



UNIVERSITY OF TORONTO
FACULTY OF LAW

2023

THE ALCOHOL AND GAMING COMMISSION OF ONTARIO BANS UFC BETTING ACROSS THE PROVINCE

Future of Law Lab

University of Toronto Faculty of Law

PRESENTED BY

Zac Cole



The Alcohol and Gaming Commission of Ontario

Bans UFC Betting Across the Province

Introduction:

On December 1st, 2022, The Alcohol and Gaming Commission of Ontario (“AGCO”) required all sportsbooks to cease offering and accepting bets on the Ultimate Fighting Championship (“UFC”)¹. Despite the UFC’s integrity issues, the announcement was unexpected and more severe than what other regulatory bodies had imposed. Alberta followed suit, but, by December 14th, their ban was lifted after an investigation². The AGCO stated that the “UFC does not prohibit all insiders from betting on UFC events, which could include an athlete’s coaches, managers, handlers, athletic trainers, medical professionals, or other persons with access to non-public information.” Until its eventual reversal on January 19th, 2023, the betting world was wondering how this would impact the future of sports betting and what was next to come.

Background:

On April 4th, 2022, Ontario became the first province in Canada to launch a regulated sports betting program, enabling sportsbooks to receive a license and accept single-game and future bets³. Prior to this, sports betting was popular in the province through offshore books, though the move was still seen as controversial given the harms associated with gambling. However, it afforded the government control over an already large industry. The AGCO could now implement a tax framework and regulate the types of betting allowed in Ontario to protect consumers.

Upon the legalization of sports betting, the UFC partnered with sportsbooks, such as DraftKings, to incorporate betting lines into their broadcasts and run advertisements⁴. Fighters also received sponsorships from sportsbooks and started sharing their bets with fans⁵. At the time, the UFC did not have a policy in place prohibiting fighters from betting on fights, although there were some state and federal restrictions addressing the issue. Given that fighters, managers, and coaches often have insider information due to their proximity to each other in dressing rooms, warm-up spaces, and gyms, this presented concerns about betting integrity.

UFC fighters are independent contractors and only paid after they complete a fight. After months of training, many are not able to delay a fight regardless of their health status. For example, in January 2022, the UFC’s Heavyweight Championship was on the line between Francis Ngannou and Cyril Gane. Two weeks before the fight the odds for the two fighters were even, but there was a sudden

¹ [AGCO Requires Ontario Gaming Operators to Stop Offering and Accepting UFC Bets Due to Betting Integrity Concerns | Alcohol and Gaming Commission of Ontario](#)

² [AGLC restores UFC betting to PlayAlberta platform after integrity investigation - Lottery Daily](#)

³ [How sports gambling changes now that it's fully legal in Ontario | CBC Sports](#)

⁴ [UFC agrees to show DraftKings betting odds in its broadcasts \(cnbc.com\)](#)

⁵ [Stake.com Joins Forces With UFC Champion Francis Ngannou | Newswire](#)

influx of money being placed on Gane⁶. Rumours circulated that Ngannou had knee issues, which were only confirmed when he entered the octagon wearing knee braces.

Despite this apparent case of insider betting, the fight did not cause controversy at the time and has not resurfaced. This may be because Ngannou won the fight, so no one benefited from the insider information, or because the total amount bet on the championship fight masked any nefarious activity. Francis's coach Eric Nicksick even presumed that he would know when the news of the injury leaked when betting lines shifted⁷. Nicksick stated, the UFC Performance Institute is a flawed design given its open concept and the amount other fighters can see. Although it garnered little attention at the time, in hindsight this was a major betting integrity issue that went unnoticed by regulators.

Current Issue:

On October 17th, 2022, a memo from the UFC's Chief Business Officer, Hunter Campbell, was leaked by MMA journalist Ariel Helwani (who is sponsored by BetMGM). The memo updated the UFC's Athlete Conduct Policy by incorporating a wager prohibition citing clear direction from regulators⁸. Adding, albeit vaguely, that in many states this applies to managers, coaches, handlers, medical professionals, or anyone else with insider information. While UFC fighters could still be sponsored by sportsbooks they could no longer bet on fights or recommend bets to fans. This story, upsetting to some fighters at the time and viewed others as an overstep, also eventually faded.

James Krause was a former MMA fighter who became a coach and successful bettor due to his understanding of the sport⁹. On August 1st, 2022, Krause appeared on Ariel Helwani's "The MMA Hour" and discussed his betting group, "The 1% Club" in which he provided picks to members. Although a coach of the UFC flyweight champion and other fighters, betting quickly became his primary source of income, charging people as high as \$2,000 per month. Krause admitted to betting on his own fighters. However, he had insider knowledge of injuries and readiness, giving him an advantage over the public. The UFC's updated betting policy would have likely applied to him, and it was reported Krause stopped betting¹⁰.

Things came to a head on November 5th leading up to UFC Vegas 64, when a sudden influx of money was bet on a mid-card fight between Darrick Minner and Shayilan Nuerdanbieke¹¹. Specifically, for Nuerdanbieke to win and by a finish. This was especially suspicious given that Nuerdanbieke had no finishes in the UFC. Also, unlike the heavyweight title fight, relatively few of the public were betting on the fight, so the additional bets instantly drew attention and moved the line drastically. Within a minute of the fight, Minner was leaning against the wall wincing in pain from a knee injury. The lack of activity in the fight to that point made it clear that Minner's injury preexisted the fight. Many assumed Minner's

⁶ [Francis Ngannou's MMA Odds History | Best Fight Odds](#)

⁷ [Francis Ngannou's coach reveals details of knee injury, says team asked Ngannou to pull out - MMA Fighting](#)

⁸ [UFC Fighters to Be Prohibited from Placing Bets on Any UFC Fight | News, Scores, Highlights, Stats, and Rumors | Bleacher Report](#)

⁹ [UFC betting scandal: What did James Krause do? A timeline of events \(usatoday.com\)](#)

¹⁰ [The James Krause Betting Scandal: A Timeline - Sports Gambling Podcast](#)

¹¹ [UFC Vegas 64 - Minner vs. Nuerdanbieke under investigation for suspicious betting, promotion responds - Bloody Elbow](#)

injury was leaked, leading to the suspicious betting activity. To make matters worse, Krause was Darrick Minner's coach and, given his involvement in betting and reach with gamblers, it raised further suspicion that he was behind it. In the days that followed, US Integrity announced an investigation into the incident.

On November 19th at UFC Vegas 65, the Nevada State Athletic Commission prevented Krause from cornering his fighter and New Jersey banned any wagering on his fights¹². The UFC and other jurisdictions were waiting for the investigation to determine further action. However, seemingly out of nowhere, the AGCO banned all UFC betting on December 1st¹³. The next day, trying to get ahead of the issue, Hunter Campbell released a follow-up notice clearly stating that the wager prohibition applies to coaches, managers, or anyone else affiliated with the athlete¹⁴. The notice also stated that Darrick Minner was released from the UFC and that pending the investigation no UFC fighter is allowed to train with Krause. The investigation into Krause is still ongoing at the time of publishing.

Although the UFC's initial statement was vague, the December 2nd statement adds clarity in saying that insider betting is restricted. Alberta retracted their policy following a short investigation¹⁵. The AGCO did state if steps are taken operators can provide that information to the Registrar. On December 13th, in a statement to BloodyElbow, the AGCO wrote that they were encouraged by recent developments. Despite the UFC clarifying that they meet the registrar's standard, the AGCO had not lifted its ban. Stating that, "We recognize the recent steps taken and are committed to engaging with Ontario's gaming industry, UFC, the OLG, and iGaming Ontario to ensure that the UFC has the necessary betting integrity framework in place, in particular relating to wagering by UFC insiders." Finally, on January 19th, 2023, the ban was lifted, and regulated sports books could again accept bets on the UFC¹⁶. The statement was based on changes to the UFC's policy. Making clear that insider betting is restricted for everyone involved in a fighter's preparation and increased monitoring of betting going forward.

Conclusion:

As a regulatory agency, the AGCO was able to move quickly and without much oversight in issuing this ban. Alberta followed, with many wondering if this would have a cascading effect, though to this point no other jurisdictions have followed. UFC President Dana White said that he was not surprised the Canadian government overreacted¹⁷. Ultimately, the AGCO's ban provides a playbook for regulators on how to deal with betting integrity issues. This could result in more jurisdictions banning sports leagues, especially given the improvements the UFC made. It will be interesting to see if other jurisdictions impose bans to force rule changes from sports organizations going forward.

¹² [NJ sportsbooks barred from taking bets on fights involving James Krause - MMAmania.com](#)

¹³ [AGCO Requires Ontario Gaming Operators to Stop Offering and Accepting UFC Bets Due to Betting Integrity Concerns | Alcohol and Gaming Commission of Ontario](#)

¹⁴ [Ariel Helwani on Twitter: "Full statement from Campbell, which was just released to all UFC fighters and their camps: https://t.co/Xk05Yoc66x" / Twitter](#)

¹⁵ [AGLC restores UFC betting to PlayAlberta platform after integrity investigation - Lottery Daily](#)

¹⁶ [AGCO Reinstates Betting on UFC Events in Ontario | Alcohol and Gaming Commission of Ontario](#)

¹⁷ [Ontario 'encouraged' by UFC 'commitment to integrity,' but betting remains suspended on UFC events - Bloody Elbow](#)