffers principally from race fixing, the existence of a large ‘illegal market’ and an apparent lack of efficiency and effectiveness by the Authorities to address such matters.
2. As mentioned in Chapter 6, the GRA has issued 51 licences for betting in Mauritius, comprising 46 bookmakers taking ‘fixed odds’ (on or off course on local races at Champ de Mars), two bookmakers taking fixed odds bets on local races by telephone, two totalisator operators and SMS Pariaz, which takes fixed odds on local races through remote communications.
3. All betting operators are contracted to the MTC and pay royalties towards the use of the Club’s intellectual property (eg race-day information/data).
4. The Commission was informed that betting overall contributes some MUR 204 million to the Mauritius Treasury (bookmakers MUR 137; Tote MUR 67).
5. Currently, bookmakers in Mauritius are only allowed to offer ‘fixed odds’ bets. Credit/Debit betting is illegal but the Commission has been told that all bookmakers in Mauritius indulge in credit betting. Apparently, this ‘joueur credit’ occurs when a bet is placed with a bookmaker on credit terms. No receipt is given and therefore no tax is paid. It is all done on trust. The Commission understands that the bookmaker adds 5% to the price of the horse which is half of the Government betting tax. The bookmaker makes more money and the punter saves half of the tax. The Government loses its tax on such bets. The Commission was struck by the number of witnesses who referred to the bookmakers 5% uplift as a ‘tax’ which gave the impression that the practice was so common it seemed legitimatised.
6. The Commission has also been informed that almost all stables have a line of credit with bookmakers. Apparently the use of go-betweens, ‘Mission

Men', was rife and it is alleged that they placed credit bets on behalf of stable staff.

7. The Commission was also told that both the Police des Jeux and the MTC are aware of this arrangement but do little or nothing to stop it.
8. The Commission was disturbed to hear from deponents of the alleged extent of the illegal market in Mauritius and particularly the apparent widespread use of legal bookmakers to take illegal credit bets. Time and again deponents to the Commission gave such similar evidence on this abuse of the legal market that the practice appears to be an 'open secret'. However, little seems to be done to deal with that activity by either the Police des Jeux or the GRA.
9. A number of witnesses to the Commission commented that the misuse of the legal bookmaking market was a reason to abolish fixed odds betting and allow all betting only through a totalisator system. Senior representatives of the MTC, in particular, supported such a change and suggested that the current two totalisators should be merged into one tote, which should be run by the MTC. They pointed to other prominent racing jurisdictions (eg France and Hong Kong) as examples of such a model.
10. The Commission has noted that there are strong feelings about betting in Mauritius reflecting, on one side, serious objections to it or, at least, to any enlargement of the activity, against, on the other side, strong support for a more liberal betting market which properly reflects the development and changes in betting worldwide.
11. The Commission notes, with concern, the evidence from many witnesses that the illegal betting market in Mauritius is at least the size of the legal market and may even be larger than the legal market.
12. The Commission also notes, with concern, the alleged monies currently being lost to the Treasury from illegal betting and associated betting issues. Various figures of the estimated quantum of that loss have been presented to the Commission in evidence. One such figure was put at MUR 800 million a year in the Parliamentary Debate on horse racing.
13. The Commission was told by the MTC that some 242 arrests have been made over the last five years for illegal betting. The Club suggested that the trend of betting with illegal bookmakers will continue and even increase, not least because of the current 10% rate of betting tax.
14. If that is so and the Commission, on what it has heard, accepts the proposition as likely, then something more than just arresting a few people engaged in illegal betting needs to be done.
15. The Commission cannot judge the exact loss to the Treasury but other estimates given by deponents to the Commission have tended to support the level of loss mentioned in the Parliamentary Debate which, if true,

represents a staggering amount of money lost and the Government should act urgently to address the problem.

16. In considering its recommendation on betting, the Commission has taken into account the cultural, political and sporting background to such matters in Mauritius.
17. Culturally, Mauritius is a mix of Hindu, Muslim, Sino-Mauritian, Franco-Mauritian Creole and a general community element. Each section of the community holds its own views about betting and not all of them are supportive of it.
18. Politically and culturally there are differences of opinion on betting and very real fears from some about an increase in problem gambling if there is a proliferation of betting on the island. However, the Commission judges that some of those fears may be misplaced and, with modest changes to the betting market and a more effectively regulated system, there is no clear evidence that such concerns will be substantiated.
19. In a sporting context, horse racing is now an industry, as well as a sport. It still provides leisure entertainment as the most popular sport of the island for a large number of people on race days, as well as providing work directly or indirectly for some 2,500 families. Also, in spite of the leakages mentioned earlier, the sport and betting on it provides Government with some MUR 500 million in taxes a year. In addition, the MTC support for charitable causes in Mauritius and other welfare matters in the racing industry is noted.
20. Horse racing in Mauritius, similar to other parts of the world, is facing significant financial challenges and that position will be exacerbated unless betting turnover, which faces major challenges from other sports, improves.

Chapter 13(b): The Legal Market

1. The legal betting market on horse racing in Mauritius comprises the forty-six 'cash only' bookmakers, based either on or away from the Champ de Mars racecourse, taking fixed odds bets on local races. There are also two bookmakers taking fixed odds bets on local races by telephone, two totalisator operators and SMS Pariaz, which takes fixed odds on local races through remote communications (by text).
2. In essence, this is a highly restricted market in respect of the options it offers to punters and, by its very nature, encourages illegal betting. There are limited ways of placing a bet remotely (by internet or telephone) which means those who wish to place a substantial bet on horse racing either have to carry large sums of money to the bookmaker or, what happens in practice, punters resort to the illegal market or place illegal bets through legal operators.

3. The structure of the current legal market offers punters limited alternatives to place a bet. Betting in Mauritius is a very popular leisure activity and the Commission notes the various views expressed for and against change but, in carefully weighing up the pros and cons on this issue, it is minded to recommend change - see Chapter 13(d).

Chapter 13(c): The Illegal Market

1. Many individuals spoke to the Commission about the flourishing illegal betting market that exists in Mauritius. No-one is able accurately to quantify its size, although a number of those that appeared before the Commission suggested that the turnover of the illegal market may be as much as, or even more than, the legal market. Whatever the figure, it is clear that a large sum of money (10% of the turnover) is lost to the Government and horse racing in Mauritius.
2. A majority blamed the restrictive elements of the betting market, coupled with the 10% tax on all bets, as the main reason for the illegal betting markets. Many also put forward the fact that bookmakers are only allowed to take cash bets as a principal reason for illegal betting. Rather than carry around large amounts of cash, punters are attracted to the idea of placing bets over the phone (credit betting) with the added incentive that they will only be charged 5% tax (which the bookmaker keeps). The Commission was surprised to hear that many of the bookmakers taking these illegal bets are in fact licensed (legal) bookmakers.
3. There are many other countries where betting is as popular as Mauritius, although illegal. Obvious examples include India, China and the USA, and those countries all have significant problems with illegal betting operations, very often linked to serious and organised crime.

Chapter 13(d): The Future

1. The Commission recognises that betting is an important part of life for many people in Mauritius. The Government also acknowledged that by legalising betting on horse racing many years ago. Betting needs to be viewed more positively, as it is in Hong Kong and Great Britain, where the most popular betting products are similar - horse racing and football (the Premier League).
2. In Mauritius, betting options on horse racing are restricted, compared to Great Britain, where there is a flourishing well-regulated legal market that offers punters a range of choices on how, what and when to bet.
3. The Commission feels that it would be both prudent and desirable to consider change in the way betting is conducted in Mauritius. The most obvious benefit to the Mauritius Government would be the opportunity to generate more revenue by stemming the current lost taxes flowing out of the illegal market.

4. The Commission strongly recommends that the Mauritian Government considers a comprehensive change to its approach to betting, particularly on horse racing. This will require, in principle, a change in attitude to betting as a leisure pursuit. Current restrictions do not allow the betting markets to offer punters the range of products generally available in other countries.
5. The Commission notes that the present restrictive nature of the betting market is encouraging the illegal market to flourish, with a risk that the monies generated through the illegal markets are channelled into other illegal activities, including race-fixing and serious and organised crime. The experience of other countries such as Great Britain, Hong Kong and Australia is that preventing, or at least suppressing, the illegal flow of money not only has a benefit to the sport but also to society in general.
6. To suppress illegal betting, punters need to be given attractive legal alternatives. That includes broadening the opportunity to bet and increasing the variety of products to bet on. To this end, mature and well-regulated betting markets, like those in Great Britain and Australia, allow debit betting so that punters can place bets remotely over the telephone or via the internet.
7. Debit betting is convenient for both the punter and the betting operator. A 'debit bet' is where a debit is made to the punter's bank account if a bookmaker is owed money on a bet. All bookmakers accepting such bets must have rules to cover such matters. Importantly, on a 'debit bet', a punter must have sufficient funds in a bank or internet account before a bookmaker will accept such a bet. Other advantages over cash betting in Mauritius would include:
 - an attractive alternative to the illegal market;
 - the existence of a clear audit trail between the person placing the bet and the person accepting the bet;
 - it streamlines the collection of betting tax revenue;
 - it makes it more difficult for people to bet beyond their means;
 - it reduces the need to carry large amounts of cash;
 - it limits the opportunities for under-age betting;
 - it supports anti-money laundering operations.
8. The Commission was told by a number of bookmakers about the many restrictions placed upon them to control how they run their business, particularly on ways of accepting bets and opening hours. The Commission considers that betting operators should be given greater freedom to operate, allowing them to accept debit bets, offer a greater variety of bets on horse racing and other sports, and have flexibility on opening hours. The Commission also recommends that neither a reconstituted MTC nor a new MHA should play any part in the licensing of bookmakers.

9. Such measures, the Commission judges, will help dissuade punters from placing bets through illegal channels, generate more revenue via betting tax and help to reduce the flow of illegal money most likely being channelled into other illegal activities on the island.
10. As an alternative to wholesale change on the betting culture of Mauritius, the Commission received submissions from a small number of witnesses suggesting the answer to illegal betting is to abolish fixed odds betting and only allow betting through a totalisator system. The Commission considers that would be a backward step as fixed odds betting is by far and away the most popular betting choice for punters in Mauritius. In essence, it would further restrict the choice for punters and most likely result in an expansion of the illegal markets who may then offer a fixed odds option.
11. A more sensible option would be to focus on ways of making betting through the Tote system an attractive alternative to fixed odds betting whilst permitting both to co-exist. Experience from other countries (such as Great Britain and Australia) demonstrates that a well-managed Tote system can flourish alongside fixed odds betting. Tote systems are more difficult to manipulate and so are attractive to a sport on integrity grounds.
12. The Tote systems in Great Britain, Australia and Hong Kong are successful because they allow punters from other countries to bet into them (co-mingling). This extra money enhances Tote pool liquidity and has a knock-on effect of attracting 'professional money' which further increases the size of the pool. The attraction to the small-stake punter is the chance to win large amounts of money for a relatively small outlay through bets like the 'Scoop 6' in Great Britain.
13. The Commission also recommends that consideration be given to allowing the MTC to run an 'international Tote' system. That would offer punters in Mauritius (and abroad) an alternative to other fixed odds betting products and be a potentially lucrative source of additional revenue for racing in Mauritius. (**Recommendation 5.**)
14. The Commission was told by a number of witnesses that betting on football (particularly Premier League football in Great Britain) is the other major betting pastime for punters on the island. The Commission understands that many of those bets are being placed with bookmakers offshore, which, if true, is more money that is being lost to the island.
15. Betting on football represents another revenue generating opportunity for the Government. Six years ago, Hong Kong was in a similar position as punters were betting on football only with foreign operators. To reverse the trend, the Government gave the Hong Kong Jockey Club the sole rights to taking football bets. The money that now stays on the island has made a massive difference to income generation for both the Hong Kong Jockey Club and the Government. Other countries have recently followed the lead of Hong Kong and introduced statutory restrictions to prevent money going to foreign betting operators. It is also an option for the Mauritian

Government and if the MTC is granted a ‘sports betting licence’ to allow it to operate its own Tote, then including betting on football would be another lucrative method of income generation.

16. In summary, the Commission has taken careful note of the evidence presented to it on betting in Mauritius. The Terms of Reference for this Inquiry include specific mention of the conduct of betting operations on horse racing in Mauritius.
17. As stated in Chapter 13(a), the Commission is conscious of the various cultural and political views on betting in Mauritius and recognises that a major shift in current Government policy on this subject would be necessary to bring about the changes which the Commission recommends should be considered.
18. Illegal betting is a scourge of the betting environment in Mauritius. Unlike Hong Kong, where illegal betting is largely offered by offshore operators outside the jurisdiction of the Hong Kong Jockey Club or Police, in Mauritius the illegal betting market is almost entirely conducted through legal (and illegal) operators on the island and, therefore, within the jurisdiction of the authorities. Moreover, all of the punters using the illegal market in Mauritius are resident on the island and also within the jurisdiction of the Mauritian authorities.
19. What is necessary, in the view of the Commission, is a change in attitude by Government, Police and other relevant authorities to address the problem.
20. Allegations of corruption in horse racing and betting in Mauritius have damaged the sport and Government. With a stronger will to tackle the problem, a higher priority being given to it by Police and other relevant agencies, the Commission considers that the illegal betting market can be greatly reduced and ultimately controlled.
21. The Commission strongly recommends that urgent consideration is given to combating illegal betting. It further assesses that in doing so, urgent consideration is also given to making necessary changes to how betting is conducted in Mauritius by allowing debit betting facilities and greater freedom of operation to betting organisations on the island to offer new betting products with the approval of the GRA. (**Recommendations 20-22.**)

Chapter 14: Integrity

Chapter 14(a): Overview

1. The integrity of horse racing in Mauritius is at an all-time low. The Commission has seen documents and heard evidence from a wide range of

people which indicates that there is a lack of confidence and trust in the sport and how it is run.

2. Time and again witnesses to the Commission expressed concerns about the actual and perceived lack of integrity in horse racing. Even within the MTC itself, from both 'clans', there was an acceptance that public concern about the integrity of the sport is significant.
3. The Commission was variously informed about alleged corrupt activity, including 'fixed races', illegal and corrupt betting practices, collusion by owners, trainers and jockeys in such corrupt matters and an apparent lack of either will or ability to address such issues by the Police, the GRA, other official authorities or the Mauritius Turf Club itself.
4. Indeed, a common phrase presented to the Commission by many deponents was "... *this Commission is the last chance for Mauritius horse racing*". In exploring such comments, the Commission was alarmed and saddened to hear the various witnesses relating their experiences about the lack of integrity in horse racing on the island. A common comment was the apparent lack of ability or interest by those responsible for the organisation, management and administrators of horse racing in Mauritius to tackle the widespread concern. It is for that reason that the Commission concludes there is maladministration within the MTC bordering on 'institutional corruption'. (See Chapter 11(a)).
5. Integrity in horse racing includes the following various elements, viz:
 - the integrity and competence of those responsible for the organisation, management and administration of the sport (see Chapter 11);
 - the integrity of the race as a sporting event (see Chapter 14(b));
 - the integrity of the race as a betting platform (see Chapter 13);
 - the integrity of those who take part in the race (eg owners, trainers, jockeys (see Chapter 12);
 - the integrity and competence of those who officiate on the race/deal with allegations (disciplinary or criminal) arising out of the race (see Chapters 6-11 and 14(b)).
6. Each of those essential components of integrity is necessary to build an effective and efficient integrity regime for horse racing. The Commission has carefully examined the different elements under its various Terms of Reference and detailed comment on its findings, thereon, are included in the identified chapters of this Report. As a broad summary on all matters affecting the integrity of horse racing in Mauritius, the Commission concludes that fundamental changes are needed to address a range of the identified concerns. Some of the action necessary requires a change of attitude and will, together with enhanced resources, knowledge, skills and experience by those involved in such matters in Mauritius. In some areas, more fundamental structural change is required and that may well need

professional help and assistance from experienced personnel from other countries (see Chapter 15).

7. One specific Term of reference requires the Commission to focus on ‘the occurrences of a series of incidents that have taken place recently during races, including the dubious performance of certain horses and their jockeys’. The Commission notes that allegations of corrupt races have been a major issue for Mauritian horse racing for many years. Common themes that were highlighted in the Rault Report in 1985 and, in the view of the Commission, are still relevant include:
 - clarity around whose responsibility it is to deal with corruption in horse racing;
 - the inability through the structures and processes of the MTC to adequately deal with the issue of fixed races;
 - conflicts of interest that inhibit improvements around integrity;
 - the management and control of both Mauritian and foreign jockeys;
 - the illegal betting markets;
 - inadequate application of the rules and regulations around corruption.
8. The Commission is concerned to find few tangible changes or improvement on the issues identified by Rault over the past 30 years.
9. There is no single reason why Mauritian horse racing has struggled to get to grips with the integrity problems that continue to blight the sport. One reason identified by the Commission is the lack of clarity on which organisation should lead on integrity. In Great Britain, the BHA is the independent regulatory and governing authority for horse racing, the Gambling Commission regulates betting and the Gambling Commission and Police have powers to deal with criminal activity surrounding betting and the sport.
10. All three of those organisations have a role to play but, importantly, the lead role for sports integrity remains with the relevant Sports Regulator. In respect of horse racing in Great Britain, that is the British Horseracing Authority. However the crucial element that helps that to work effectively is the sharing of information which facilitates joint working between each of the interested parties when necessary. In Mauritius, the three organisations that have an element of responsibility for the integrity of horse racing are similar to Great Britain; the MTC as the sports regulator, the Gambling Regulatory Authority from a betting perspective, and the Mauritius Police (through the Police des Jeux) for the criminal aspect. However the Commission was concerned to find little or no evidence of joint working and a very limited will even to share information.
11. The designated Regulatory/Governing Sports Authority should be the lead organisation, but good race-day systems and processes also need to be adopted, and the Commission found very little in the way of identifiable integrity structures and processes to deal with race fixing in Mauritius. It is

currently unclear who within the MTC has the lead responsibility for integrity issues. For example, both the BHA and the Hong Kong Jockey Club have senior managers who are clearly accountable for such matters. In making its recommendations on the 'Separation of Powers' (see Chapter 15), the Commission will address that issue.

Chapter 14(b): Race Fixing/Suspected Corrupt Activity

1. The Commission has identified a number of suspect races which have taken place over the last two years (see Annex 'C'). Those also attracted adverse comment from stakeholders in the racing community because of the way they were handled. Most criticism was aimed at the MTC but there was unhappiness with the roles played by both the Police and the GRA in all cases.
2. A common theme of that criticism was that, in every case, the jockey received a punishment but only once was the trainer sanctioned. More worrying, in none of the cases was an owner or corrupt punter identified as being involved. The Commission considers it is highly unlikely that jockeys act alone in allegedly corrupt/fixed races.
3. Experience from other countries (eg Great Britain and Hong Kong) is that a jockey will deliberately hold back a horse (not riding it on its merits) to achieve a 'betting coup' for others usually with connections to the horse. Alternatively, a jockey may be asked to prevent another horse, the favourite, winning, again for corrupt betting reasons, and that is likely to be at the behest of a bookmaker.
4. For reasons of potential conflict with its principal task, the Commission has not attempted to reinvestigate any of the cases shown in Annex 'C' but it has identified common themes in the cases. The Commission assesses that shortcomings in the structures, systems and processes at the MTC prevented the cases being properly dealt with to identify and punish all those involved (not just the jockey) whilst, at the same time, satisfying a public expectation that action is fairly being taken against all those who break the rules of racing.
5. The allegations concerning the races in Annex 'C' fall into two categories: first, the jockey has either deliberately not rode the horse on its merits (to ensure it does not win) or, second, the jockey has used his horse to try and prevent another horse (usually the favourite) winning. As a consequence, the jockeys concerned were all charged with 'running and riding' offences covered by Rule 160.
6. The MTC has a specific rule to deal with anyone suspected of being involved in a corrupt or fraudulent enterprise in a race. However, in none of the cases was that charge used because the only probative evidence the stewards were able to rely upon is what they observed in the way a race

was run and, to a lesser extent, the explanation of the jockey and connections of the horse given during a subsequent Stewards Enquiry.

7. The Commission is concerned about the MTC's inability to identify and punish anyone, beyond the jockey, in the corrupt enterprises that are undoubtedly occurring in Mauritian racing on a frequent basis. The Commission considers that those shortcomings are because neither the MTC, the Police nor the Gambling Commission has the relevant expertise or motivation to investigate these types of cases properly.
8. As mentioned in Chapter 14(a), there is a lack of clarity on who has responsibility to lead on integrity issues in Mauritius. There is also a glaring lack of experience in intelligence management and betting expertise. There is no clear policy on how such cases are handled initially and how decisions are made on whether a case can best be dealt with under the Rules of Racing, or whether referral to the Police des Jeux/GRA for a criminal investigation would be more appropriate.
9. In Great Britain, the BHA has an effective Integrity Unit (see Annex 'E') which deals with all suspected corruption in racing (see Chapter 15, paragraph 14). On the morning of every race-day, BHA betting experts will be monitoring all relevant betting markets for indications of any suspicious betting activity. Should anything unusual be seen, it will be passed to the race-day stewards for information, including use at any subsequent enquiry. If, after receiving information about suspicious betting on a horse the stewards then see a ride that they consider is in breach of the rules, they are mandated to refer the case back to the Integrity Department to investigate the case further. The additional betting information may indicate that the race is not just a 'running and riding' issue but a potential corruption case worthy of further investigation.
10. Close liaison between the BHA and bookmakers in Great Britain with formal Memoranda of Understanding and Gambling Commission licensing rules, which compel the bookmaker to inform the BHA of a suspicious bet, all help to establish a link between those who placed the bet(s) and those concerned in the underperformance of the horse - most commonly the jockey, trainer or owner, either individually or collectively.
11. A condition of registration for owners and for all licensees in horse racing in Great Britain is a requirement to provide telephone and betting records (during an investigation) and attend an interview to answer questions. Failure to comply can result in a serious sanction, including withdrawal of the registration or licence.
12. The Commission considers that the ability of the Regulator to carry out this type of in-depth investigation in Mauritian horse racing will be critical to the rebuilding of the reputation of the sport on the island. It will involve major changes to how the Regulator deals with integrity. At present, for those involved in cheating, there is no real threat of being caught unless you are a jockey. The Commission considers there is an urgent need to establish a

new regulatory structure that has the motivation and ability to combat integrity problems in an efficient and effective manner (see Chapter 16).

13. The scale and volume of racing in Mauritius would not require a large Integrity Unit, as in Great Britain or Hong Kong, but it should mirror a demonstrable commitment to integrity. Potential corruptors of horse races should fear being caught (and punished) which, in itself, acts as a strong deterrent against wrongdoing in the sport.
14. The Commission considers that the MTC is not currently 'fit for purpose' to protect the sport from betting-related cheating. Without radical changes to the structure and attitudes to integrity, doubts will continue about the competence of the Regulator to ensure the integrity of the race as a sporting event, the integrity of the betting markets and the integrity of the sports participants.
15. Annex 'C' contains details of races over the past two years which the Commission considers were potentially corrupt and which were included in the Interim Report of the Commission. Although the Commission has not attempted to reinvestigate the races for the reasons shown in the Report, an examination of them has illustrated evidential weaknesses in the handling of the cases by the MTC and/or the PDJ. Those issues are included in Annex 'C'.

Chapter 15: Separation of Powers

1. The Commission of Inquiry into horse racing in Mauritius has concluded, on the wide range of evidence it has examined, that a fundamental change in structure, policy and procedure is necessary to address the concerns identified in the operation, management and administration of horse racing on the island.
2. Term of Reference (i) asks the Commission to consider the 'advisability of setting up a Mauritius Turf Authority to oversee the overall organisation, management and administration of horse racing in Mauritius'.
3. The Commission strongly recommends such action, which it regards as essential to deal with the serious concerns it has identified in the regulation and governance of horse racing in Mauritius.
4. The Commission judges that there is an urgent need to separate the 'regulatory' and 'governance' roles of the Mauritius Turf Club from its day-to-day management and organisation of race-meetings.
5. The Commission strongly recommends the creation of a new body - 'The Mauritius Horseracing Authority' (MHA), which separates 'regulation' and 'governance' from race-day functions and which introduces an important

element of independence to such matters. No employee of the new MHA should be allowed to be a member of the MTC.

6. In coming to its conclusion, the Commission has carefully considered and reviewed other racing jurisdictions around the world which have different models of governance (eg Great Britain as compared to Hong Kong).
7. In Great Britain, there is an independent 'British Horseracing Authority', which is the regulatory and governing body for horse racing. In Hong Kong, the Hong Kong Jockey Club oversees all such matters concerning racing, similar to Mauritius.
8. The Commission visited Hong Kong in an effort to ascertain whether its model could be followed by the Mauritius Turf Club. The Hong Kong Jockey Club effectively separates its regulatory and governance functions from the wider racing interests of club members by having a Board of Stewards, comprising a Chairman and 11 members, who are all eminent business leaders or senior legal figures in the community, and a separate Board of Management, comprising a CEO and 10 Executive Directors. There is a very clear and well understood demarcation of powers between the general oversight and responsibility for all racing matters by the Board of Stewards from the operation and management of the club's regulatory and governance functions by the Board of Management.
9. The Commission acknowledges that, in principle, the Mauritius Turf Club could be adapted to create such a model. Indeed, some would say they already have such a model. However, it is the firm conclusion of the Commission that the MTC's current structure, policies and operations are so fractured and dysfunctional that, even with a major re-construction of personnel and policies, it doubts it could regain the trust and confidence of the Government and community of Mauritius. The size, demography and cultural make-up of the island and the inevitable co-mingling of leading members of the political, business, legal and sporting communities, exacerbate the problem of creating an independent regulatory and governance function within the same organisation.
10. As an alternative, the Commission also considered whether the regulation and governance of horse racing in Mauritius could be better conducted by creating a new separate section within the Gambling Regulatory Authority but, for similar reasons of dysfunction and the mistrust in which that Authority is commonly regarded, it rejected such an idea.
11. In recommending a separate Mauritius Horseracing Authority (**Recommendations 1 and 2**), independent of Government and the Mauritius Turf Club, the Commission proposes a model which has been tried and tested in several major racing jurisdictions around the world and, in particular, over the past 13 years in Great Britain. The crucial element of this proposed change is identifying and recruiting the 'right people' to run the Authority, particularly an independent Chairman.

12. A new 'Mauritius Horseracing Authority' (MHA) should be a statutory body and assume independent responsibility for all regulatory and governance functions for horse racing on the island, including:
 - licensing of all participants;
 - The Rules of Racing;
 - stewarding;
 - race-day staff (starters, Clerk of the Scales, flagmen, weighing room/security staff);
 - veterinary issues;
 - funding for regulatory and governance functions;
 - an Integrity Department (with statutory legal powers);
 - a disciplinary panel (an independent body set up by MHA, plus an Appeal Panel also independent but administratively serviced by MHA).
13. The specific structure of the new body and its resources (staff, IT, etc) would need to be assessed but should include:
 - Chairman and non-executive board;
 - Chief Executive (to include Strategic/Policy management);
 - a Racing Regulatory and Governance Department - Director in charge;
 - an Integrity Department - Director in charge;
 - Corporate/HR Functions - Director in Charge.
14. Importantly, the Integrity Department should include both an 'Intelligence' and 'Investigative' function, with a legal advisor and compliance section to oversee disciplinary cases. The strategy for the Integrity Department should embrace a twin objective of 'prevention' and 'detection' and the gathering of intelligence on integrity matters must be a core function, encompassing expert betting analysis and experienced investigators to pursue cases, as necessary, under the Rules of Racing, or refer them to Police if a criminal offence is suspected (unless legal powers of search, arrest and charging, are provided by the creating statute).
15. Much improved inter-agency working between the new MHA, the Police des Jeux, the GRA and other Government Departments and Agencies must be established to ensure an effective multi-agency approach to those elements of racing integrity which require such action. The MHA should take the lead on establishing a better inter-agency approach, including drafting MoUs and liaison protocols.
16. The Commission envisages that, at least in the formative year(s), the new Authority would need expert independent help and professional experience from outside Mauritius, which the Commission believes is available either on a contractual or attachment basis (see also paragraph 11).
17. A potential structural diagram for a new Mauritius Horseracing Authority is shown at Annex 'D', together with an integral Integrity Unit at Appendix 'E'.

18. The Commission has considered the potential cost and function for such a new Authority but it has not attempted to quantify specific figures as much will depend upon factors, unknown at present, affecting both Capital and Revenue budgets.
19. The independence of the new Authority is important and therefore the Commission feels it should best be located in offices separate from all current organisations/departments dealing with horse racing matters. As such, it is not possible to indicate the capital funding for such an Authority, as much will depend upon the nature and location of the premises to house it. An alternative, to reduce capital and set-up cost, would be to house the new authority in a current Government Building (eg GRA).
20. Revenue costs principally relate to staffing and IT facilities. Funding for those costs will depend upon the nature of the staff and expertise (eg foreign expertise on contract/attachment) or local personnel, including the possible transfer of some staff currently employed by the MTC as well as income from licence fees.
21. The Commission also assesses that the funding of the new Authority could be found from the additional revenue accrued from a rationalisation of the betting markets (see Chapter 13), particularly recouping monies from an eliminated/much reduced illegal market. In addition to funding the new Authority, the Commission judges that other surpluses gained from retrieving revenue losses on illegal betting could be used for charitable and other welfare/community needs in Mauritius, akin to the significant funding of such matters in Hong Kong.

Chapter 16: Summary of Recommendations

1. The Commission has considered a wide range of information/evidence, both from documents submitted to it and from witness statements given during the formal Panel sittings. The findings of the Commission are discussed in Chapters 5-15 of this Report.
2. After careful examination of all the evidence, and taking into account the special characteristics of Mauritius, as well as affordability, reasonableness and proportionality, the Commission makes 23 recommendations.
3. For ease of reference in this Chapter, the recommendations will be sequentially listed against the 12 Terms of Reference and cross-referenced to the detailed discussion thereon in the various chapters of the Report.
4. **ToR(a)**: ‘To inquire into the organisation, management and administration of horse racing in Mauritius’.
5. **ToR(i)**: ‘To inquire into all aspects of horse racing in Mauritius, including the advisability of setting up a Mauritius Turf Authority to oversee the

overall organisation, management and administration of horse racing in Mauritius.

6. The Commission has examined, in detail, the current organisation, management and administration of horse racing in Mauritius and, specifically, the role of the Mauritius Turf Club and other Government Departments/Agencies having a part to play in such matters (see Chapters 6-11 of the Report).
7. For the reasons discussed in those chapters, the Commission recommends that:

Recommendation 1

- the current regulatory and governance functions of the MTC be removed and, instead, become the responsibility of a new independent Sports' Governing Body called 'The Mauritius Horseracing Authority' (MHA);

Recommendation 2

- A structure for the new MHA and its Integrity Unit is shown at Annexes 'D' and 'E'.

Recommendation 3

- the Mauritius Turf Club should retain responsibility for Race Planning and Race-day operations;

Recommendation 4

- consideration should be given to changing the status of the Club from a private club registered under the Registration of Associations Act 1973 into a company limited by shares and subject to company law;

Recommendation 5

- consideration should be given to the newly constituted MTC being granted a 'Sports Betting Licence' to permit it to run its own Totalisator system;

Recommendation 6

- consideration should be given to how the new MTC might create and develop a commercial facility to enhance income generation and allow greater flexibility and competence in negotiating contracts, seeking investments/ sponsorship/media rights, etc.

8. Whilst recognising that the current regulatory and governance responsibilities for horse racing in Mauritius rest solely with the Mauritius Turf Club, the Commission also examined other Government Departments/Agencies in Mauritius having a role to play in horse racing on the island. In so doing, the Commission noted the comments of the then Prime Minister when setting up the Commission of Inquiry, that "*the Government was equally concerned about criticisms levelled at agencies dealing with horse racing and betting activities related thereto*". (See Chapter 4 - Background and Chapters 6-10.)

9. The departments/organisations examined by the Commission included:
 - The Gambling Regulatory Authority;
 - The Police des Jeux;
 - The Mauritian Revenue Authority;

- The Financial Intelligence Unit;
- The Independent Commission Against Corruption.

10. In respect of those organisations, the Commission makes the following recommendations:

11. **The Gambling Regulatory Authority**

Recommendation 7 The GRA requires fundamental change, to include:

- new dynamic leadership;
- a clear strategic plan to fulfil its wide-ranging responsibilities for horse racing under the Gambling Regulatory Authority Act 2007;
- a tactical plan to implement the strategy;
- proper resourcing, including sufficient staff with the necessary experience and expertise in horse racing and betting matters and ‘fit for purpose’ technical support, including a complete upgrading of the Gambling Regulatory Authority Betting Control System (GRABCS). (See Chapter 6).

12. **The Police des Jeux**

Recommendation 8 The Commission recommends that there is an urgent need for the following action:

- give horse racing crime and illegal betting a higher priority in policing in Mauritius;
- devise a clear strategy and tactical options for addressing such matters;
- enhance the resources of the Police des Jeux with the appropriate skills in betting and sports-related crime, including specific training on such matters;
- enhance the technological resources to help combat such matters;
- improve inter-agency cooperation and working practices with the MTC, the GRA, other Government departments and agencies connected with sports crime and illegal betting. (See Chapter 7.)

13. **The Mauritius Revenue Authority**

The Commission recommends that:

Recommendation 9 'The Mauritius Revenue Authority should develop greater inter-agency cooperation between the MTC, the GRA, the Police des Jeux and other agencies involved in the management, administration and operation of horse racing and betting in Mauritius to include consideration of Memoranda of Understanding to enhance inter-agency efficiency and effectiveness in such matters.' (See Chapter 8.)

14. The Financial Intelligence Unit

Recommendation 10 The Commission recommends that 'the Financial Intelligence Unit takes note of the importance of relevant information/intelligence in relation to horse racing/betting offences and enhances its inter-agency co-operation on such matters. (See Chapter 9.)

15. The Independent Commission Against Corruption

Recommendation 11 The Commission recommends that:

'Whilst noting the current limitations of the ICAC's jurisdiction over horse racing/betting matters, it strongly supports the proposed amendment to the Prevention of Corruption Act 2002 to allow the ICAC to engage in relevant horse racing/betting corruption in the future. (See Chapter 10.)

16. **ToR a(i):** The procedures relating to the licensing of stables, nominators, trainers and freelancers, as well as the registration of horse owners.

Recommendation 12 The Commission recommends that the new Regulatory Authority (MHA) enhances the procedures for registration and licensing of owners and trainers to include more effective 'due diligence' checks on both:

- the suitability of the person to be granted registration or a licence, to include financial, character and integrity checks;
- the professional competence of the individual to fulfil the role for which registration or a licence is required.

Recommendation 13 The Commission recommends that the role of 'Stable Manager'/'Nominator' be abolished and that a licensed trainer is solely responsible for the management of a training establishment. (See Chapters 11(e), 12(a) and 12(b).)

17. **ToR a(ii)**: ‘The procedures for the recruitment of jockeys, in particular foreign ones’.

Recommendation 14 The Commission recommends that the new Regulatory Body (MHA) makes similar improvements in the licensing regime for both foreign and local jockeys as for owners’ registration and trainer licences (ToR a(i)).

Those provisions to also include:

- a licence granted by the new Regulator (MHA) after due diligence checks;
- a contract of employment between foreign/local jockeys and the new MTC rather than jockeys being attached to stables;
- strict provisions within the contracts of employment for monitoring the behaviour of jockeys while licensed;
- enhanced training and awareness on integrity issues (to include a Code of Conduct);
- whilst conscious of the need for proportionality and affordability, payment of a proper ‘living wage’, particularly to local Mauritian jockeys;
- a re-assessment of the number of local jockeys granted a licence in accordance with estimated demand. (See Chapters 11(e) and 12(c).)

18. **ToR a(iii)**: ‘The procedures for the purchase of race horses and the source of funds for such purchases’.

Recommendation 15 The Commission recommends that the procedures for the purchase of race horses be reviewed to assess if they remain ‘fit for purpose’ with particular reference to:

- the naming of the specific purchasing owner(s) of all horses bought and imported into Mauritius;
- the specific source of funds used for the purchase;
- enhanced documentation covering the declaration of the actual purchase price of the horse and clearer procedures to ensure the purchase price declared on importation is the actual price paid for the horse.
- the MTC’s role in the importation of horses. (See Chapter 11(f).)

19. **ToR a(iv):** ‘The number of days on which races are held and the number of races held during a race day’.
The Commission comments on these issues at Chapter 5, paragraph 6, and Chapter 11(h) at paragraphs 4-6 but has no specific recommendation to make.
20. **ToR (b):** ‘The technical, veterinary, security and other related measures currently in place to ensure that no horse taking part in any race is tampered with’.
21. The Commission notes the general adequacy and, in some cases, excellence of veterinary and security arrangements in place but recommends that:
- Recommendation 16** • ‘the new Regulatory Body demonstrates its effectiveness in those areas by better communication to the media and racing public’.
- Recommendation 17** • the new Regulatory Body remains responsible for the Regulatory Veterinary Surgeons, as well as all Veterinary Surgeons treating race horses.
- Recommendation 18** • the new Regulatory Body should refer all future deliberate doping of a horse, including anabolic steroids, to the Police des Jeux. (See Chapter 11(g).)
22. **ToR (c):** ‘The occurrences of a series of incidents that have taken place recently during races, including dubious performance of certain horses and their jockeys’.
23. **ToR (d):** ‘The exact role and responsibilities of the Chief Stipendiary Steward and actions recommended or taken by him since his appointment as such’.
24. The various issues concerned in these two Terms of Reference are covered in the confidential Interim Report submitted by the Commission to the President of Mauritius on 28 November 2014. Additional information which has come to light since then is covered in Chapter 11(d) and Chapter 14 but the Commission makes no separate recommendation on these matters pending the outcome of the Interim Report (awaited).
25. **ToR (e):** The existing rules of racing with a view to ascertaining whether they are being applied indiscriminately and in all objectivity and even-handedly, so as to stand the test of transparency and accountability and whether they are compatible with international best practices. (Chapter 11(c).)
- Recommendation 19** A review of the MTC Rules of Racing should consider the matters raised in Annex ‘B’.
26. **ToR (f):** ‘The conduct of betting operations on horse racing by bookmakers and totalisator operators, including on-line systems and off-race course betting.

27. The Commission considers that there needs to be a fundamental re-think on how betting is operated in Mauritius. The Commission is conscious of the various cultural, political and sporting dimensions to betting in Mauritius but, after careful consideration of the evidence presented, it recommends:

Recommendation 20

- greater effort is paid to addressing and combating the large ‘illegal market’ by police and other relevant agencies;

Recommendation 21

- a policy shift is agreed and debit betting facilities are allowed in the fixed odds and totalisator markets, either personally or using remote devices;

Recommendation 22

- greater freedom is given to bookmakers to introduce new betting products to the marketplace, with the approval of the GRA (see Chapter 13);

Recommendation 23

- neither a reconstituted MTC nor a new MHA should have any role in the licensing of bookmakers (see Chapter 13).

28. **ToR (g):** ‘Any financial malpractices, including impropriety, illegal betting and illicit flow of funds in the organisation of betting, including ill-gotten gains from fraud in relation to horse racing’.

29. The Commission recognises the threat of money-laundering and ‘black-money’/illicit funds circulating in respect of corrupt betting practices and considers that greater inter-agency cooperation/inquiry will help in addressing such matters. (See **Recommendations 6-10.**)

30. However, it judges that a similar and significant threat exists in the large flow of funds through the illegal betting markets or via legal bookmakers taking illegal bets and that such practices can be greatly reduced by introducing changes to betting policy in Mauritius, as recommended under ToR(f). (See Chapter 13, **Recommendation 20-22.**)

31. **ToR (h):** ‘Any conflict of interest on the part of any person in relation to his involvement in horse racing’.

32. The Commission has commented upon the potential conflicts of interest involved in horse racing in Mauritius variously throughout the Report, viz:

- Chapter 6: GRA licensing procedures;
- Chapter 11(a): the inherent conflicts of interest within the management of the MTC, including the relationship between the President and Chief Stipendiary Steward (Chapter 11(d));
- Chapter 11(e): licensing issues;
- Chapter 15: Separation of Powers.

33. In each of those chapters, the Commission has commented on the potential conflicts of interest, and the relevant recommendations thereon deal with such matters (viz **Recommendations 1-3** and **Recommendations 11-13**).

Commission of Inquiry on Horse Racing

Terms of Reference

To inquire into, and report on:

- (a) the organisation, management and administration of horse racing in Mauritius, including:
 - (i) the procedures relating to the licensing of stables, nominators, trainers and freelancers, as well as the registration of horse owners;
 - (ii) the procedures for the recruitment of jockeys, in particular foreign ones;
 - (iii) the procedures for the purchase of race horses, and the source of funds for such purchases;
 - (iv) the number of days on which races are held and the number of races held during a racing day.
- (b) the technical, veterinary, security, and other related measures currently in place, to ensure that no horse taking part in any race is tampered with;
- (c) the occurrences of a series of incidents that have taken place recently during races, including dubious performance of certain horses and their jockeys;
- (d) the exact role and responsibilities of the Chief Stipendiary Steward and actions recommended or taken by him since his appointment as such;
- (e) the existing rules of racing with a view to ascertaining whether they are being applied indiscriminately and in all objectivity and even-handedly, so as to stand the test of transparency and accountability, and whether they are compatible with international best practices;
- (f) the conduct of betting operations on horse racing by bookmakers and totalisator operators, including on-line systems and off-race course betting;
- (g) any financial malpractices, including impropriety, illegal betting and illicit flow of funds in the organisation of betting, including ill-gotten gains from fraud in relation to horse racing;
- (h) any conflict of interest on the part of any person in relation to his/her involvement in horse racing;
- (i) all aspects of horse racing in Mauritius, including the advisability of setting up a Mauritius Turf Authority to oversee the overall organisation, management and administration of horse racing in Mauritius; and also report on any matter ancillary or incidental to (a) to (i) above, and make recommendations thereon.

The Rules of Racing

The Commission recommends a Review should take place of the following issues:

'Inside Information': A definition of 'inside information' should be created by the new Regulator and a specific offence covering the 'Misuse of Inside Information' should be included in the Rules. (A model to help guide any change on this subject is provided in the Australian New South Wales Rules and the Great Britain BHA Rules.)

Rule 11(iii): This rule should make clear that it only covers agreements relating to horse racing.

Rule 16: It is not clear who is included in the term 'Official'. If it is the list of persons in the rule this should be made clear. It is also unhelpful not to be clear about which of those on the list requires a licence.

Rule 21(2): The liability to penalty for making an unfounded complaint against an Official (which is repeated elsewhere in the rules in relation to Objections and other complaints) is an unhelpful disincentive to the holding of such persons to account. Clearly there is a distinction between frivolous or vexatious complaints on the one hand and those which are genuinely brought but turn out to be unfounded on the other. This rule treats them the same.

Rule 30(c): Where (or perhaps how) does the Club's derive any lawful authority to 'cancel betting'? This is suggestive of an exorbitant power which could be wide open to abuse.

Rule 31(2): Board of Racing Stewards is not defined - what makes up a Board?

Rules 45-49B: These rules deal with the role of 'stable manager' and will be redundant if **Recommendation 13**, which proposes abolition of the role, is adopted.

Rule 50: The definition of Jockey refers to a licence. The wording of this rule should correspond with the definition.

Rule 51: This is a very narrow jurisdiction - only 'interpretation' disputes. This may be intended, but it is not very satisfactory because a wider dispute about a contract could develop an interpretation issue within it and vice versa.

Rule 53: It would be useful if the drafting made clear that the standard of misconduct is 'in the opinion of the Stewards' (or the Racing Stewards as the case may be). This would make it clear that the test is subjective rather than objective. Consequently, it would be more difficult to impugn in a legal challenge. The same point can be made in relation to the offences under Rules 209 and 213.

Rule 53A: The sub-clauses of this rule refer at times to substances being 'prohibited' and at other times to substances being 'restricted' when, from the context, it seems they are one and the same. One term or the other should be used but not both ('prohibited' is the more customary word).

Rule 55A: Who is the 'necessary authority' - why cannot the rule specify who this is?

Rule 63: Which rules apply to Amateur Riders, the Jockey Rules or the Apprentice Rules?

Rule 69(1): This refers to 'paragraph (b) of this Rule' - there is no (b) - must be a reference to (2) - this kind of typo or inaccurate cross reference occurs elsewhere and this paper does not list them any further. The language of this clause requires that the permission of the Club must be given before the importation of the horse. This is probably the intention but it should be noted there is no power to give retrospective authority to a horse which was imported without it.

Rule 81: Whose doubt is this? This looks like a rule to prevent a line of defence from a trainer after a disappointing run 'well I was concerned whether it was fit to take part'. But on whom is the rule imposing the obligation to obtain a certificate of fitness?

Rule 157: This is an obligation on a trainer to ensure each of two or more runners in the same race runs on its merits. This would include, by inference, the giving of appropriate instructions to the jockeys. There is no corresponding obligation where he has only one runner in the race. Perhaps 'so as to ensure the horse achieves its best possible placing' should be added to the end of Rule 47 (2)(f). As for 157 (3) - how are race tactics 'well established'? The point is that rules which potentially carry a penalty for breach (as this one does) are, if legally challenged, strictly construed against the Club. Rules must therefore be clear.

Rule 160A: This rule is what is known in UK racing as 'the running and riding rule'. This rule however does not distinguish between stopping rides (deliberate) and insufficient effort. Moreover, if the Racing Stewards find interference without there having been an objection there is a right of appeal, but not where interference is found in consequence of an objection (Rule 216), which seems inconsistent.

Rule 198: The listed specimens should include hair.

Rule 200/202: There is no provision for what happens if the 'B' sample does not confirm the presence of the substance found in the 'A' sample and it seems the trainer still pays even if it does not confirm the presence.

Rule 203: This is a 'whistle blowing' rule, but arguably it only applies to the anti-doping rules. It should certainly apply to all rules and this would be unambiguously so if it were placed in the preliminary section at the beginning of the Rules, perhaps as a Rule 7(5).

Rule 206 (b): This gives a discretion to the Racing Stewards not to disqualify a horse which has tested positive. It cannot be possible to achieve any consistency in the exercise of such a discretion. It is universally accepted by all Sports Regulators, whether dealing with human or animal doping, that the only sensible rule is for disqualification to be an automatic consequence of a positive test (albeit a decision to that effect may formally have to be made).

Rule 209(t): On the face of it, this makes it an offence under the rules to train an ungenueine horse, which is a nonsense. Rule 158 acknowledges horses can run inconsistently. It is strongly arguable that this rule is simply insufficiently clear to be legally enforceable.

Integrity: Races involving suspicious/corrupt activity

The Races:

26 October 2014 - Bandido Caballero: The Jockey Robbie Burke was suspended from riding for 12 weeks when he was deemed by the Stewards to have not taken all permissible measures to gain the best possible place in the race (deliberately or negligently under-performing in the way he rode the horse).

28 June 2014 - Gemmayze Street: The Jockey Fausto Durso was suspended for 20 weeks by the racing stewards when he was deemed by the Stewards to have not taken all permissible measures to gain the best possible place in the race. The ride by Durso was regarded by a number of people who appeared before the Commission as one of the worst seen in recent years and caused widespread unrest amongst the crowd at the race. Durso left Mauritius to return to Brazil before any investigation could be completed, a fact which was widely reported (negatively) by the media. The Trainer of Gemmayze Street, Budheswar Gujadhur, was also sanctioned (for the ride by Durso) by the stewards and suspended for 20 race meetings - he was deemed to be directly a party to preventing Jockey Durso from obtaining the best possible place, as Durso rode the horse according to the instructions of the trainer - which the trainer confirmed in the Stewards Enquiry.

24 May 2014 - Captains Bounty: The Jockey Robbie Burke was suspended from riding for four Mauritian race meetings when he was deemed by the Stewards to have not taken all permissible measures to win the race.

17 May 2014 - Man of His Word: The Jockey V Bundhoo was suspended from riding for six months (reduced on appeal to three months) when he was found guilty of foul riding (prevents another horse from winning, or endeavours to do so). The suspicion here is that the jockey was deliberately tasked by someone from outside of the race to stop another horse (Sweep Forward) from winning the race. This case was not reported to the Police.

30 November 2013: The following jockeys were banned from periods ranging from 12 meetings to 18 meetings when they were deemed by the Stewards to have not taken all permissible measures to win the race;

- **Port Albert** ridden by S Rama;
- **Manta Ridge** ridden by N Teeha;
- **The Sneaker** ridden by M Chinapiel;
- **Infinite Destiny** ridden by R Hoolash;
- **Drug Squad** ridden by R Bontanive.

The indications are that all of the Jockeys colluded together to allow the horse 'Zip It' to win the race. This case was reported to the Police des Jeux and the investigation is still on-going.

7 September 2013 - Monsieurnando: The jockey J Bardott was suspended for seven race meetings when he was deemed by the stewards to have not taken all permissible measures to win the race. This case was not reported to the Police des Jeux.

10 August 2013 - Saziwayo: The jockey G Arena was suspended for six months when he was deemed by the stewards to have not taken all permissible measures to win the race. This case was investigated by the Police des Jeux and jockey Arena was charged with the criminal offence of cheating but was acquitted by the court as the prosecution failed to prove that Arena did no more than breach the rules of racing and not the criminal offence of cheating under the Gambling Regulatory Authority Act.

10 August 2013 - Isipho: The jockey R Bheekary was suspended for six months when he was deemed by the Stewards to have not taken all permissible measures to win the race. During the Stewards Inquiry the jockey Bheekary admitted that he had not ridden the horse with the intention of winning as he had backed the eventual winner of the race. This case was reported to the Police des Jeux and remains unresolved.

Evidential Weaknesses in the Investigation of Those Cases

The Mauritius Horseracing Authority/Mauritius Turf Club:

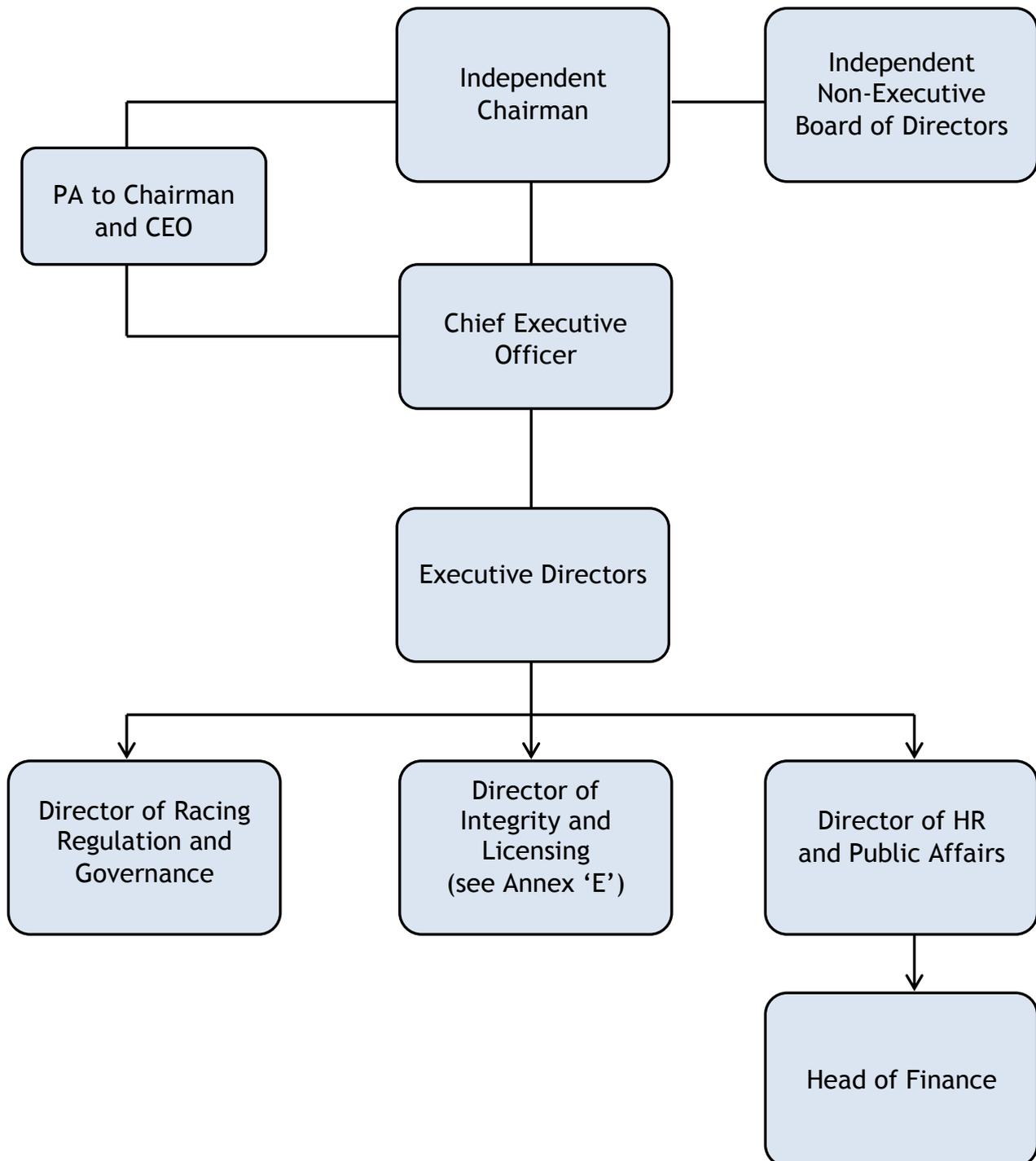
- Lack of additional information: During race meetings the race-day stewards need access to various sources of information, such as live betting data and up-to-date intelligence to help better inform their decision-making process when suspicious incidents occur in a race.
- All the suspicious incidents were dealt with by the steward: If there is suspicion about an incident that has the potential to be a corrupt enterprise, the race-day stewards should automatically refer the case to MTC investigators for further enquiry; the main objective being to identify and prove evidence against all of those involved.
- There was no MTC investigation: The Regulator needs an in-house investigative capability that includes staff with interviewing experience, good knowledge of betting and an analytical capability.
- No access to records: Access to betting and telephone records of those involved is crucial as it is through those that links may be made between a jockey and other suspect corruptor. Access to such information should be a condition of licence.

- No formal interviews: When the further evidence is available, all of the suspects should be formally interviewed by the MTC integrity staff.
- Police des Jeux not always informed: If there is any evidence of a criminal offence then the Police des Jeux should always be informed. They have wider-ranging powers and are more likely to uncover evidence against those who are not licensed by the Regulator.
- No formal working arrangements with the Police des Jeux: The Regulator and the Police des Jeux should agree a protocol on how both parties can better work together on such cases.

The Police des Jeux

- Lack of clarity around referral of cases: There is no clarity around when the PDJ become involved in a case - the legislation around corruption in racing, including deliberate doping, is clear - it is a criminal offence so the PDJ should be involved in all such cases.
- Lack of expertise: It is clear that the PDJ lack experience in carrying out this type of investigation with no real understanding of what evidence is needed to prove a case (viz failed case against the jockey Arena). The officers within the PDJ require training on the investigation of sports (betting-related) crime, including how to discover and assess betting data.
- Lack of evidence: In all the investigations that were referred to them, the PDJ failed to find any meaningful additional evidence. There is no indication they tried to gain access to any betting or telephone evidence. Without that, there is very little chance of making connections between those involved in a conspiracy.
- No joint working: Consideration should be given to joint investigations - this will allow for economies of scale around areas such as betting expertise.
- Failed prosecutions: The PDJ case against the jockey Arena resulted from a combination of all of the above. To prosecute someone on a 'chat in a sporting event' without a wealth of supporting evidence that proves why the person (the jockey) cheated and who else was involved is doomed to failure.

PROPOSED STRUCTURE FOR MAURITIUS HORSERACING AUTHORITY



Proposed Structure for Mauritius Horseracing Authority - Integrity Unit

