



THE STATE OF



ILLEGAL BETTING REPORT



ASIAN RACING FEDERATION COUNCIL
ON ANTI-ILLEGAL BETTING AND RELATED FINANCIAL CRIME

TABLE OF CONTENTS

Foreword	5
Introduction: The state of illegal betting	7
Hybridisation of betting markets	8
Illegal betting and related financial crime	10
Illegal betting post-pandemic	11
Section One An analysis of betting websites	13
Executive Summary	15
Betting website types	16
Betting website characteristics	18
a) Licensed and Regulated online betting websites	18
b) Licensed but Under-regulated online betting websites	20
Case study: AML failings in Regulated and Under-regulated markets	22
c) Unlicensed and Unregulated betting websites	22
Betting website traffic	24
a) Global demand for online betting continues to accelerate	24
b) The Under-regulated and Unregulated market is much larger than it might initially appear	25
c) Unlicensed and Unregulated betting is growing faster than regulated	26
d) Traffic sources to Under-regulated and Unregulated operators are more varied than to their Licensed and Regulated counterparts	28
Implications for the Asian Racing Federation, horse racing and other sports	29
a) Horse Racing from ARF member jurisdictions is a major betting product	29
b) Sports betting is not the sole product for most websites	30
c) Credit betting remains ubiquitous and cryptocurrencies are becoming more and more prevalent	31
Conclusions	32
Case study: a 'hybridised' betting website	33
Annex: Betting Website Analysis Methodology	34
Limitations	35

Section Two	How outsourcing in the online betting supply chain and ‘white-labelling’ blurs lines between legal and illegal betting	37
Introduction		
Outsourcing in the sports betting supply chain – third-party software and data provision		
Case study: Citibet as a third-party software provider		
‘White-labelling’		
Section Three	How the use of Under-regulated and Unregulated betting websites is related to gambling problems	47
How Unlicensed and Unregulated, and Licensed and Under-Regulated operators widen income disparity		
Section Four	Observations on developments in corruption in racing and other sports related to illegal betting	53
Growing use of cryptocurrencies and blockchain-based virtual racing		
New products and the risks of illegal betting		
Learnings from <i>Restoring Trust</i>		
The United Nations’ response to corruption in sport related to illegal betting		
The impact of illegal betting on the integrity of racing and other sports		
Section Five	Why the threat to sport and legal betting from organised crime has never been greater	63
How INTERPOL sees the relationship between illegal betting, sports corruption and organised crime		

Section Six	Notable recent sports law cases illustrating integrity issues related to illegal betting	71
	United States v Navarro et al (2021)	73
	Charles Byrnes (Trainer, Viking Hoard) v Irish Horseracing Regulatory Board (2021)	75
	Conclusion	76
Section Seven	Looking to the Future	77
	The Intersection of Sports Entertainment and Betting	79
	The Intersection of NFTs, Sports and Betting	80
	The Intersection of Internet Everywhere, 5G and Betting	81
About the Asian Racing Federation		83
ARF Council Biographies		84
Glossary		88

FOREWORD



Winfried Engelbrecht-Bresges
Chairman, Asian Racing Federation

It is my great pleasure as Chairman of the Asian Racing Federation to provide the opening thoughts for this new publication from the ARF Council, 'The State of Illegal Betting'.

The report is intended as a regular review of what is happening in regard to illegal betting and related financial crime so readers can understand the impact of this continued serious problem. Illegal betting is constantly evolving, and indeed growing, and hence regular fresh analysis of the negative impact of this phenomenon is needed.

'The State of Illegal Betting' report is intended to assist government policy-makers, regulators, law enforcement officers and those involved in the governance of horse racing and other sports, as well as people in the racing and betting industries, to comprehend the present scale, scope, and harm to society of illegal betting and related financial crime.

In the report, the ARF Council explains the current state of illegal betting. The ARF Council's analysis of online betting websites has found that 61% of betting websites examined were effectively illegal in most countries as they are either Licensed but Under-regulated or Unlicensed and Unregulated. Only 39% were Licensed and Regulated, and just three jurisdictions were responsible for 62% of the online betting licences that were Under-regulated.

This means that almost two-thirds of online betting operators are taking bets in jurisdictions where they do not hold a licence. The problem of questionable legality of certain betting operators is becoming increasingly complicated by a handful of jurisdictions that specialise in issuing licences to Under-regulated betting operators, who then take bets from outside of these jurisdictions.

Clearly the issuance of gambling licences to companies taking bets in jurisdictions where they are not licensed involves no standards and no boundaries. This is in marked contrast to the effective local regulatory systems that govern legal betting operators within the jurisdictions where they take bets. It is only when operators have full legal authority, by being licensed in the jurisdictions where they take bets, and by taking bets only from customers located in those jurisdictions in which they are licensed, that harm to customers can be prevented and the integrity of racing and other sports protected.

It is also important to stress the considerable and essential financial returns to the racing industry which Licensed and Regulated betting operators provide, via levies, betting duty and other support payments. The same holds true in several jurisdictions for other sports also.

The commentaries from ARF Council members in the report point out that this globalised growth of illegal betting results in major threats to the integrity of racing and other sports, the growth of transnational organised crime, and gambling harm to customers. It is clearer than ever that illegal betting is a current and major global social problem that requires continued attention.

My thanks to the experts who are members of the ARF Council for giving their time and insight to the production of this report. I hope that you find their work useful in the continued efforts to protect the integrity of racing and other sports from illegal betting and its associated negative impacts.

INTRODUCTION: THE STATE OF ILLEGAL BETTING

Martin Purbrick

Chairperson of Asian Racing Federation Council on Anti-Illegal Betting and Related Financial Crime

The ARF Council on Anti-Illegal Betting and Related Financial Crime ('the ARF Council') was established in 2017¹ to foster and enhance international cooperation among horse racing operators, regulators, intergovernmental organisations, government agencies and NGOs in order to better combat the threat of illegal betting and other financial crime risks to horse racing integrity in particular, and sport in general.

To be able to fulfill this mission, it is important to understand the state of illegal betting. This report is intended to inform stakeholders what is the state of illegal betting in 2022. It assesses recent changes in illegal betting markets and predicts how they will change further in the coming years.

It is worth reminding ourselves of the most important reason for this work: illegal betting is one of the key threats to integrity in horse racing and other sports. There continue to be growing integrity challenges from illegal betting.

During the COVID-19 pandemic we have seen greater illegal betting liquidity injected in a short time, which causes greater integrity risks to racing and other sports especially at lower levels of competition where there are low-paid participants and less integrity controls to prevent match-fixing related to illegal betting.

Although both legal and illegal betting on racing and other sports has increased during the pandemic, it is illegal betting operators and not legal betting operators who are the threat to integrity as they do not share information regarding suspicious betting patterns with sports authorities or cooperate with law enforcement agencies.

The problem of the growth of illegal betting operators, many of which claim to be “licensed” somewhere, who do not share suspicious (or any) betting data with sports authorities is shown in the analysis of betting operators in this report.

The first section of the report is an analysis of betting websites produced by James Porteous, ARF Council Research Head, and Douglas Robinson, Deputy Chairperson of ARF Council, which explores the differences and similarities of legal and illegal online betting websites and their regulation (or absence of it). The following sections are Commentaries produced by the ARF Council members, discussing a range of key issues concerning illegal betting and related financial crime.

The report reviews key issues relating to illegal betting such as the hybridisation of betting markets with increased ‘white labelling’, corruption in racing and other sports, organised crime involvement, notable developments in sports law, and problem gambling.

Illegal betting is multi-faceted and relates to grey areas of legality across the betting industry. For some years, there has been growing convergence of illegal and legal betting as illegal operators expand outside their home regions and legal betting operators seek new customers in markets which are 'grey', which essentially means where the legality of the acceptance of a wager is questionable. The ARF Council has illustrated this trend with an analysis of online betting websites that has shown a 'hybridisation of betting markets'. This term refers to an increasing convergence of illegal and licensed betting operators in jurisdictions where both are operating illegally, but the licensed betting operators claim legality based on a licence held elsewhere.

This grey area leaves customers unsure of which online betting websites are legal and which are illegal, creating ambiguity. This uncertainty has been worsened by the growth of offshore betting licence issuers that deliberately provide a semblance of legality to online betting operators which are Licensed but Under-regulated, and hence are illegal at the point of sale in jurisdictions where they do not hold a licence.

The problem of illegal betting remains. There are changes taking place in the global betting markets indicating that illegal betting will continue to grow if governments cannot take more co-ordinated and effective action to combat illegal betting operators.

Hybridisation of betting markets

As betting on horse racing and other sports continues to globalise, it is increasingly difficult to differentiate between online legal and illegal betting. Illegal betting operators increasingly purchase licences in jurisdictions that do not confer legality beyond that jurisdiction, and there has been significant growth in the number of jurisdictions offering such betting licenses.

There is a continuing widespread misperception that an offshore online betting operator with a licence in a jurisdiction in a location other than where the point of sale of the bets takes place is legal. It is essential for consumers to understand that this situation is usually illegal, and that such offshore online betting operators are hence very likely to be engaged in criminal activity. Some of these offshore operators may themselves misunderstand their legality.

The ARF Council's analysis (in Section One of this report) found that of 534 betting websites examined, less than 40% (207) were classified as Licensed and Regulated. The majority of websites examined are thus effectively illegal in most countries, being either Unlicensed and Unregulated or Licensed but Under-regulated (i.e. illegal betting: see Section One for definitions of these terms which are used throughout the report).

ARF Council Research Head, James Porteous, states in Section One of this report that "Unlicensed and Unregulated betting is growing faster because these operators provide a far larger range of products that are unavailable at, or more limited with, Licensed and Regulated operators. They also market aggressively through means unavailable to Licensed and Regulated operators, and have few of the operating costs of Licensed and Regulated operators such as tax, responsible gambling levies and support payments to racing and other sports." This online business is a major part of the global growth of illegal betting.

ARF Council member Tom Chignell explains how offshore online betting operators have utilised ‘white labelling’, which allows operators to act as sub-licensees under a partner’s licence, without submitting to the same level of oversight as the main licensee. This is a means of access to betting markets where the primary operator does not have a licence. Chignell states in Section Two of this report that, “In the UK, an otherwise strong regulatory environment, this loophole is exploited by operators to promote betting in jurisdictions where it is illegal, particularly Asia.”

The analysis and commentary from Porteous and Chignell illustrate the hybridisation of betting markets as illegal operators thrive by projecting themselves as licensed entities, while some legal operators seek new markets by disguising the origin and identity of their websites.

Betting customers cannot tell the difference between legal and illegal betting websites. For instance, a report published in 2020 suggested that in Sweden only 5% of people know how to check online whether an online sportsbook or casino holds a licence². In 2021, the Swedish Gaming Inspectorate made changes to its licensing requirements so that all operators must offer deposits, withdrawals and winnings in Swedish currency; any information on their websites must be provided in Swedish language; they must use payment service providers registered in Sweden; must have a Swedish language customer service line contactable using a Swedish telephone number; and all affiliates must conduct marketing in Swedish³. These measures make identification of legal licensed operators easier for consumers.

Many consumers do not specifically want to bet on “illegal” websites, and would prefer to go to legal channels if they could be identified. ARF Council member Dr Sally Gainsbury and her colleagues at the Universities of Sydney and Hamburg have suggested that “Consumers can generally make their own decisions about which websites to use for gambling, so it is necessary for regulators to incentivise use of regulated websites over unregulated ones”⁴.

Dr Gainsbury states in Section Three of this report that: “Research shows that use of offshore gambling is associated with greater experience of harms and gambling problems than domestically regulated websites.” This is a clear statement of the problem caused by illegal online gambling operators, which must be considered breaking the law by not being Licensed and Regulated onshore.

Unless action is taken by gambling regulators to explicitly prohibit licences that enable and include ‘white label’ website domains, there will continue to be a growing problem of international hybridisation of legal and illegal betting. This in turn will make it more difficult for consumers to distinguish between legal and illegal betting products, hence is likely to increase the risk of gambling harm due to under-regulation.

Illegal betting and related financial crime

Operation SOGA VIII (short for SOccer GAMbling) conducted by INTERPOL in 2021 illustrated the continued scale of illegal betting as a financial crime. The co-ordinated operations by INTERPOL member law enforcement agencies involved thousands of raids, the arrest of around 1,400 suspects, and the seizure of USD7.9 million in cash and USD465 million in bets. This enforcement action showed us that illegal betting remains a major criminal justice problem, described by ARF Council member Claudio Marinelli in Section Five of this report.

This significant turnover is also evidence of the money laundering aspect of illegal betting. Council member Graham Ashton explains in Section Five that this is “the result of less availability and higher charges by underground money remitters [that] makes sports betting markets even more popular for money laundering”.

A major impact on the growth of illegal betting in Asia in the past decade has been the use of casino junkets as an underground banking system. The ARF Council has commented on this issue in a paper published in May 2021 regarding illegal betting growth during the pandemic⁵.

As casinos and junkets have been severely impacted by the COVID-19 pandemic, it is highly likely that casino customers have migrated to online betting and gambling. For their part, the junkets have been compensating for the loss of revenue in their physical casino businesses by diversifying across Asia with casino investments in other countries, as well as further investments in online betting and gambling. This is a particular concern with casino junkets from Macau which continue to be dominated by triad groups (Chinese organised crime gangs), as it will proliferate the spread of transnational organised crime if not stopped quickly by law enforcement agencies in target countries such as Australia, Japan, South Korea, and the Philippines.

The ARF Council has also commented on the problem of casino junkets related to capital outflow, suggesting that the crackdown on illegal gambling in China is likely to affect the casino junket industry as these operators facilitate underground transnational banking for their clients and depend on attracting Mainland Chinese citizens to gamble offshore⁶.

Such attention from Mainland China and Macau authorities may force casino junket operators to continue diversifying their businesses, focusing even more on the online illegal betting in which they are mostly already involved. Casino junket operators possess established customer bases and a network of contacts around Asia to move funds, and many are cash-rich which can enable them to invest in new online illegal betting operations. The proliferation of casino junkets across the Asia region will remain a major driver of online illegal betting and related financial crime through underground banking and money laundering.

The threat to racing and other sports from related financial crime is well summarised by ARF Council member Dr Jack Anderson, who states in Section Six of this report that: “Unlike the Licensed and Regulated wagering industry, where licensing and statutory obligations facilitate mutually beneficial cooperation, data analysis and intelligence sharing between the industry, sport, and law enforcement; the illegal betting markets opportunistically undermine the integrity of any sport they desire, flouting domestic and international law.”

Illegal betting post-pandemic

A side-effect of the COVID-19 pandemic is that it has boosted the use of illegal betting, as it has influenced customer habits for betting on racing and other sports. The ARF Council reported in 2021 that the pandemic had had a transformational impact on betting on horse racing and other sports in Hong Kong, Asia, and globally in 2020, driven by the growth of online betting⁷. During the pandemic there has been a major increase in betting on horse racing, e-sports, alternative leagues and sports via illegal betting websites.

More people have moved to online betting, hastening an ongoing switch in customer preferences from physical to online betting platforms. More online betting operators have been taking bets on horse racing and alternative sports to compensate for the loss of traditional popular sports that were cancelled. Illegal operators can adjust their betting product offering much faster than Licensed and Regulated operators, who are often restricted by licence conditions or other regulations as to what products they can offer.

The illegal online betting market has been quicker to offer alternative sports and other gambling products such as e-sports, virtual sports, live dealer baccarat (popular in Asia), and online casino games (blackjack, roulette, slot machines etc.). In addition, as alternatives to major football leagues shut down by the pandemic, illegal operators have offered betting on minor leagues in places such as Belarus, Nicaragua and Turkmenistan, as well as sports not usually popular for betting, including badminton (from Ukraine), basketball (Tajikistan), ice hockey (Russia), table tennis (Armenia, Brazil, Czech Republic, Russia, Ukraine), tennis (Belarus, Russia, USA), and darts broadcast from the homes of top players in the UK.

The combination of hybridisation of betting markets, the impact of the pandemic, threats to integrity in racing and other sports, the expansion of new technology and betting as entertainment into a massive new customer base, casino junkets providing a regional underground banking system in Asia, and the pandemic bringing more customers online, is a toxic mix that will ensure that illegal betting grows in the next 10 years.

This in turn will have a serious negative social impact in many countries, creating greater levels of problem gambling, more under-age betting, more money-laundering through betting markets, and less Regulated betting with the taxation it generates.

Betting markets in Asia in particular will continue to grow as there are limited opportunities for Licensed and Regulated operators to compete with illegal operators. There remain jurisdictions in Asia where the legal betting product is highly uncompetitive by price owing to high levels of taxation, or is unable to provide betting on the sports that customers are most interested in, or both.

Betting markets in North America are likely to be more resistant to illegal betting as legal state betting on sports opens up and legal operators dominate the market with new products. However, it is still likely that illegal betting operators, particularly those Licensed but Under-regulated in offshore jurisdictions, will take the opportunity to capitalise on the new US betting customers by marketing their online betting portals which are indistinguishable from legal Licensed and Regulated betting operators.

Betting markets in Europe are also likely to be more resistant to illegal betting operators as regulators focus more on excluding them. European regulators have learnt more about the nature of illegal betting in the past decade, largely through the good work done by international organisations such as the UNODC, INTERPOL, FIFA, and the ARF, which have all continually highlighted how illegal betting is a threat to the integrity of horse racing and other sports, and a criminal justice problem that needs to be addressed at national and international levels.

- 1 Formerly known as the Anti-Illegal Betting Task Force; the ARF Executive Council approved the change of name at its meeting on 30 September 2020.
- 2 SBC News, New survey finds licensing 'ignorance' among Swedish gamblers, 23 November 2020 (<https://sbcnews.co.uk/igaming/2020/11/23/new-survey-licensing-ignorance-swedish-gamblers/>)
- 3 SBC News, Sweden updates licensing requirements to bolster consumer protection, 11 October 2021 (<https://www.sbcnews.co.uk/sportsbook/2021/10/11/sweden-updates-licencing-requirements-to-bolster-consumer-protection/>)
- 4 Thorsten Teichert, Alexander Graf, Thomas B. Swanton & Sally M. Gainsbury, International Gambling Studies, The joint influence of regulatory and social cues on consumer choice of gambling websites: preliminary evidence from a discrete choice experiment, 28 May 2021 (<https://doi.org/10.1080/14459795.2021.1921011>)
- 5 ARF Council, A report of illegal betting growth during the COVID-19 pandemic, May 2021 (<https://www.asianracing.org/aib/resources>)
- 6 ARF Council, How China's crackdown on illegal betting impacts global betting markets, September 2021 (<https://www.asianracing.org/aib/resources>)
- 7 ARF Council, A report of illegal betting growth during the COVID-19 pandemic, May 2021 (<https://www.asianracing.org/aib/resources>)

S E C T I O N

1





THE STATE OF ILLEGAL BETTING : AN ANALYSIS OF BETTING WEBSITES

BY JAMES PORTEOUS AND DOUGLAS ROBINSON



Executive Summary

The purpose of this report is to detail the current state of illegal betting based on analysis of online betting websites. This section is based on analysis of 534 betting websites licensed in 61 jurisdictions to explore the differences and similarities of licensed and unlicensed online betting operators and their level of regulation (or absence thereof). Associated analysis stems from this data, as well as public and proprietary information (see Annex for methodology). Key findings are:

- 61% of betting websites examined were either Licensed but Under-regulated or Unlicensed and Unregulated (consequently illegal in most jurisdictions), while only 39% were Licensed and Regulated (definitions below);
- Three jurisdictions are responsible for 62% of the licences for online betting that are Under-regulated;
- Traffic to all betting websites analysed has grown by 37% from 2019/20 to 2020/21;
- Traffic growth over this period is much more pronounced in Licensed but Under-regulated or Unlicensed and Unregulated markets compared with Regulated markets (64% increase vs 36%);
- Horse racing remains a significant betting product available on approximately 36% of betting websites, with racing from ARF member jurisdictions featuring on 82% of these;
- South Africa and Australia were the ARF member jurisdictions noted most often as available for betting purposes, though this does not mean they are the most popular ARF member jurisdictions for betting;
- Football, basketball and tennis remain the most prevalent sports for global betting;
- E-sports is now available on 63% of all websites and 64% of Unlicensed and Unregulated websites;
- Most (81%) betting websites also offer non-sports gambling products such as casino games and slots;
- Customers are mostly young (~60% under 34), male (64%+) and on mobile devices (76%+);
- Cryptocurrencies are accepted by 24% of websites, 63% of which are Unlicensed and Unregulated;
- Third-party betting software from business-to-business suppliers is used by 73% of websites; and
- 42% of websites have “mirror websites” used to evade regulatory attention, even in the case of some (4%) Licensed and Regulated websites.

1 BETTING WEBSITE TYPES

Five hundred and thirty-four betting websites were selected as follows:

- The 262 most popular betting websites globally (monthly visits >1 million) based on analysis of traffic data from 2019 to 2021;
- a random sample of 93 websites from ~20,000 categorised as Gambling or Gambling > Sports Betting by our analysis tool; and
- an existing list of 179 websites identified in previous proprietary research as suspected of being Unlicensed and Unregulated.

These websites were examined to assess:

- 1) if a confirmed operating licence existed;
- 2) in which jurisdiction the licence was conferred; and
- 3) if that jurisdiction licenses and regulates gambling and betting offered *only* in that jurisdiction and to consumers located in that jurisdiction.

This report therefore categorises betting websites as:

- 1) Licensed and Regulated;
- 2) Licensed but Under-regulated; and
- 3) Unlicensed and Unregulated.

The findings after analysis are as follows:

TABLE: Percentage of websites in each licensing category per segment of websites examined

Segment	% Licensed and Regulated	% Licensed but Under-regulated	% Unlicensed and Unregulated
262 most popular global betting websites	60%	23%	17%
Random sample of 93 global betting websites	54%	23%	24%
Targeted sample of 179 Unlicensed and Unregulated websites	-	11%	89%
Total	38.8%	18.7%	42.5%

Regulatory definitions in this report

The definitions of licensed / regulated betting vary from jurisdiction to jurisdiction. In many jurisdictions specific legislation pertaining to online betting does not exist and/or laws and regulations remain based on language drafted long before the internet existed. Furthermore, a number of regulators, including some which specialise in issuing online betting licences, provide minimal regulatory oversight.

An assessment of the regulatory credibility in all 61 jurisdictions in which these websites were licensed is outside the scope of this report as this would require an assessment of each jurisdiction's legal expertise, integrity, commitment to responsible gambling, and other factors and thus a) be inherently subjective and b) require an entirely separate report.

This report classifies betting websites as regulated or otherwise according to the key question “does its regulator licence and regulate gambling and betting offered only to persons located in that jurisdiction?” This focuses on the key issue of where the point of sale takes place and whether the operator has a licence in that location.

This classifies betting operators as:

- those regulated by the jurisdiction in which they are licensed to take bets; **(Licensed and Regulated)**;
- those which have licences from certain jurisdictions but are under-regulated since they take bets from persons located outside of these jurisdictions; **(Licensed but Under-regulated)**; and
- those which have no licence **(Unlicensed and Unregulated)**.

Because online betting is a transnational globalised business, operators with multiple licences from different jurisdictions were classified according to their strongest licence.

2 BETTING WEBSITE CHARACTERISTICS

a) Licensed and Regulated online betting websites

Of the 534 websites examined, fewer than half – 207 or 39% – were classified as Licensed and Regulated.

Removing the targeted sample of 179 websites already suspected before classification as **likely** to be Unlicensed and Unregulated changes the percentage of Licensed and Regulated websites among the remaining 355 to 58%. But it is still significant that more than 40% of websites even in this more randomised sample are not Licensed and Regulated.

A n a l y s i s

Licensed and Regulated operators are often large companies with transparent ownership structures, possibly publicly-listed, and/or state-run monopolies or other similarly well-established corporate entities.

It should be noted, however, that within this category, there are a handful of operators, who continue to utilise ‘mirror websites’ and/or utilise ‘white-label licences’, practices more commonly used by Under-regulated and Unregulated operators.

Mirror websites

Mirror websites are exact replicas of betting websites used to evade regulatory attention (see explainer on next page). They are ubiquitous among Licensed but Under-regulated and Unlicensed and Unregulated operators, but even some Licensed and Regulated operators have mirror websites designed to target customers in areas where betting is illegal/unregulated.

We have classified such mirror websites as Unlicensed and Unregulated even if the parent brand is Licensed, since such URLs do not appear on any licensor’s public register, and their core purpose is to facilitate Unregulated betting.

White-label licences

A major flaw in even some Licensed and Regulated jurisdictions is so-called white-label licensing which in effect allows operators to act as sub-licensees under a partner’s licence. This is discussed further in Section Two.

Explainer: Mirror websites

Mirror websites are exact copies of a betting website hosted on a different URL. They are used by Regulated and Under / Unregulated operators alike, as illustrated by a simple search for the term “betting mirror websites”.

Their purpose is to provide redundancy and business continuity, and to avoid detection by authorities. In the event that one URL is shut down or blocked by authorities, customers can be migrated to an alternate URL in minutes.

For example, Asian Unlicensed and Unregulated betting network Huangguan (皇冠) is believed to be one of the world’s largest Unlicensed and Unregulated sports betting operators² but has no fixed web address. Bettors access Huangguan via mirror URLs provided by agents and/or referral websites.

Huangguan mirror websites often take the form hgXXXX.com: if hg1234.com is shut down, bettors will be directed to hg5678.com. For example, at the time of writing, analysis of the server on which one Huangguan URL is hosted shows 39 other URLs on the same server, 25 of which are variations on the hgXXXX.com formula³. Historical analysis of these URLs shows some to have been offering illegal betting since as early as 2005 – authorities may have successfully shut down some URLs, but Huangguan continues uninterrupted on its other mirrors.

The use of mirror websites is not only restricted to Unlicensed and Unregulated, underground websites such as Huangguan. Some licensed operators, even Licensed and Regulated operators, also employ mirror websites. One of the world’s largest betting companies, Licensed and Regulated in multiple jurisdictions but rumoured to receive as much as half its turnover from jurisdictions in which it is not licensed, has around 80 mirror websites on IP addresses linked to its primary domain.

The obvious question is, ‘Why would any online business have hundreds of alternative URLs, many of which do not seem to reflect its brand?’ This would appear to go against online marketing best practice, where a strong and memorable domain name is generally the first thing an online business would seek⁴.

The obvious answer is that these operators are seeking to *avoid* attention, not gain it, and particularly the attention of regulators in jurisdictions where they are not licensed but still take bets. The Licensed and Regulated operator mentioned above is rumoured to receive a very large percentage of turnover from bettors in the People’s Republic of China, where online betting is illegal.

Similarly, the table below shows that three leading Licensed but Under-regulated operators’ mirror websites – among the biggest betting operators in Asia – are visited primarily by users in eight Asian countries where online betting is illegal, as well as the United States, where these operators are Unlicensed and Unregulated.

TABLE: Main sources of traffic to three major Licensed but Under-regulated betting operators’ networks of mirror websites

	Largest source of traffic to entire network	Second largest source of traffic	Third largest source of traffic	Fourth largest source of traffic	Fifth largest source of traffic
Operator A	Thailand	South Korea	China	Vietnam	India
Operator B	Thailand	Vietnam	Indonesia	United States	Cambodia
Operator C	China	Vietnam	South Korea	Indonesia	Malaysia
Aggregate largest source of traffic	Thailand	Vietnam	China	South Korea	Indonesia

b) Licensed but Under-regulated online betting websites

Nineteen per cent of all websites examined were Licensed but Under-regulated.

Just three jurisdictions “license” 62% of these websites categorised as Under-regulated:

TABLE: Percentage of Licensed but Under-regulated websites licensed by particular jurisdictions

Jurisdiction	% of Licensed but Under-regulated websites licensed by this jurisdiction
<i>Curaçao</i>	31%
<i>Malta</i>	18%
<i>Philippines</i>	13%
<i>Other</i>	38%

A n a l y s i s

Curaçao

Curaçao, a Caribbean island tax haven, is estimated to have licensed 12,000+ betting websites⁵, but the exact number is unknown because it does not publish any list. Its websites are classified as Licensed but Under-regulated because its raison d’être is to license operators who take bets outside of Curaçao.

The primary requirement to qualify for a licence is to pay around EUR35,000 to EUR45,000 per annum to one of four private companies which are permitted to issue licences⁶.

Operators are not required to pay any tax nor are subject to any meaningful oversight, and a single licence covers any kind of interactive gambling – including sports betting, casino, slots, lotteries, poker, as well as any kind of interactive gambling not yet invented or imagined⁷. This is one reason why most cryptocurrency bookmakers are Curaçao licensed.

Curaçao’s lax oversight has been criticised by many, including the Netherlands, of which Curaçao is a constituent country (and which itself has one of the strongest regulatory environments in Europe). The Dutch regulator Kansspelautoriteit has issued numerous fines and bans to Curaçao-based operators targeting Dutch citizens, but admits it is largely powerless to collect fines given the opacity of ultimate ownership of Curaçao operators⁸.

In late 2020, a financial assistance package from the Netherlands required Curaçao to tighten its oversight of gambling, establish an independent regulatory body, and make it harder to get a licence⁹ – but as of early 2022, little appeared to have been achieved.

Malta

Malta, a Mediterranean island member of the European Union, is home to 328 licensees¹⁰ and an unknown number of betting websites, including some of the world's best-known brands. Malta has considerably strengthened its gambling oversight in recent years following high-profile controversies which included betting websites run by Italian organised crime and the assassination of Daphne Caruana Galizia, a journalist investigating ties between the Prime Minister and illegal gambling (among other issues)¹¹.

Its websites are classified as Licensed but Under-regulated because its *raison d'être* is to license operators who take bets outside of Malta. Also, in 2021 it was placed on FATF's 'grey-list' of high-risk jurisdictions with strategic deficiencies in their regimes to counter money laundering, terrorist financing and proliferation financing.

Controversy still dogs Malta's gambling sector, which provides 12% of GDP¹². In 2021, the regulator's former CEO was charged with conspiracy over alleged influence trading with casino operator Yorgen Fenech to cover up an inspection revealing weak anti money-laundering controls at Fenech's casinos. Fenech faces trial accused of being the alleged mastermind of the murder of journalist Galizia¹³. Also in 2021, a second Italian anti-Mafia operation again revealed millions of dollars in laundered funds passing through Malta-licensed betting companies from Italy¹⁴.

Because many Licensed and Regulated major operators with global footprint and licences from multiple jurisdictions often *also* have Malta licences, we have classified these operators according to the strongest regulatory jurisdiction in which they hold a licence – the United Kingdom, Australia, United States for example – and not as Licensed but Under-regulated.

The Philippines

The Philippines is home to an unknown number of betting websites, because it does not publish any list of URLs. Its websites are classified as Licensed but Under-regulated because its *raison d'être* is to license operators who take bets outside of the Philippines. Like Malta, it was placed on FATF's 'grey-list' of high-risk jurisdictions in 2021¹⁵.

Philippines-licensed operators target bettors in Asia, where online betting is largely illegal or heavily restricted. Since Asian illegal betting is estimated by some to account for as much as 80% of the market, Philippines 'licensed' operators facilitate a large proportion of global illegal betting. The industry has given rise to considerable negative side-effects in the Philippines, including money-laundering (estimated at approximately USD250 million a year by the Philippines Anti-Money Laundering Council in 2020)¹⁶, kidnappings, illegal immigration, forced labour, and murder.

Since the pandemic's onset in March 2020, the combination of China exerting diplomatic pressure on the Philippines to stop targeting Chinese citizens with illegal betting, attempts by the Philippines to collect some of the massive tax deficit owed by its licensees, and COVID-19 restrictions limiting importation of Chinese workers to staff operations, has led to at least 28 licensed Philippines Offshore Gaming Operators abandoning properties and operations in the country. They have relocated to jurisdictions such as Cambodia, Vietnam, Laos and Dubai¹⁷.

The low quality of Philippines oversight is further underlined by the fact that the regulator – PAGCOR – is also an operator of casinos. Owing to the financial impact of the pandemic it has started to expand online betting to locals and introduced online proxy betting in its casinos, both of which are likely to be used to launder money and/or harm sports integrity; it also introduced online betting on cock-fighting¹⁸ – an obvious animal welfare issue.

//////////////////// CASE STUDY

AML failings in Regulated and Under-regulated markets

Our regulatory definition focuses on whether a regulator licenses betting only in its own jurisdiction or not. However, all 61 jurisdictions were examined through the anti-money laundering (AML) mutual evaluation reports of the Financial Action Task Force (FATF).

FATF, the global inter-governmental money laundering and terrorist financing watchdog, typically spends more than a year evaluating a jurisdiction's AML standards¹⁹. Jurisdictions are then graded on how well their AML framework meets 11 key goals (FATF's 'Immediate Outcomes')²⁰. Failure to achieve at least Medium Effectiveness on most of these key goals is an indicator of money laundering risk, and is relevant to this discussion because gambling is an FATF-designated industry of particular financial crime risk²¹. Analysis found:

Four jurisdictions²², including Malta and Philippines, which license a combined 31% of Licensed and Under-Regulated websites, are on the FATF 'grey list' of jurisdictions subject to increased monitoring to address strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing²³.

More than a fifth (22%) of jurisdictions we have classified as Licensed and Regulated are not rated by FATF as achieving Medium Effectiveness or better for at least 80% of the Immediate Outcomes, indicating money-laundering risk in these jurisdictions²⁴.

In summary, some jurisdictions classified as Licensed and Regulated in a betting and gambling context still continue to present financial crime risks due to other environmental factors.

c) Unlicensed and Unregulated betting websites

Our examination found that 227 operators (42.5%) appeared not to be licensed in any jurisdiction.

Key characteristics of Unlicensed and Unregulated websites are:

- a) 81%²⁵ use 'mirror websites' to evade detection by regulators;
- b) 60% use shared cloud servers and/or domain privacy protection to obscure identification of their operators;
- c) They operate a vast range of gambling products often not available with Licensed and Regulated operators such as live-dealer casino (available on 78% of websites), multiple sportsbooks and sports (72%), illegal lotteries (53%), slots and other randomised games (82%); and
- d) These products are typically offered via third-party software providers; 72% of these websites use at least one such software provider and 55% use more than one.

A n a l y s i s

These characteristics mean that Unlicensed and Unregulated illegal betting operators:

- a) Continue to rapidly evolve and adopt the latest technologies;
- b) Are very difficult to track and identify;
- c) Are highly competitive with the legal market; and
- d) Require almost zero technical or bookmaking expertise.

A key feature enabling the proliferation of such websites is the involvement of third-party business-to-business (B2B) software suppliers which makes it easier than ever to become an online bookmaker. This is explored further in Section Two.

Popular sports betting suppliers in the Unlicensed and Unregulated market

Of 227 websites classified as Unlicensed and Unregulated, 72% use one or more third-party software suppliers for their sportsbook. The four most commonly seen are:

Jurisdiction	% of websites noted	Information
BB-IN	40%	Taiwan-based, licence unknown, also offers live casino and lottery games based on derivatives of Asian-licensed lotteries
Sabah Sports	40%	Taiwan-based, previously Isle of Man licensed under a different name. Name believed by some to point to Malaysian origins since Sabah is a state in Malaysia.
Huangguan	27%	Football, basketball and other sports. Third-party version of network believed by some to be biggest illegal bookmaker in Asia. Not known to be licensed in any jurisdiction
In-Play Matrix	16%	Licence unknown; claims to be No.1 sportsbook provider in Asia and to have been exclusive betting software provider to Macau junket operator Suncity.

3 BETTING WEBSITE TRAFFIC

Website traffic data (total monthly visits) for all 534 websites was analysed covering the period August 2019 to July 2021. The findings were:

a) Global demand for online betting continues to accelerate.

Visits to online betting websites increased by 37% in 2020/21 compared to 2019/20. This trend holds even when discounting the boost to online betting from the Euro 2020 football tournament, which took place in the summer of 2021 having been postponed because of COVID-19.

There were 39.75 billion total visits to these websites over this period and the majority (76%) of this traffic was to websites classified as Licensed and Regulated, which is to be expected as such websites are typically the biggest global brands.

Yet the fact that the remaining 24% of visits were to Under-regulated or Unregulated websites is troubling, especially given that traffic is likely understated by at least five times (see below).

The number one traffic source to 84% of Licensed and Regulated operators is their “home” jurisdiction, for example, Japan-based customers to the Japan Racing Association betting website, Hong Kong-based customers to the Hong Kong Jockey Club betting website.

In contrast, the number one traffic source to 69% of Licensed and Under-Regulated operators comes from jurisdictions in which they *are not licensed* – underlining the key point that such operators are focused on jurisdictions in which betting is illegal or unregulated.

A n a l y s i s

Previous ARF research showed illegal betting profits in Hong Kong increased by 10-20% during the pandemic. In other Licensed and Regulated markets, public filings from listed betting companies have shown similar surges for a range of online gambling products, not just sports betting.

Global online gambling is booming, accelerated by COVID lockdowns, stimulus payments, the return of live sport, emerging products such as e-sports, the increasing numbers of people coming online, and the opening of huge markets such as the United States.

Globally, the top 20 most popular websites in our analysis account for more than 50% of total web traffic. Of these 20, 16 are Licensed and Regulated, three Licensed but Under-Regulated, and one Unlicensed and Unregulated (a well-known offshore sportsbook targeting the US market). Licensed and Regulated operators from ARF member jurisdictions such as Japan, Hong Kong and Turkey are among the top 20.

This underlines that bettors prefer to bet with Licensed and Regulated operators if possible, and if the operator is not over-regulated to the point where it cannot compete with Under-regulated and Unregulated operators on price (betting odds) and product (number of sports and bet types).

b) The Under-regulated and Unregulated market is much larger than it may initially appear

Traffic to Licensed but Under-Regulated websites in the 24-month period reviewed was 6.78 billion and traffic to the Unlicensed and Unregulated websites was 2.67 billion.

While almost 10 billion visits to this market is significant, as the analysis below shows, this figure is likely understated by a factor of at least five.

A n a l y s i s

These markets are larger than they appear because of: 1) The use of mirror websites; 2) The agent-bettor pyramid structure of illegal betting; and; 3) Underground modes of operation, all of which will be elaborated upon below:

The use of mirror websites

Under-regulated and Unregulated websites typically use mirror websites (see explainer above) so that total traffic is dispersed across hundreds of URLs.

Examination of three leading Licensed but Under-regulated websites in the table below shows that traffic to these brands when mirrors are included is almost six times larger than when examining only the well-known primary domain, and as much as 12 times larger in the case of one well-known sportsbook.

TABLE: Comparison of traffic to top domain only versus entire mirror network of three major Asian betting operators

Top domain URL	Traffic to top domain only (total visits, August 2019 to July 2021)	Traffic including mirrors (total visits, August 2019 to July 2021)	Actual traffic to entire network compared to that of top domain only
Operator A	49.5m	105.8m	2.1x larger
Operator B	28m	333.5m	11.9x larger
Operator C	13m	76.7m	5.9x larger
Totals	90.5m	516m	5.7x larger

The agent-bettor pyramid structure of illegal betting

Particularly in Asia, bettors often do not interact directly with a betting website, but place wagers through an agent, who has access to the website. One “visit” as recorded by web analytics may thus reflect the wagers of tens or hundreds of bettors. For example, all the three operators named above operate in this fashion, therefore the traffic numbers shown may further underplay the true scale of these websites.

Underground modes of operation

In 2020/21, it was noted that several Unlicensed and Unregulated betting operators no longer have a betting website per se, but only a placeholder page which requires customers to download betting apps directly to their smartphones. Traffic thus cannot be measured.

This analysis also does not cover the “dark web”, blockchain-based gambling decentralised applications (“dApps”) and other modes of operation which cannot be measured using website analysis software.

Furthermore, as noted in Section Two, well-known betting operators are increasingly licensing their sportsbook software as ‘plug-ins’ to the Unlicensed and Unregulated market. This is the case for at least one of the operators in the table above – such traffic cannot be measured directly. Similarly, many operators can be accessed via ‘bet broker’ websites, which provide bettors with access to websites not available in their own jurisdictions.

The Under-regulated and Unregulated markets are thus likely to be at least five times larger than they appear based on website analysis alone. Moreover, this large market is growing more rapidly than its Licensed and Regulated equivalent.

c) Unlicensed and Unregulated betting is growing faster than regulated

All websites saw significant year-on-year visitor growth in 2020/21 compared to 2019/20. Notably, the increase was more pronounced among Unlicensed and Unregulated websites.

As shown in the table below, Unlicensed and Unregulated websites saw their traffic increase by 64%, compared to the 36% increase in both licensed segments, and the number of unique visitors (number of individuals visiting a web page) was even more pronounced, up 97% vs 31% and 28% in the Regulated and Under-regulated segments respectively.

TABLE: Comparison of web traffic increase across different segments of betting websites

Segment	Year-on-year increase in total visits, 2020/21 vs 2019/20	Year-on-year increase in unique visitors, 2020/21 vs 2019/20
Licensed and Regulated	+36%	+31%
Licensed and Under-regulated	+36%	+28%
Unlicensed and Unregulated	+64%	+97%

A n a l y s i s

Unlicensed and Unregulated betting is growing faster because these operators have advantages in price, product and promotion. They have little of the operating costs of Licensed and Regulated operators; they provide a far larger range of offerings, notably products unavailable or more limited for most Licensed and Regulated operators; and they aggressively market through means unavailable to Licensed and Regulated operators.

In terms of price, both Under-regulated and Unregulated operators can offer bettors superior prices (odds) to many Licensed and Regulated operators, since they are typically based in offshore tax havens, or pay no tax at all as criminal enterprises, and also do not make other payments such as problem gambling levies, sport and racing levies, or charitable donations.

In terms of product, many Licensed and Regulated operators are limited by condition of licence and/or their jurisdiction's gambling regulations as to a) the number of sports on which they can offer wagering and/or b) the number of different bet types on which they can offer per sport. Under-regulated and Unregulated operators have no such restrictions, as graphically illustrated during the 2020 COVID suspension of major sporting events mentioned above.

Moreover, Licensed and Regulated operators are often banned from publicly advertising or marketing their product to reduce the risk of underage or problem gambling, unlike Under-regulated and Unregulated operators. Examples of dangerous marketing practices by such operators include:

- Marketing their websites on film and sport piracy websites²⁶;
- Marketing their websites on pornography websites²⁷;
- Marketing their websites directly to customers with gambling problems²⁸; and
- Marketing their websites through social media spam²⁹.

Clearly, this rapid growth of operators with no regard for best practices upheld by Licensed and Regulated betting operators has significant negative impacts to society as regards to problem gambling, sports integrity, and financial crime.

d) Traffic sources to Under-regulated and Unregulated operators are more varied than to their Licensed and Regulated counterparts

Our data shows the top five sources of traffic to each website and underlines the fact that most Licensed and Regulated operators focus on the jurisdictions in which they are licensed.

For example, more than 99% of visits to the Japan Racing Association come from Japan; more than 97% of visits to New Zealand's TAB come from New Zealand; more than 94% of visits to France's licensed tote betting operator PMU come from France, and so on.

However, this is not always the case, even among operators classified as Licensed and Regulated. One extremely popular Licensed and Regulated global betting brand receives 35% of its traffic from Brazil, where it is not licensed (Brazil at time of writing does not have online betting legislation).

The variety of traffic sources to Under-regulated and Unregulated markets is even more pronounced. Examples include:

- A betting operator originating from Russia which aggressively markets itself globally and which has been labelled as an illegal betting operator by Russia, receives 21% of its traffic from India, 14% from Brazil, 11% from Tunisia and 9% from Thailand – all jurisdictions in which online betting is illegal or unregulated.
- A recently established cryptocurrency-only website which is being aggressively marketed through sponsoring of an English Premier League football team and a major mixed martial arts competition, receives more than 15% of its traffic from the US and Canada (likely generated by publicity from the latter sponsorship), in neither of which it is licensed.
- Another, longer-established, cryptocurrency-only website receives 38% of its traffic from Brazil, 10% from Japan, 10% from France, 9% from India, and 3% from Italy – in none of which it is licensed.

Three of the four websites highlighted above offer markets on racing from one or more ARF member jurisdictions.

4 IMPLICATIONS FOR THE ASIAN RACING FEDERATION, HORSE RACING AND OTHER SPORTS

As well as licensing and traffic data, our study collected product information including sports and other gambling products available, currencies and languages offered and demographic data. The findings were as follows.

a) Horse racing from ARF member jurisdictions is a major betting product

More than a third (36%) of all websites examined offered horse racing, of which 82% offered racing from ARF member jurisdictions. Racing is slightly less prevalent on Under-Regulated or Unregulated websites, being available on 30% of them, but more (89%) offered racing from ARF jurisdictions, likely reflecting the popularity of racing in Asia.

The ARF member jurisdictions most commonly available to bet on were Australia, Hong Kong, Japan, New Zealand and South Africa.

A n a l y s i s

This data underlines the fact that racing bettors prefer to bet with Licensed and Regulated operators if given the opportunity, and if the technology, price and product offerings are competitive with Under-Regulated or Unregulated alternatives – but illegal betting on racing in ARF jurisdictions remains prevalent.

The ARF jurisdictions most commonly found available for online betting are tabulated below. It should be underlined that this does *not* mean these are the jurisdictions with the highest levels of betting liquidity in illegal markets; simply those which are carried most commonly by illegal betting operators on their websites.

TABLE: Prevalence of racing from ARF member jurisdictions on betting websites

Jurisdiction	Jurisdictions appearing on the following proportions of websites offering racing			
	% of all websites offering racing which offer racing from this ARF member jurisdiction	% of Licensed and Regulated websites offering racing which offer racing from this ARF member jurisdiction	% of Licensed and Under-Regulated websites offering racing which offer racing from this ARF member jurisdiction	% of Unlicensed and Unregulated websites offering racing which offer racing from this ARF member jurisdiction
Australia	69%	67%	61%	74%
South Africa	64%	61%	56%	70%
Hong Kong	53%	42%	42%	75%
Japan	47%	42%	44%	54%
New Zealand	40%	31%	39%	51%
India	28%	28%	31%	25%
South Korea	23%	18%	8%	39%
Saudi Arabia	13%	10%	8%	20%
Turkey	13%	8%	25%	11%
United Arab Emirates	12%	3%	11%	25%

b) Sports betting is not the sole product for most websites

The most commonly available sports were football, basketball, tennis, American football; at least three of these are available on 84% of all websites. E-sports is now available on 63% of all websites and 64% of unregulated websites.

The majority (81%) of websites offer more gambling products than sports betting alone, such as digital slot machines, live dealer casino, fantasy sport, social casino, poker, and other products where the operator has a guaranteed house edge.

A n a l y s i s

Football, basketball, tennis and American football have long been among the most popular betting sports globally and it is not surprising that they remain so.

Two notable points are the widespread availability of e-sports and the fact that most sports betting websites offer many more gambling products than just sports betting. These findings reflect a key point: operators, especially those unburdened by regulation, will move with great agility into new sectors and segments. They can move faster than regulators can keep up and before any negative impacts – integrity issues, encouraging youth gambling, problem gambling, etc. – are fully understood or apparent.

c) Credit betting remains ubiquitous and cryptocurrencies are becoming more and more prevalent

More than 70% of licensed websites accept credit cards. Notably, only 35% of Unlicensed and Unregulated websites accept credit cards, because such transactions are often blocked by providers and/or easy to trace by authorities in many jurisdictions where Unlicensed and Unregulated betting is prevalent. Credit betting remains the norm in such markets, but credit is assigned directly into accounts via agents.

A quarter (24%) of all websites accept cryptocurrencies. As previous ARF research has shown, the use of cryptocurrencies in online betting has been increasing steadily since at least 2017. Bitcoin is now the 14th most popular form of betting payment according to the number of websites which accept it, according to database casinocity.com. More than a third (35%) of websites in our database which accept cryptocurrencies are Under-Regulated or Unregulated, with Curaçao a particular home for such operators.

And while the complexities of purchasing and holding cryptocurrencies may previously have been a barrier to entry to many, in 2020/21 most of these have been removed, with popular payment apps making buying and selling cryptocurrencies via smartphone simple and easy. A third of websites can thus be funded indirectly by cryptocurrencies even if they do not directly accept them – because they accept PayPal, Skrill, Neteller and other payment apps which accept cryptocurrencies.

5 CONCLUSION

In summary, the global patchwork of licensing and regulatory issues means online betting is increasingly hybridised between “legal” and “illegal” – i.e. distinctions are increasingly blurred or non-existent, particularly to bettors and even regulators.

Global demand for online betting continues to accelerate faster than some stakeholders’ understanding of key issues.

Horse racing, and notably horse racing in ARF member jurisdictions, remains a significant betting product, although new products continue to attract new customers and demographics.

Technologies such as mirror websites, third-party software and cryptocurrencies mean it has never been easier to be an online bookmaker or bettor, regardless of individual jurisdictions’ gambling laws.

There are enormous benefits to jurisdictions from Licensed and Regulated betting, which can contribute to society through tax, support payments to sport, and create employment. But there are drawbacks without adequate oversight, and immediate benefits in terms of licensing revenue can be outweighed by negative impacts such as corruption, financial crime, and problem gambling.

A distinction has to be made between Licensed and Regulated operators which are focused on their own local market, and those which pursue customers in offshore markets where online betting is illegal/unregulated.

Stakeholders, including customers and regulators, need to be educated to understand this distinction. Most importantly, gambling regulators need to be clear that licences issued by “Under-regulated” jurisdictions which facilitate sales taking place in other jurisdictions are effectively illegal betting.

//////////////////// CASE STUDY

A 'hybridised' betting website

Betting operator Yabo Sports claims to be licensed in the Philippines although this can only be partially verified³⁰. It claims to be licensed in Malta but there is no record of this on Malta Gaming Authority's list of licensees.

Its ultimate beneficial owners are unknown but may operate through a British Virgin Islands (BVI) shell (Yabo claims to be licensed as a financial services company in BVI, which the BVI Financial Services Commission announced is false)³¹.

Yabo is licensed to operate in the United Kingdom via a white-label licence³² under an Isle of Man-based betting licensing and software provider reportedly owned by a Macau casino junket operator^{33 34}. Notably, this allows it to advertise via pitchside hoardings at English Premier League football matches (hugely popular in Asia) and it has struck multi-million pound / euro sponsorship deals with some of the world's most famous football clubs to promote its brand, including Manchester United³⁵, Paris Saint-Germain³⁶, AC Milan³⁷, Leicester City³⁸ and Italy's Serie A league among others.

At least 437 mirror websites were found on a single server linked to this brand.

During Euro 2020, this website was rumoured by Asia betting industry insiders to be laying massive sums of money, with individual bets of USD1.5 million being processed in one go. While this cannot be proven, web traffic analysis to a selection of mirror URLs showed a surge coinciding with Euro 2020, while the tens of millions Yabo has spent on European football sponsorship deals demonstrates a large marketing budget.

In the case of Greater China³⁹, where this operator is estimated to earn 90%+ of its revenues, both the law and authorities are clear – this is illegal betting.

Illustrating that point – and the scale of this operator's network – is a Mainland China report claiming that a single syndicate promoting Yabo in a single province earned CNY6 million (USD925,000) per day in 2019, and had profit over an unspecified timeframe of CNY100 billion (USD1.5 billion). Authorities said it had 80,000 agents and 5.8 million customers in Sichuan province alone (7% of Sichuan's population)⁴⁰.

Such operations have genuine impact on individuals. In April 2021, Guangdong security authorities demanded 10 people hand themselves in for acting as agents for Yabo, saying it had operated a cross-border criminal enterprise since 2018⁴¹. In September 2021, a well-known blogger on China's social media app WeChat was jailed for five years and fined CNY200,000 for promoting Yabo on his account⁴².

Agents receive from ~20% to as much as 55% of the losing bets of each customer referred,⁴³ which is why this pyramid-marketing model is effective – one report mentions an agent who earned CNY460,000 (~USD72,000) during the 2018 World Cup, more than four times the average annual salary in the province (Zhejiang) where this took place⁴⁴.

In summary, this operator – which is far from unique – is licensed to operate in certain jurisdictions though its claimed licensing status in others appears unclear, appears to make massive sums of money, and advertises widely by association with well-known sports brands. Yet there is absolutely zero information available about its ultimate beneficial owners or where its seemingly vast profits go, while its product leads to people being thrown in jail.

Annex: Betting Website Analysis Methodology

The analysis in this section is based on an examination of 534 sports betting websites filtered from an initial sample of ~21,000.

First, a broad picture of the most popular websites in the global online sports betting market was built by:

- Taking the 20,000 websites categorised as “Gambling” and “Gambling > Sports Betting” by leading web analytics tool SimilarWeb;
- filtering these for websites with average monthly visits > 1 million; and
- removing websites which did not offer sports betting.

This gave a list of 262 of the most popular global sports betting websites.

A further 93 websites were added to this list from a random sample of the above 20,000 websites with average monthly visits of < 1 million.

Because SimilarWeb does not have the ability to access web traffic data for China, one of if not *the* largest illegal betting markets in the world, these were supplemented by an existing list of ~335 websites primarily targeting Asian customers. This list had previously been built in 2020 by:

- Targeted keyword searches in English and Chinese;
- Links from gambling affiliate marketing websites targeting Asian customers;
- Websites previously catalogued in the course of other research and investigations.

It was noted during the course of re-analysing this list that 156 websites were no longer online since last examined in late 2020: this is a typical feature of such websites, which operate on hundreds of mirror URLs that appear and disappear. There were thus 179 websites remaining.

This resulted in 534 betting websites being selected for examination as follows:

- 1) 262 of the most popular global sports betting websites according to SimilarWeb;
- 2) 93 global sports betting websites randomly sampled from SimilarWeb’s database;
- 3) 179 websites specifically targeting Asian bettors.

These websites were then examined through the following lenses:

1) Licensing and regulatory status;

- Websites were classified as Licensed and Regulated, Licensed but Under-regulated, or Unlicensed and Unregulated.

2) Web traffic data

- Total Monthly Visits⁴⁵ and Total Unique Visitors⁴⁶ for each website were extracted for 24 months (August 2019 to July 2021) from traffic analytics platform SimilarWeb⁴⁷.

3) Server information

- Server information – such as location of server, registrant company / address / other identifying features, existence of mirror websites⁴⁸ was extracted using server analytics platform DomainTools⁴⁹.

4) Sports betting and other products offered

- Websites were manually examined to determine if they offered horse racing and if so from what ARF member jurisdictions;
- Other products such as football, basketball and other leading sports were noted;
- Other products such as casino, digital slots, etc were noted.

5) Customer information

- Demographic information was extracted from SimilarWeb;
- The top geographical sources of traffic were extracted from SimilarWeb;
- Languages offered, currencies and payment methods were manually recorded to indicate target markets.

6) Software

- A manual assessment of the prevalence of third-party software was conducted by examining individual websites and taking reference from online betting website database casinocity.com.

Limitations

Limitations to the above methodology include:

- 1) SimilarWeb's website analysis algorithm is not public, being its core piece of intellectual property, and it captures China data on a best-effort basis only given government restrictions in the People's Republic of China.
- 2) Sports and other products were recorded on a best-effort basis, given the vast and continually changing array of sports and other betting products available at typical betting websites.
- 3) The accuracy of information on external databases such as casinocity.com used for some analysis was not independently verified.

1 Website analysis was conducted using SimilarWeb, a leading web analytics tool. See <https://support.similarweb.com/hc/en-us/articles/360001631538-Similarweb-Data-Methodology> for more information on SimilarWeb's data methodology

2 According to industry sources and sports integrity experts. Some sources claim it may be licensed in the Philippines

3 Source: Analysis using DomainTools

4 Michael Gargiulo, 'Naming Your Business: Are Domain Name Extensions Important?', Forbes, 22 October 2018 (<https://www.forbes.com/sites/forbestechcouncil/2018/10/22/naming-your-business-are-domain-name-extensions-important/?sh=16157b821456> accessed 25 November 2021)

5 Henk Willem Smits and Remy Koens, 'Curacao is a paradise for illegal online casinos (and wants to keep it that way), Follow the Money, 10 November 2021 (<https://www.ftm.nl/artikelen/casinos-op-curacao> accessed 16 November 2021)

6 Fees estimate based on offshore company registration providers; no official information is available

7 See e.g. Fast Offshore 'Curacao Gaming License: The Ideal Solution for Startups', fastoffshore.com, no date, (<https://fastoffshore.com/what-we-do/packaged-services/curacao-gaming-license/> accessed 24 November 2021)

8 Ted Menmuir, 'KSA ramps up enforcement actions against Curacao businesses', SBC News, 25 May 2021 (<https://sbcnews.co.uk/europe/2021/05/25/ksa-ramps-up-enforcement-actions-against-curacao-businesses/> accessed 24 November 2021)

9 'Curacao bows to Netherlands pressure, agrees to tighten gambling licensing rules', Curacao Chronicle, 12 November 2020 (<https://www.curacaochronicle.com/post/main/curacao-bows-to-netherlands-pressure-agrees-to-tighten-gambling-licensing-rules/> accessed 24 November 2021)

10 Malta Gaming Authority Annual Report 2020 (<https://www.mga.org.mt/wp-content/uploads/MGA-AR-2020-WEB.pdf> accessed 25 November 2021)

- 11 Matteo Civillini and Cecilia Anesi 'How Maltese Online Gambling Became an ATM for the Italian Mafia', Organized Crime and Corruption Reporting Project, 10 May 2018 (<https://www.occrp.org/en/thedaphneproject/how-maltese-online-gambling-became-an-atm-for-the-italian-mafia> accessed 24 November 2021)
- 12 Zach Marshall, 'Gambling licences for Malta's iGaming businesses', Times of Malta, 17 July 2021 (<https://timesofmalta.com/articles/view/gambling-licences-for-maltas-igaming-businesses.887185> accessed 24 November 2021)
- 13 'Daphne Caruana Galizia murder: life term sought for alleged mastermind', The Guardian, 18 August 2021 (<https://www.theguardian.com/world/2021/aug/18/daphne-caruana-galizia-life-term-sought-alleged-mastermind-yorgen-fenech> accessed 24 November 2021)
- 14 Alessandro Ford, 'Italian Mafia Bets on Illegal Online Gambling', 4 March 2021 (<https://www.occrp.org/en/daily/13985-italian-mafia-bets-on-illegal-online-gambling> accessed 24 November 2021)
- 15 FATF, 'Jurisdictions under Increased Monitoring - October 2021' (<https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/increased-monitoring-october-2021.html> accessed 24 November 2021)
- 16 Bernadette D. Nicolas & Butch Fernandez, 'P14-billion POGO-associated transactions found suspicious-AMLC chief', Business Mirror, 6 March 2020 (<https://businessmirror.com.ph/2020/03/06/p14-billion-pogo-associated-transactions-found-suspicious-amlc-chief/> accessed 26 November 2021)
- 17 Elijah Felice Rosales, 'POGO paradise gets popped by pandemic', Phil Star, 4 October 2021 (<https://www.philstar.com/business/2021/10/04/2131527/pogo-paradise-gets-popped-pandemic> accessed 21 November 2021)
- 18 Ben Blaschke, 'PAGCOR receives US\$20 million from e-Sabong in first four months of regulation', Inside Asian Gaming, 1 September 2021 (<https://www.asgam.com/index.php/2021/09/01/pagcor-receives-us20-million-from-e-sabong-in-first-four-months-of-regulation/> accessed 25 November 2021)
- 19 FATF, 'Procedures for the FATF Fourth Round of AML/CFT Mutual Evaluations' January 2021 (<https://www.fatf-gafi.org/publications/mutualevaluations/documents/4th-round-procedures.html> accessed 11 November 2021)
- 20 FATF, 'An effective system to combat money laundering and terrorist financing', no date (<https://www.fatf-gafi.org/publications/mutualevaluations/documents/effectiveness.html> accessed 24 November 2021)
- 21 Classified as DNFBBs "designated non-financial businesses and professions" – companies or industries with particular financial crime risk
- 22 Malta, Mauritius, Panama, Philippines – Turkey was added to grey list in October 2021, outside the period of analysis covered in this report
- 23 FATF, 'Jurisdictions under Increased Monitoring - June 2021', June 2021 (<https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/increased-monitoring-june-2021.html> accessed 24 November 2021)
- 24 FATF, 'An effective system to combat money laundering and terrorist financing', no date (<https://www.fatf-gafi.org/publications/mutualevaluations/documents/effectiveness.html> accessed 24 November 2021)
- 25 "At least", because this analysis may not have detected every single mirror website, which by their nature are difficult to identify
- 26 Andy Maxwell, '1XBET Ads Appeared on 1,200 'Pirate' Sites in Past Six Months, TorrentFreak, 6 September 2019, (<https://torrentfreak.com/1xbet-ads-appeared-on-1200-pirate-websites-in-past-six-months-190906/> accessed 24 November 2021)
- 27 David Collins, 'Female fans stir up revolt against £5m 'soft porn' sponsor at Norwich City', The Times, 13 June 2021, (<https://www.thetimes.co.uk/article/female-fans-revolt-soft-porn-sponsor-norwich-city-delia-smith-br3x5kwrh> accessed 24 November 2021)
- 28 Peter Scargill, 'Vulnerable gamblers preyed on by black market websites', Racing Post, 26 August 2021 (<https://www.racingpost.com/news/members/insight/revealed-how-black-market-betting-websites-are-preying-on-gambling-addicts/507521> accessed 24 November 2021)
- 29 See ARF Council Quarterly Bulletin, January 2022
- 30 A business entity confirmed to be linked to this operator is an Accredited Service Provider to the offshore gambling industry, but does not appear on the list of official Philippines Offshore Gaming Operators. Accredited Service Providers provide e.g. technology, customer support, back office functions to the Philippines gambling industry
- 31 British Virgin Islands Financial Services Commission, 'Public Statement 17 of 2020 — YABO SPORTS AND ASIA GAMING', 21 October 2020 (<https://www.bvifsc.vg/library/alerts/public-statement-17-2020-yabo-sports-and-asia-gaming> accessed 24 November 2021)
- 32 This means that they trade in UK using the licence and website technology of the white-label provider. In this way, such operators avoid the due diligence, probity checks and other requirements normally required to secure a primary licence. Asian-facing betting operators will often have a European-focused white-labelled website to allow them to advertise through European sport, but their target market remains Asia, and they have separate websites to cater for that market
- 33 'GLMS study, 'A study of betting operators and their sponsorship of sport', July 2020 (https://glms-sport.org/wp-content/uploads/2020/07/20_GLMS_SPONSORSHIP_REPORT_Final-July-2020.pdf) (Disclosure: S&I and Football Trading contributed to this report)
- 34 SBTech press release, 6 August 2014 (<https://www.prnewswire.com/news-releases/sbtech-announces-multi-year-deal-with-tgp-europe-involving-veteran-uk-bookmaker-jenningsbet-and-other-leading-white-labels-at-asia-and-europe-270146161.html>)
- 35 Tom Bassam, 'Manchester United bet on 'UK£3m a year' Yabo Sport deal', SportsPro, 13 August 2019 (<https://www.sportspromedia.com/news/manchester-united-yabo-sport-betting-sponsor> accessed 5 July 2021)
- 36 Press release on PSG website, 'Yabo Sports becomes Paris Saint-Germain's official regional partner in Asia', 6 November 2020 (<https://en.psg.fr/teams/first-team/content/yabo-sports-becomes-paris-saint-germain-official-regional-partner-in-asia> accessed 5 July 2021)
- 37 Press Release on AC Milan website, 'AC MILAN ANNOUNCES YABO SPORTS AS NEW OFFICIAL REGIONAL PARTNER – ASIA', 7 September 2020 (<https://www.acmilan.com/en/news/articles/sponsor/2020-09-07/ac-milan-announces-yabo-sports-as-new-official-regional-partner-asia>)
- 38 Press release on LFCFC website, 'Leicester City Name Yabo Sports As Official Club Partner', 16 September 2019 (<https://www.lfc.com/news/1347075/leicester-city-name-yabo-sports-as-official-club-partner/press-release> accessed 5 July 2021)
- 39 Defined for the purposes of this report as Mainland China, Hong Kong, Macau and Taiwan – definition for convenience only and does not indicate any political stance
- 40 四川新聞 (Sichuan News), '亞博體育"大亨互娛".....四川公安發布全省打擊治理跨境賭博工作典型案例', 11 May 2021 (<http://scnews.newssc.org/system/20210511/001173868.html> accessed 5 July 2021)
- 41 '廣東警方公佈 37 名涉跨境賭博案在逃嫌疑人名單！敦促自首', 8 April 2021 (https://www.sohu.com/a/459610001_161795 accessed 24 November 2021)
- 42 '因為貪念·小有名氣的博主成為了階下囚.....', 光明網, 14 September 2021 (https://www.sohu.com/a/489839022_162758 accessed 21 November 2021)
- 43 '瘋狂的直播間：百萬級大主播直播間聚賭·年流水超 1 億', 法治週末 13 July 2021 (<https://finance.sina.com.cn/chanjing/cywxw/2021-07-13/doc-ikqciyzk5240517.shtml> accessed 24 November 2021)
- 44 Statista, 'Average annual income of employees working for urban non-private units in China in 2020, by region', Statista.com, October 2021 (<https://www.statista.com/statistics/278350/average-annual-salary-of-an-employee-in-china-by-region/> accessed 24 November 2021)
- 45 Number of times that a particular website was viewed during a specific period. See: <https://support.similarweb.com/hc/en-us/articles/212999769-Total-Visits>
- 46 The number of individual devices visiting that domain. See: <https://support.similarweb.com/hc/en-us/articles/214074389-Monthly-Unique-Visitors>
- 47 A web application which gives information about website traffic and other user data
- 48 Alternate domains of betting websites usually set up by black- and grey-market betting operators to provide redundancy in the event that authorities shut down one domain.
- 49 An application which gives information about the server(s) on which websites are hosted

S E C T I O N

2





HOW OUTSOURCING IN THE ONLINE BETTING SUPPLY CHAIN AND 'WHITE-LABELLING' BLURS LINES BETWEEN LEGAL AND ILLEGAL BETTING

BY THOMAS CHIGNELL AND JAMES PORTEOUS



INTRODUCTION

The supply chain of sports betting data and the related ‘white-labelling’ sales of betting websites are increasingly blurring the lines between legal and illegal betting, and making it easier than ever to setup a betting website. This commentary outlines both of these related areas.

The ‘online betting supply chain’ refers to the provision of third-party software and data involving the licensing by betting operators of technology and/or data feeds (e.g. sports odds or live sports statistics) from business-to-business (B2B) providers. Sports data is a complex but critical part of sports betting that is increasingly outsourced by the betting operator, which would otherwise fail.

‘White-labelling’ is the provision of all or part of a betting website and its operations, often including the licence, which is then branded by a separate operator. A complete form of white-labelling could be described as the online betting equivalent of a major car manufacturer building the vehicle but allowing another company to put its logo and brand on it for sale. However, in some cases the purpose of a white-labelling arrangement is solely to confer some legitimacy to operators typically in Asia by allowing them to present themselves as “licensed” by overseas jurisdictions typically in Europe. This allows them to present as Licensed and Regulated operators to their target customers in Asia, and to promote their brand in Asia by – for example – associating themselves with major European sports teams and leagues.

Outsourcing in the sports betting supply chain – third-party software and data provision

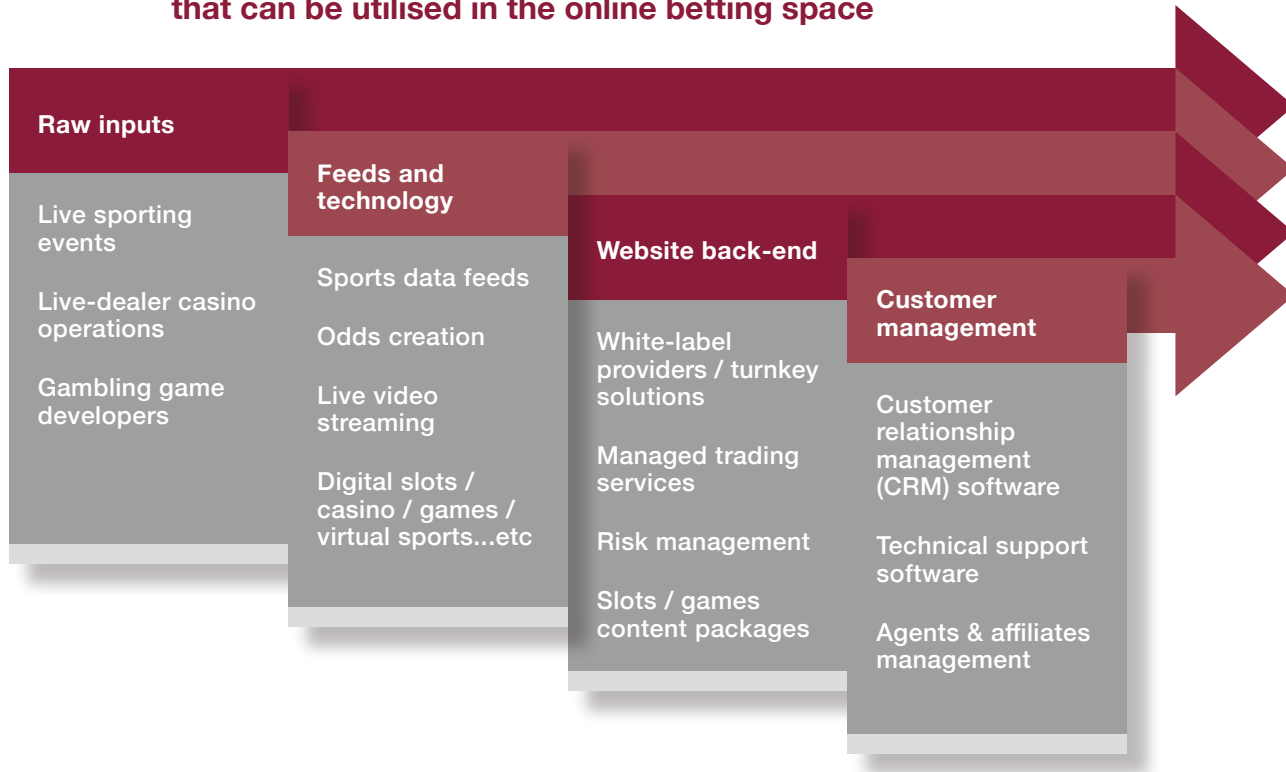
Betting websites need very complex software, providing functions such as odds-making and risk management, live sports data feeds, live video streaming, customer relationship management, technical support and payment processing, to name a few.

Larger, Licensed and Regulated operators often prefer to keep a lot of technology in-house for reasons of security, risk management, and product differentiation, but still typically rely on one or several third-party providers. Thousands of B2B suppliers thus exist to serve this market – one online database claims to track 3,400¹.

Software is typically licensed by the betting operator for a flat monthly fee, a percentage of customers’ losing bets, or a combination of both.

As the simplified supply chain diagram on the next page illustrates, a host of companies provide everything a betting operator needs, such as sports betting, casino, slots and customer management. ‘Content aggregators’ and ‘turnkey solution / platform providers’ simplify the process further by selling tailored packages of third-party products or completely managed websites².

Figure 1 – A simplified supply chain diagram showing different inputs that can be utilised in the online betting space



As noted in Section One, at least 73% of betting websites use one or more third-party software providers, even the largest. This is because, as also noted, 81% of websites do not *only* offer sports betting, but also slots, virtual sports, live dealer casino, and other products; few if any operators have the expertise or desire to create and manage all of these in-house.

A problem – and another example of hybridisation – comes when betting software suppliers service Unregulated operators, thus facilitating illegal betting.

Our analysis in Section One showed that Unlicensed and Unregulated operators *almost exclusively* rely on third-party software for their operations, and a host of suppliers exist to service the Unlicensed and Unregulated market, given its vast scale and turnover. Some of these suppliers are licensed in certain jurisdictions – particularly the Philippines for live-dealer casino for example – but their products are used by Unlicensed and Unregulated operators.

Furthermore, some of Asia’s largest illegal sports betting operators have begun licensing out their software as third-party products. This is described in more detail in the case study below.

A related issue is the provision of live sports data feeds by suppliers to both legal and illegal markets. Collecting such data is a massive undertaking and is dominated by a handful of major providers. This data is vital for betting operators to provide the vast array of sports markets they make available, particularly for in-play betting.

However, some providers supply data to Regulated / Under-regulated / Unregulated betting operators alike. This is a flaw in the integrity of global betting markets, because it allows Unlicensed and Unregulated operators to set up websites with ease, allows mixing of Regulated / Under-regulated / Unregulated betting volume, and further blurs the distinction between legal and illegal operators.

The sports data market has evolved rapidly within a regulatory vacuum, which has been complicated by the broader complexities of sports and betting regulation (including global markets, patchwork of regulations, multiple owners of sports products, and international, national and state sporting organisations). In the absence of regulatory oversight and control, there is a lack of transparency surrounding the final destination of the data collected.

As noted by the International Betting Integrity Association, an industry organisation whose members are regulated betting operators, *“the sale of sports data to poorly and unregulated operators e.g. based in Curaçao and across Asia, potentially raises the risk of corruption [...] adds to the competitive advantage of such operators [...] and] could be considered contrary to any integrity policy”³.*

//////////////////// CASE STUDY

Citibet as a third-party software provider

The Citibet betting exchange has for more than 10 years been a leading platform for unregulated betting on racing and is a core integrity threat to global racing. It is not known to be licensed in any jurisdiction.

However, Citibet's exchange and discount mechanism is complicated and difficult for the layperson, and its interface is little changed since the site was first programmed in the 2000s. This is a barrier to entry for some would-be illegal bettors.

By late 2019, Asian Unlicensed and Unregulated websites had begun to offer Citibet racing on their websites through third-party software plug-ins. This is a much simpler and user-friendly version of Citibet.

Like Citibet, such websites offer only racing, harness racing and greyhound racing, from the same jurisdictions as available on the exchange. Rebates can be applied to accounts, and pirated live-streaming of racing is also available.

The simplified version of Citibet has been designed for bettors who do not understand the traditional Citibet interface, and it is likely that bets are directed onto the main Citibet exchange, increasing liquidity.

The ‘third-party’ version of Citibet can be ‘plugged in’ instantly to any illegal betting website.

Other leading illegal brands popular in Asia also now make their markets available not only on their own networks of mirror websites, but also as third-party plugins for a countless number of other Unlicensed and Unregulated websites. This is a prime example of how third-party software in the Unlicensed and Unregulated market makes it easier than ever both to be an illegal bookmaker and an illegal bettor.

‘White-labelling’

A complete ‘white label’ is when a whole website and licence is provided by a third-party B2B company⁴.

The supplier⁵ provides all of the technology, while the operator’s role is limited to branding and marketing and recruiting bettors. White-label websites are somewhat analogous to franchises, with minimal capital outlay required by the operator, but a large proportion of turnover funnelled upstream to the supplier/franchiser.

The white-labeller’s website content, including odds and trading management, is thus provided to tens or more other betting operators, allowing them to display their markets – and also in the case of white-label betting exchanges, to channel bets from customers in Unregulated markets into the wider ‘Regulated’ exchange, a key integrity risk.

White-label providers enable would-be betting operators to set up a betting website in weeks with almost zero technical or bookmaking expertise. But the high fees mean that a constant stream of new losing bettors must be found. This low-outlay, high-overhead cost structure is thus one reason for the proliferation of online betting websites which rapidly come and go, and for the aggressive marketing of such websites via social media and other platforms.

The provision of licensed white-label services is a concern for three reasons:

1. It allows operators of questionable origins to set up ‘licensed’ betting websites which appear to the bettor to be Licensed and Regulated, even though such operators have been subject to none of the oversight of their white-label providers;
2. It allows such operators to advertise in markets in which they are not licensed by marketing through sport;
3. It increases betting integrity threats relating to manipulation of racing and sports by i) obscuring the actual source of betting turnover since some white-label websites can only be accessed through agents, and ii) because white label betting exchanges are particularly susceptible to suspicious betting.

All of these further blur the lines between legal and illegal betting.

In 2020, the UK Gambling Commission (UKGC) reported that there were at that time more than 700 white-label partners within the industry and stated that this model was “increasingly popular ... [to] bring global exposure to an operator’s products”⁶. The Gambling Commission added: *“there is a concern that unlicensed operators who would potentially not pass the Commission’s initial licensing suitability checks are looking to use the white label model to provide gambling services in Great Britain”*.

The UKGC thus recognises two key points: the primary intention of many white-labels is not to market to or attract UK bettors, but to ‘piggy-back’ on the credibility of the UKGC licence to market globally; and such operators may not pass the UKGC’s own suitability criteria.

The UKGC transfers responsibility for oversight to the white-label provider, who is responsible to ensure that “appropriate safeguarding measures and controls are in place” and to “address money laundering and politically exposed persons (PEP) risks.” This extraordinary approach allows more than 700 white label offshore online betting websites to be operated with little effective regulatory oversight, flaws illustrated by more than one case in which the UKGC has fined providers for not “carefully manag[ing] all the third party websites that they are responsible for.”

In one example, a white-label provider failed to oversee its websites which were found, among other issues, to have sent thousands of emails to customers who had previously self-excluded from access to online betting; to have lacked AML controls; and to have used inappropriate advertising containing nudity⁷. The white-label provider was fined GBP 600,000.

It should be stressed that the UKGC at least takes action against such issues, and makes transparent such judgments. The UKGC is far from the only jurisdiction which permits white-labelling and, of course, in the case of less stringent regulators, there is not even any discussion of whether white-labelling may present negative consequences, let alone any enforcement.

Given that the UKGC recognises such issues, it begs the question why it allows a structure that facilitates and encourages unregulated online gambling and betting on an international basis, and only recognises the local impact of this in the UK. The outcome of this is the further expansion of Unregulated online betting operators internationally.

White-label licences are also used by betting operators to advertise betting in Unregulated markets, particularly Asia, through association with sport. For example, one of the most popular televised sports in Asia is English Premier League football; to advertise on pitch-side hoardings at EPL games or on the shirts of EPL teams, betting operators must be UK-licensed. There is thus a thriving business providing white-label websites to such operators to allow them to advertise in Chinese, Thai, Indonesian, Vietnamese and other Asian languages during EPL games – even though their product is typically illegal in such jurisdictions

These adverts typically direct users to Unregulated Asian-facing mirror websites – the white-label ‘Licensed’ websites themselves are sometimes not even online, because the purpose of these white-label arrangements is not to attract UK customers, but solely to advertise illegal betting in Asia. This has led one leading sports journalist to ask *“Is the Premier League used as part of an unprecedented money-laundering operation?”*⁸

There is also an established relationship between white-label operators and betting agents/brokers. Asian-facing white-label operators rely heavily on agents to recruit customers, facilitate account access and settle payments. White-label operators can typically only be accessed through agents/brokers, still further obscuring the source of bets and hindering integrity bet-monitoring. Both white-label operators and agents/brokers play key roles in the channelling of bets to the primary operator.

The distance of the ultimate customer to the primary operator is illustrated in the diagram below:

Figure 2 – The relationship of betting operators to white-labelled operators, bet brokers and ultimate customers



Agents can be both street-level / face-to-face contacts, but also larger online operators known as bet brokers.

Bet brokers are websites that provide access to a wide range of bookmakers and exchanges, which may be unavailable or illegal in the customer's jurisdiction, particularly Asian Unlicensed and Unregulated websites, other Licensed but Under-regulated sportsbooks, and many white-label exchanges. Bet brokers thus allow bettors to circumvent geo-blocking or legal restrictions⁹.

An examination of six leading online bet brokers showed that bet brokers offer multiple **legal and illegal** betting operators who provide both fixed odds markets and betting exchanges. All six offered at least one Unregulated operator¹⁰.

The prominence of large Licensed operators, offered alongside large Unlicensed betting operators, can be seen to provide credibility to the Unlicensed operators, and also to the bet brokers themselves, which are typically Licensed but Under-regulated in jurisdictions such as Curaçao.

There are advantages for a customer to bet via a broker and white label operators instead of betting directly with the primary betting operator in the legal market, thus blurring the lines between legal and illegal betting. These incentives include:

- Cryptocurrency – the customer can make deposits and withdrawals in cryptocurrency which is not available with the majority of the licensed operators for which they act as agents, adding yet another layer of obscurity and introducing racing integrity and financial crime risk. All six of the leading brokers examined accept cryptocurrency.
- Lowered Know Your Customer (KYC) checks – It has been identified that real differences exist in KYC checks between UK-based customers registered with a UK-licensed betting exchange and overseas customers betting into the same exchange via white labels and betting agents¹¹.
- Reduced commission and fees – Betting exchanges can charge a special rate of commission on accounts which make consistent profits. Industry sources suggest that customers can pay less commission by betting into the same exchange via white-label operators.

White-label betting exchanges

Of the six leading brokers examined, all offered a variety of betting exchanges, ranging from exchanges licensed in certain jurisdictions, white-label versions of licensed exchanges, and Unlicensed and Unregulated exchanges. This widespread availability of betting exchanges through white-labelling and/or bet brokers demonstrates the integrity threat to racing and sports.

Betting exchanges are a type of betting website analogous to a stock exchange, which allow bettors to 'buy' (back bet), but crucially also to 'sell' (lay bet) – i.e. bet on an event *not* to happen, for example a horse not to win a race. A betting exchange does not stand the bet liability itself, but is a platform which matches back and lay offers between customers and takes a commission either from each bet or customer profits.

Betting exchanges make betting on a horse to lose a quick and convenient process and therefore they are often targeted by those seeking to profit from inside information and event manipulation.

To allay this fear, Licensed and Regulated licensed betting exchanges typically offer to share transaction data with racing and other sports operators. Many cases of sports corruption have been identified and/or prosecuted in this fashion.

However, a key flaw in this system is opened up by white-label betting exchanges, which allow unscrupulous operators to employ Licensed and Regulated betting exchange technology in Unregulated markets.

There are several such operators, sometimes focused only on one sport, such as racing in Asia, or cricket for the Indian subcontinent. A portion (20% for example) of the risk of the customer's wager with the white-label exchange is held by the white-label operator, while the rest is placed on the exchange, obscuring the source of bets. This is a real integrity threat as it complicates the audit trail for integrity investigations.

The threat is very real for racing authorities and sports regulators as shown by the fact that suspicious lay bets placed via third parties into Licensed and Regulated betting exchanges have featured in racing integrity investigations. The Referrals Committee of the Irish Horseracing Regulatory Board (IHRB) reported in their findings on one high-profile investigation that large lay bets had been placed with a limited liability company, which placed them in turn onto a UK Licensed and Regulated betting exchange (see Section Six). In their reporting, the Referrals Committee highlighted that such a mechanism could hinder identification of the possible beneficiaries of lay betting¹².

- 1 See e.g. <https://www.igamingsuppliers.com/>
- 2 See e.g. Owain Flanders, 'Industry roundtable: What are the benefits of aggregators?', *GamblingInsider* 3 April 2020 (<https://www.gamblinginsider.com/news/8855/industry-roundtable-what-are-the-benefits-of-aggregators>) accessed 24 June 2021
- 3 International Betting Integrity Association, 'An Optimum Betting Market', August 2021 (<https://ibia.bet/wp-content/uploads/2021/08/IBIA-An-Optimum-Betting-Market.pdf> accessed 17 November 2021)
- 4 Dennis Lukovkin, 'A guide to white label gaming: Part one' and 'A guide to white label gaming: Part two' for examples of white-label operations. *iGamingBusiness*, 16 January 2019 (<https://igamingbusiness.com/a-guide-to-white-label-gaming-part-one/> accessed 16 November 2021), and 8 March 2019 (<https://igamingbusiness.com/a-guide-to-white-label-gaming-part-two/> accessed 16 November 2021)
- 5 See e.g. suppliers such as EveryMatrix, (<https://everymatrix.com/white-label-solution-convenient-way-start-online-gambling-business/>), Digitain, (<https://www.digitain.com/2021/02/10/white-label-or-turnkey-sports-betting-solution/>)
- 6 UK Gambling Commission 'Raising Standards for consumers — Compliance and Enforcement report 2019 to 2020', 6 November 2020, (<https://www.gamblingcommission.gov.uk/strategy/raising-standards-for-consumers-compliance-and-enforcement-report-2019-20/white-label-partnerships> accessed 16 November 2021)
- 7 UK Gambling Commission 'Warning over third party responsibilities as FSB receive sanctions', 6 May 2020, (<https://www.gamblingcommission.gov.uk/news/article/warning-over-third-party-responsibilities-as-fsb-receive-sanctions#ref-1> accessed 16 November 2021)
- 8 Philippe Auclair, 'The Trillion Dollar Gambling Game', *Josimar Football*, 12 August 2021 (<https://josimarfootball.com/the-trillion-dollar-gambling-game/> accessed 10 November 2021)
- 9 'What is a betting broker and how to use them' *rebelbetting.com*, 15 March 2019 (<https://www.rebelbetting.com/blog/what-is-a-betting-broker-and-how-to-use-them>)
- 10 Analysis of six leading bet brokers in October 2020. Brokers were assessed as leading operators by their online popularity, search engine prominence and mentions on gambling forums.
- 11 Antonia Cundy and Paul Murphy, 'Backdoor to Betfair: how to win £2,000 with no compliance checks', *Financial Times*, 2 July 2019 (<https://www.ft.com/content/80987f0c-9bf2-11e9-b8ce-8b459ed04726> accessed 16 November 2021)
- 12 Irish Horseracing Regulatory Board, 'Charles Byrnes (Trainer) Prohibited Substance Referral – Tramore 18th October 2018', 19 January 2021 (<https://www.ihrb.ie/referrals-appeals/charles-byrnes-trainer-prohibited-substance-referrals-tramore-18th-october-2018> accessed 16 November 2021)

S E C T I O N 3





HOW THE USE OF UNDER-REGULATED AND UNREGULATED BETTING WEBSITES IS RELATED TO GAMBLING PROBLEMS

BY SALLY GAINSBURY



Research shows that use of offshore (Unlicensed and Unregulated, and Licensed but Under-Regulated) gambling¹ is associated with greater experience of harms and gambling problems than domestically Licensed and Regulated websites.² More people have been using offshore gambling websites since the start of the COVID-19 pandemic³, likely due to the impact of lockdowns and a shift to online activities⁴, including those not available on regulated domestic websites⁵. However, this does not mean that gambling with offshore websites causes harms. It is likely that offshore websites are disproportionately used by individuals vulnerable to harms. Australian research⁶ found that consumers who use offshore gambling websites are more likely to be highly involved gamblers, use multiple different websites and types of gambling, and be younger, which are all factors associated with greater risk of harm.

Nonetheless, there are features and practices of some offshore websites that may exacerbate gambling problems. This includes provision of games that are faster, allow higher bets and encourage continued betting, all features that are associated with harms. Offshore websites may incentivise continued gambling and typically do not provide consumer protection tools such as deposit limits. Therefore, although acknowledging that gambling on domestically regulated websites may also lead to gambling problems, if people are going to gamble online, it would be sensible from a harm-minimisation perspective for them to bet with regulated providers. Studies from Australia,⁷ the US, and other jurisdictions show that most people who gamble online prefer to bet with legal operators, where these are available. For example, research by the American Gaming Association⁸ reported that states which introduced legal online sports betting saw a 25% decrease in use of illegal bookmakers and 74% of consumers surveyed reported a preference for legal providers.

However, despite the stated preference to use domestic websites, various consumer research studies from Australia show that where a site is licensed is not always one of the main factors consumers consider in deciding which operators to bet with online. For example, in a study of 1,001 Australians⁹ who gambled online, only 24% of those who used domestic websites considered whether the site was locally licensed, which was still greater than the 14% of those who used offshore websites who considered this information. Furthermore, in the same study, the majority of respondents in both groups (52% of domestic, 68% of offshore gamblers) indicated they did not know their site or sites' licensing jurisdiction. Similarly, in a US survey¹⁰, 55% of those who bet with an offshore operator believed that they were betting with legal operators. Taking advantage of and contributing to consumer misunderstanding of where websites are licensed, many offshore operators attempt to disguise their services as being for the local market; for example, by providing a local telephone support line, taking bets in the local currency, and using themes, motifs, images, and site names that suggest that they are operating legally.

Given that offshore betting websites are associated with greater gambling harms, it is important for gambling regulators and policy makers to encourage consumers who are going to gamble to do so on Licensed and Regulated websites that can provide consumer protections. However, the availability of consumer protection measures are also not seen by bettors as an important factor in site selection¹¹ and research suggests consumer protection tools¹² are used by a minority of online bettors¹³. One consideration for gambling regulators and policy makers is the extent to which restrictions on gambling, including for harm-minimisation aims, may drive consumers to less restrictive offshore gambling websites. For example, a Swedish study¹⁴ found that some people excluded from local casinos would gamble with offshore websites; indicating that this is likely occurring in other jurisdictions with national self-exclusion programmes. Other restrictions on betting products or websites may similarly result in individuals using offshore websites, potentially exacerbating gambling harms.

Internet gambling and its association with gambling problems and harms has increasingly been the focus of research and regulatory policy. However, relatively little research has examined the impact of using offshore Under-regulated or Unregulated betting websites on consumers' experience of problems. Overall, it is likely that some consumers will bet with offshore websites as it is very difficult to prevent this. An educative rather than punitive approach is likely most effective in changing consumer behaviour, in addition to efforts to increase the difficulty of accessing illegal providers. This can be done by targeted campaigns highlighting the risks in using offshore websites, including disreputable tactics used by offshore operators and the lack of recourse to consumers.

Resources should assist consumers to identify legal operators, to know what to look for in regulated websites, and to find a way to check whether a site is locally regulated. Pop-up messages or landing pages can alert individuals who attempt to access offshore gambling websites and suggest they reconsider using these¹⁵. To further reduce harm, regulators should require locally regulated websites to encourage consumers to engage with harm minimisation tools such as deposit limits and proactively identify and intervene with customers displaying risky gambling behaviours. Further research would assist regulators and policy makers to understand why consumers play with offshore websites, the risks associated with this, and how to reduce related harms.

//////////////////// **CASE STUDY**

How Unlicensed and Unregulated, and Licensed but Under-Regulated operators widen income disparity

Douglas Robinson

From a taxation perspective, betting is widely considered as being regressive¹⁶ in nature, resulting in lower-income bettors shouldering a proportionately larger tax burden on their bets.

In addition, and as has been highlighted in prior ARF Council publications¹⁷, Unlicensed and Unregulated, as well as Licensed but Under-Regulated operators ignore their tax burdens, and in consequence pass on the negative impacts of their operations to the authorities and Licensed and Regulated operators within that jurisdiction to resolve¹⁸.

Both of which beg the question: “Do Unlicensed and Unregulated, and Licensed but Under-Regulated betting networks exacerbate existing wider income inequalities within the communities in which they operate? If so, to what extent does this widening of income disparity occur, and do Unlicensed and Unregulated, and Licensed but Under-Regulated betting operators cause comparatively more income disparity than their Licensed and Regulated counterparts?”

By the very nature of their operations, Unlicensed and Unregulated, and Licensed but Under-Regulated betting networks do widen income gaps where they operate, primarily because they do not pay any taxes (which theoretically act as a means of wealth redistribution^{19 20}) and also, unlike many of their Licensed and Regulated counterparts, do not constructively contribute to the communities in which they operate. However, the extent to which unlicensed operators cause widening income disparities, as well as the social cost of this, has not been comprehensively examined.

Nevertheless, a recent betting preferences survey conducted in Hong Kong of 12,000 respondents over September & October 2021²¹ offers some indirect preliminary responses to identify the scale to which this takes place:

- Those respondents who bet exclusively with Unlicensed and Unregulated, or Licensed but Under-Regulated operators²² spent, on average, 52% of their monthly incomes doing so. The corresponding figure for those respondents who only bet via Licensed and Regulated channels is 8%.
- What is also interesting to note from these findings is the widespread use of credit among those that exclusively bet with Unlicensed and Unregulated, or Licensed but Under-Regulated operators, with 65% of bettors doing so, compared, to 4% of bettors who bet only with Licensed and Regulated operators²³.
- Of those bettors who bet on credit via Unlicensed and Unregulated, or Licensed but Under-Regulated operators, 19% indicated that they were spending in excess of 50% of their monthly personal income placing such bets. The same percentage figure for those bettors that only bet with Licensed and Regulated operators is 9%.

These findings mirror earlier evidence within existing research literature showing that Unlicensed and Unregulated, and Licensed but Under-Regulated bettors in Hong Kong are more likely to be excessive gamblers than legal ones and are more susceptible to debt, bankruptcy and loansharking²⁴, with that study also pointing out potential reasons for this association to hold true:

“Hong Kong illegal (bettors) share many of the characteristics of excessive gambling identified in international literature – an avid interest in gambling, high frequency gambling and a thrill-seeking nature²⁵”

Because betting with illegal operators can be shown to result in excessive betting and potentially trigger subsequent financial difficulty, it is safe to assume that Unlicensed and Unregulated or Licensed but Under-Regulated operators do in fact, engender widening income disparities in an order of magnitude above comparable Licensed and Regulated operations, although the precise extent to which they widen income inequality is an area for further study, alongside the consequent social impact of such an effect.

- 1 Gainsbury, S.M., Abarbanel, B. and Blaszczynski, A., 'Factors Influencing Internet Gamblers' Use of Offshore Online Gambling Sites: Policy Implications', *Policy & Internet*, 11 (2019): 235-253. <https://doi.org/10.1002/poi3.182>
- 2 Gainsbury SM, Russell AM, Hing N, Blaszczynski A. 'Consumer engagement with and perceptions of offshore online gambling websites', *New Media & Society*. 20(8) (2018):2990-3010. doi:10.1177/1461444817738783
- 3 Gainsbury, Sally M. PhD; Swanton, Thomas B. BA (Hons); Burgess, Martin T. PhD; Blaszczynski, Alex PhD 'Impacts of the COVID-19 Shutdown on Gambling Patterns in Australia: Consideration of Problem Gambling and Psychological Distress', *Journal of Addiction Medicine* Volume 15 - Issue 6 (November/December 2021): p 468-476. doi: 10.1097/ADM.0000000000000793
- 4 Håkansson, 'Changes in Gambling Behavior during the COVID-19 Pandemic—A Web Survey Study in Sweden', *International Journal of Environmental Research and Public Health* 17 (11) (2020):4013. <https://doi.org/10.3390/ijerph17114013>
- 5 Nosa Omoigui, 'Sweden: Offshore players more likely to report excessive play', *iGamingBusiness*, 6 July 2021 (<https://igamingbusiness.com/sweden-offshore-players-more-likely-to-report-excessive-play/> accessed 18 November).
- 6 Gainsbury, S.M., Abarbanel, B. and Blaszczynski, A., 'Factors Influencing Internet Gamblers' Use of Offshore Online Gambling Sites: Policy Implications', *Policy & Internet*, 11 (2019): 235-253. <https://doi.org/10.1002/poi3.182>
- 7 Gainsbury SM, Russell AM, Hing N, Blaszczynski A. 'Consumer engagement with and perceptions of offshore online gambling websites', *New Media & Society*. 20(8) (2018):2990-3010. doi:10.1177/1461444817738783
- 8 García, '2020 Survey of American Sports Bettors', American Gaming Association, 21 July 2020 (<https://www.americangaming.org/resources/2020-survey-of-american-sports-bettors/> accessed 18 November 2021)
- 9 Gainsbury, S.M., Abarbanel, B. and Blaszczynski, A., 'Factors Influencing Internet Gamblers' Use of Offshore Online Gambling Sites: Policy Implications', *Policy & Internet*, 11 (2019): 235-253. <https://doi.org/10.1002/poi3.182>
- 10 García, '2020 Survey of American Sports Bettors', American Gaming Association, 21 July 2020 (<https://www.americangaming.org/resources/2020-survey-of-american-sports-bettors/> accessed 18 November 2021)
- 11 Gainsbury, S.M., Abarbanel, B. and Blaszczynski, A., 'Factors Influencing Internet Gamblers' Use of Offshore Online Gambling Sites: Policy Implications', *Policy & Internet*, 11 (2019): 235-253. <https://doi.org/10.1002/poi3.182>
- 12 Gainsbury, S.M., Angus, D.J., Procter, L. et al. 'Use of Consumer Protection Tools on Internet Gambling Sites: Customer Perceptions, Motivators, and Barriers to Use', *J Gamb Stud* 36 (2020): 259–276. <https://doi.org/10.1007/s10899-019-09859-8>
- 13 Heirene, R. M., Vanichkina, D. P., & Gainsbury, S. M.. 'Patterns and correlates of consumer protection tool use by Australian online gambling customers', *Psychology of Addictive Behaviors* (2021). Advance online publication <https://doi.org/10.1037/adb0000761>
- 14 Håkansson and Widinghoff, 'Gambling Despite Nationwide Self-Exclusion—A Survey in Online Gamblers in Sweden', *Frontiers in Psychiatry*, 11 (2020). <https://doi.org/10.3389/fpsy.2020.599967>
- 15 Schmidt-Kessen, Hornle, and Littler, 'Preventing Risks from Illegal Online Gambling Using Effective Legal Design on Landing Pages', *Journal of Open Access to Law*, 7 (1), (2019). <https://ojs.law.cornell.edu/index.php/joal/article/view/95/92> 16 Peter Varela, 'What are progressive and regressive taxes?', Tax and Transfer Policy Institute Policy Brief, February 2016 (https://taxpolicy.crawford.anu.edu.au/files/uploads/taxstudies_crawford_anu_edu_au/2016-11/progressive_varela_feb_2016_complete.pdf accessed January 2022)
- 17 Asian Racing Federation, 'Illegal betting in an Asian context', September 2018 (https://assets-global.website-files.com/5f822759fef2e07d6c91c99_illegal%20betting%20in%20an%20Asian%20Context.pdf) 18 Asian Racing Federation, 'Good Practices in Addressing Illegal Betting: A Handbook for Racing and Sports Organisations to Uphold Integrity', October 2020 (https://assets-global.website-files.com/5f822759fef2e07d6c91c99_illegal%20betting%20in%20an%20Asian%20Context.pdf)
- 19 François Bourguignon, 'Spreading the Wealth', *International Monetary Fund Finance & Development*, March 2018, vol. 55, no. 1 (<https://www.imf.org/external/pubs/ft/fandd/2018/03/bourguignon.htm>)
- 20 Joumard, Isabelle, Mauro Pisu and Debbie Bloch (2012), "Tackling income inequality: The role of taxes and transfers", *OECD Journal: Economic Studies*, Vol. 2012/1. http://dx.doi.org/10.1787/eco_studies-2012-5k95xd61651t (<https://www.oecd.org/economy/growth/tackling-income-inequality-the-role-of-taxes-and-transfers.pdf>)
- 21 Survey conducted by IPSOS for the Hong Kong Jockey Club
- 22 Classified as having ONLY bet on illegal betting products in the P12M (N=65)
- 23 NB: credit betting is not available in the legal market in Hong Kong though bettors can fund accounts through e.g. third-party loans or other forms of credit.
- 24 Tessler, A., El Beyrouy, K. & Crapnell, N. An exploratory study of illegal gamblers in Hong Kong. *Asian J of Gambling Issues and Public Health* 7, 9 (2017). <https://doi.org/10.1186/s40405-017-0030-7> (<https://link.springer.com/article/10.1186/s40405-017-0030-7>)
- 25 Ibid

S E C T I O N

4





**OBSERVATIONS ON
DEVELOPMENTS IN
CORRUPTION IN RACING AND
OTHER SPORTS RELATED TO
ILLEGAL BETTING**

*BY CATHERINE ORDWAY,
TIM ROBINSON & NEIL GRIMSTONE*



Illegal betting is one of just many factors that must be considered when attempting to prevent corruption in racing and sport. It is one of many interlocking factors in such corruption, and ultimately often also the ultimate means of profiting from such corruption. This section does not only explore corruption issues directly related to illegal betting therefore but also other notable developments, and lessons to be learnt from the recently published academic study, *Restoring Trust in Sport: Corruption Cases and Solutions*¹.

There are experiences from outside horse racing that can be applied to better protect the integrity of racing betting markets and of the conduct of racing. In the recently published book, *Restoring Trust in Sport: Corruption Cases and Solutions* (2021) edited by Dr Catherine Ordway, the “sports corruption” case studies were divided into six categories: (a) manipulation of competitions, (b) doping, (c) event bids, (d) contracts, (e) elections, and (f) other² – which illustrate many of the same threats faced by horse racing.

One of the major themes is the intersection of governance, culture and integrity in combatting threats including illegal betting. The substitution case of *Fine Cotton* is reviewed in *Restoring Trust*³. Although that case is from 1984, many of the lessons around corrupt practices that facilitated the illegal betting and insider trading remain pertinent today. Also examined is anti-corruption research into “bad apples” (corrupt individuals and groups), “bad barrels” (corrupt organisations) and “bad orchards” (corrupt systems)⁴.

Evident during the postponement or cancellation of sport around the world in response to COVID-19 is that corruption in all forms has continued while regulatory eyes have been off the ball. Cheating – whether doping, fraud, money laundering, bribery and/or race-fixing – has flourished in the absence of sufficient transparency, accountability, oversight, internal controls or other external scrutiny; and without perpetrators having access to live events, cheating has found new footholds in fantasy sports and e-sports⁵.

Growing use of cryptocurrencies and blockchain-based virtual racing

A growing threat to integrity is the use of cryptocurrencies in legal and illegal betting to facilitate money laundering for a range of criminal activities. The lack of transparency around the use of cryptocurrencies, preventing regulators and betting operators from following the money, has been highlighted by the ARF previously, including at the 38th Asian Racing Conference in 2020⁶, and in its reports, *A Report of Blockchain and Cryptocurrencies in Illegal Betting*⁷ and *How China’s Crackdown on Illegal Betting Impacts Global Betting Markets*⁸.

These risks have increased with the rise in popularity of new virtual racing offerings using blockchain technology, and jurisdictions now accepting cryptocurrencies as legal tender. Several jurisdictions and financial apps and payment processors have begun to recognise virtual currency, with El Salvador becoming the first country to make Bitcoin legal tender in 2021⁹. The more jurisdictions that recognise cryptocurrencies, the less oversight there will be on who is using them and for what purpose.

Concurrently, there is a growing trend of blockchain-based games based on horse racing and other sports, which use (in the case of racing) digital ‘thoroughbreds’ in the form of non-fungible tokens (NFTs) which can be ‘raced’ and ‘bred’ for profit. While wagering is not yet officially available on these virtual racing markets, the very mechanisms of the blockchain-based payment, racing and breeding methodologies are opaque at best and may be classified as gambling by some regulators, depending on the prevailing legal definitions of gambling and/or whether regulators take an interest. While NFTs, the ‘metaverse’ and other aspects of ‘web 3.0’ may provide exciting opportunities for racing and other sports to introduce new products and attract younger demographics, there is also potential for unforeseen risks.

New products and the risks of illegal betting

Restoring Trust highlights the importance of sports organisations and law enforcement agencies working collaboratively through a case study involving Tennis Australia and the Victoria Police. This study also emphasises the risks presented when new legal betting markets are created by event owners on-selling data without adequate protections in place:

“ Tennis Australia decided to livestream the Australian Open Wildcard Playoff tournaments... [but] a by-product [was] that it create[d] the ability for the gambler to watch the matches from their devices whilst placing bets. These matches would not otherwise have been available for betting ”

With sport being cancelled or postponed around the world during the COVID pandemic, there has not only been a rise in betting generally but also betting-related match fixing, particularly in Under-regulated or Unregulated markets. Bettors turned to regular sport in unusual jurisdictions such as football in Uzbekistan, Nicaragua, Burundi and the U21 Football League in Turkmenistan, table tennis in Russia and Ukraine, Belarusian ice hockey, South Korean baseball and Taiwanese basketball¹⁰.

Bettors also turned to new betting products such as virtual versions of football and Formula 1, ultimate frisbee¹¹, table football, the American Cornhole League, and competitions where darts players recorded themselves playing at home. Observing suspicious betting, the International Betting Integrity Association (IBIA) reported two players competing in the 2020 Modus Icons of Darts at home series and both were sanctioned for match-fixing¹².

Australian police made international news when they prosecuted match-fixing in e-sports and Ukrainian table tennis matches¹³. While the fascination for betting on table tennis has not abated following the COVID lockdown¹⁴, the International Table Tennis Federation (ITTF) has been described as being very slow to regulate these ad hoc events¹⁵, having only appointed its inaugural Head of Integrity in October 2021¹⁶.

Match-fixing has also moved to a new level beyond staged games conducted purely for pre-arranged betting outcomes, for example, in the Ukraine. ‘Ghost Games’¹⁷, (games which did not take place at all) also lured bettors in during 2020, for example through fake advertisements and fabricated results of football matches in Brazil¹⁸. In Sri Lanka, fixers promoted an entire fake cricket league in which to stage fixed matches for cricket bettors¹⁹.

One suggestion arising out of analysis of match-fixing in European football during the COVID pandemic, which could be useful to apply to an Asian horseracing environment, is the development of a country vulnerability index: “to stimulate the need to develop risk assessment tools based on empirical data for monitoring and supporting sporting integrity²⁰.”

Learnings from *Restoring Trust*

Initiatives from other sports have applicability in strengthening horse racing against the threats of Under-regulated or Unregulated betting – in particular, the need for better and broader oversight. Racing can benefit from clearer rules and research into ethical decision-making and accountability, to promote transparency in leadership decisions.

Another increasingly important area for all sports is athlete activism, which in racing includes not only animal welfare, but the welfare of riders, trainers, vets and other support and stable staff. Research is now progressively being conducted into links between athlete welfare and integrity.

Restoring Trust outlines multiple international and national responses to corruption in sport. These include ethical leadership, sport regulations to restore trust, collaborative investigations, and tackling the influence of organised crime. As noted in one study:

“ Some sports, particularly those in which gambling is a cornerstone and organised crime has an interest, are subject to external interference which is difficult for sports controlling bodies to combat ... Sports controlling bodies operating in these environments face unique challenges and must work closely with law enforcement agencies and government regulators to provide the best protective measures for the integrity of their competitions²¹. ”

To retain public trust in racing and other sports, particularly where illegal betting is a part of corruption, whistleblowing channels are essential. As set out in *Restoring Trust*, the response to a selection bribery scandal engulfing ice hockey in the Czech Republic was for the national ice hockey federation to establish a formal cooperation agreement and a whistleblowing hotline with the national chapter of Transparency International.

Hotlines now exist in the horse racing industry; a 2020 Harness Racing Victoria report on the impact of race-fixing in that sport recommends that whistleblowing complaints be assessed to see if they coincide with trends in other key indicators, which could suggest a decline in confidence in the sport's integrity. Key indicators suggested include “overall race entries; entries per race; number of races per meeting; number of meetings per year; racecourse attendance levels; number of registered trainers in the relevant area; number of horses in work with the registered trainers; [and] ... the number and type of complaints made by participants about alleged corrupt practices in the industry”²². Many of these indicators may also be applied into racing more broadly to detect whether confidence – and trust – is declining due to corrupt practices.

Many of the recommendations in *Restoring Trust* reflect established and recognised levers, including independence, good governance and transparency, protection for whistleblowers, meaningful penalties and support for well-trained investigators. It is also clear that the key to a strong integrity framework, which can prevent the negative influence of illegal betting, is the development of ethical leaders and ‘good citizens’ who live the fundamental values of sport and build strong communities founded on honesty and integrity.

It is well-established that sporting organisations which manifest principles of good governance are less likely to experience integrity issues. Good governance here often refers to leadership, transparency and accountability. What has not been focused on significantly is linking a strong integrity culture with well-being, fairness and inclusiveness. It is proposed in *Restoring Trust* that an approach based on an Ethics of Care, meaning, “the implications of human dependency, vulnerability, and interdependence”²³, will create a sense of ownership by all stakeholders (a proprietary relationship with the sport, rather than a licence to play), which will in turn further strengthen integrity efforts.

The most important advice is that we should not “throw our hands in the air declaring that it is ‘all too hard’, the challenge is to focus our efforts on the most effective levers”²⁴.

The United Nations' response to corruption in sport related to illegal betting

Corruption and crime undermine the credibility of sport and sport institutions. These threats have been amplified by the drastic impact of the COVID-19 pandemic on sport as an enabler of sustainable development and peace.

Addressing the threat posed by corruption and crime to sport, which encompasses actions to tackle illegal betting, has been identified by the international community as a priority through such actions as:

- The adoption of relevant resolutions²⁵ by the General Assembly²⁶, including through the commitment made in the political declaration at the United Nations General Assembly Special Session on corruption, which took place from 2 to 4 June 2021²⁷;
- References to the threats posed by corruption in the two most recent Reports of the Secretary-General on Sport for Peace and Development²⁸;
- The adoption on 31 October 2021 by the G20 of High-Level Principles on Tackling Corruption in Sport.
- The resolutions adopted at the Conference of the States Parties to the United Nations Convention against Corruption aimed at tackling corruption in sport as a priority issue through:
 - Resolution 8/4, entitled "Safeguarding Sport from Corruption", adopted by the Conference at its eighth session in Abu Dhabi, from 16 to 20 December 2019;
 - Resolution 7/8, entitled "Corruption in Sport", adopted by the Conference at its seventh session in Vienna, from 6 to 10 November 2017.

Taken together these represent major and significant commitments by the international community to preventing and tackling corruption in sport, including illegal betting, while contributing to an emerging global framework around enhancing the contribution of sport to development and peace.

The United Nations Office on Drugs and Crime (UNODC), in its Global Report on Corruption in Sport, launched on 9 December 2021, highlighted that the volume of bets made on illegal and unregulated betting markets is such that it is highly attractive to transnational organised crime groups as a means of money-laundering. These groups are especially attracted to illegal betting as it offers greater anonymity and greater liquidity and can produce good returns on the funds that they invest. The report also highlights that illegal betting:

- is a major driver of corruption in sport in its own right;
- has strong linkages to the manipulation of sports;
- takes place in both grey and black markets, with the licensing framework for grey market operators often being opaque, especially in the context of online betting platforms and jurisdictions offering bets on events taking place in other jurisdictions;

- has impacts on Asia in particular both in terms of the supply of and demand for this type of illicit activity.
- is strongly suspected of being a growing problem in Africa and South America, although information on such trends and developments is limited.

With a view to tackling the threat of illegal betting, UNODC has identified a number of policy considerations for governments, and gambling regulators in particular, which include:

- Establishing national platforms and contact points for international cooperation with sports governing bodies and other key stakeholders, including law enforcement agencies and licensed betting operators, to combat illegal betting on sports.
- Ensuring national legislation includes laws that appropriately criminalise illegal betting and related manipulation of sport competitions, including obliging betting operators which offer betting on sports events to report instances of suspicious betting to the regulator.
- Enhancing the capacities of relevant authorities, through training and allocation of adequate resources, in order to detect, investigate, prosecute and sanction those involved in illegal betting.
- Establishing Anti-Money Laundering units to induce an enhanced holistic view of the licensed gaming operators from a supervisory and monitoring perspective.
- Ensuring that anti-money-laundering controls include the following:
 - Anti-money-laundering requirements that follow Financial Action Task Force guidelines;
 - A ban on the use of anonymous payment processing firms by betting operators;
 - The recording of customer identification and betting data;
 - The reporting to financial crime authorities of i) suspicious transactions or ii) when a certain large bet threshold has been breached by an individual or multiple associated transaction.

Through its Programme on Safeguarding Sport from Corruption and Crime, UNODC aims to support governments, sports organisations and related stakeholders in tackling the various manifestations of corruption and crime in sport, including illegal betting. Since 2017, the programme has delivered over 200 activities to more than 7,500 beneficiaries, including officials from law enforcement, anti-corruption and criminal justice authorities, as well as sports organisations and related stakeholders. These activities involved raising awareness, providing technical assistance, and developing capacities and tools with a view to implementing the aim of the programme. This has involved collaborating with the Asian Racing Federation Anti-Illegal Betting Council. Further information on the work of the UNODC Programme on Safeguarding Sport from Corruption and Crime can be accessed here: <https://www.unodc.org/unodc/safeguardingsport/index.html>

The impact of illegal betting on the integrity of racing and other sports
Asian Racing Federation Council on Anti-Illegal Betting & Related Financial Crime

This chapter has shown that illegal betting continues to pose severe integrity threats to racing and other sports, that these threats are constantly evolving through new technologies and modes of operation, and that these threats have been exacerbated by COVID-19.

It is important for stakeholders in racing and other sports – government regulators, law enforcement, participants, the media and fans among them – to understand that the key integrity threat from betting is not from Licensed and Regulated operators, as defined in Section One, but from Licensed but Under-Regulated and Unlicensed and Unregulated operators (which are illegal betting operators in most jurisdictions).

Licensed and Regulated operators typically flag suspicious betting patterns and other account-level transactional data and/or intelligence indicating corrupt activity to racing and sports governing bodies. Many high-profile fixing cases reported in the media in recent years are via information provided by Licensed and Regulated operators.

Licensed but Under-Regulated operators typically do not provide such information and Unlicensed and Unregulated operators never provide such information.

The huge liquidity available at many Under-regulated and Unregulated operators, particularly those in Asia, provides huge incentives to fixers who can place much larger bets on pre-determined outcomes. The vast range of obscure and minor sports available to bet on at such operators provide corruptors with opportunities to access sports lacking integrity controls or awareness, and athletes who are amateur or low-paid and thus vulnerable to corruption.

In the case of unlicensed betting exchanges such as Citibet, whose liquidity on racing rivals legal markets, corruptors not only can place huge wagers, but can also bet on horses to lose, an obvious incentive for corruption. The same is true for other sports via so-called white-label exchanges, as discussed in Section Two.

In summary, illegal betting operators – whether Licensed but Under-Regulated or Unlicensed and Unregulated – are a primary cause of integrity risks in racing and other sports. Such operators are aided by unscrupulous sports betting data providers, without which they cannot offer betting markets. Racing and other sports, and their stakeholders, need to understand the difference between such betting operators, understand the value of their data, and not seek to outsource integrity monitoring.

- 1 Catherine Ordway, *Restoring Trust in Sport: Corruption Cases and Solutions*, Routledge, London, 2021
- 2 Stefano Caneppele, Giulia Cinaglia, and Fiona Langlois. "An overview of corruption in sport around the world." In Ordway, C. (ed). *Restoring Trust in Sport* (2021): 14-28.
- 3 Genevieve Lim, and John Young. "Restoring trust in the horse racing industry: Fine Cotton and the complexities of gambling, organised crime and entrenched corruption." In *Restoring Trust in Sport*, pp. 211-225. Routledge, 2021.
- 4 Also in Bayley, Ruth, and Caron Egle. "Ethical leadership in Major Games procurement processes." In *Restoring Trust in Sport*, pp. 31-47. Routledge, 2021.
- 5 Sean Ingle, Match-fixing on rise during pandemic and 'diversifying' into new areas, *The Guardian*, 16 February 2021 (<https://www.theguardian.com/sport/2021/feb/16/match-fixing-on-rise-during-pandemic-and-diversifying-into-new-areas> accessed 25 November 2021)
- 6 '38th Asian Racing Conference hears that governments and racing share common interests in fight against illegal betting', *The Hong Kong Jockey Club*, 20 February 2020 (https://corporate.hkjc.com/corporate/corporate-news/english/2020-02/news_2020022002043.aspx accessed 15 November 2021)
- 7 'A Report of Blockchain and Cryptocurrencies in Illegal Betting', *Asian Racing Federation*, 1 May 2021 (https://assets-global.website-files.com/5f5e2bde2b2ef4841cd6639c/60b750b954bd92482b4d5fca_Blockchain%20and%20Cryptocurrencies%20in%20illegal%20betting_May%2021_Final.pdf accessed 15 November 2021)
- 8 'How China's Crackdown on Illegal Betting Impacts Global Betting Markets', *Asian Racing Federation*, 1 September 2021 (https://assets-global.website-files.com/5f5e2bde2b2ef4841cd6639c/613077d94afe115ac35264e3_How_China%27s_Crackdown_on_Illegal_Betting_Impacts_Global_Betting_Markets_v2.pdf accessed 15 November 2021)
- 9 Nelson Renteria and Anthony Esposito, 'El Salvador's world-first adoption of bitcoin endures bumpy first day', *Reuters*, 8 September 2021 (<https://www.reuters.com/business/finance/el-salvador-leads-world-into-cryptocurrency-bitcoin-legal-tender-2021-09-07/> accessed 15 November 2021); Victor Manuel Portillo Ruiz, 'Official Diary', Republic of El Salvador in Central America, 9 June 2021 (<https://www.diariooficial.gob.sv/diarios/do-2021/06-junio/09-06-2021.pdf> accessed 15 November 2021)
- 10 Andrew Keh, 'Think Americans Wouldn't Wager on Russian Table Tennis? Care to Bet?', *The New York Times*, 25 June 2021 (<https://www.nytimes.com/2021/01/25/sports/ping-pong-sports-betting.html> accessed 15 November 2021); Dave Feschuk, 'Russian table tennis. Burundi soccer. esports. If they're playing a game somewhere, odds are the betting public is following', *Toronto Star*, 27 April 2020 (<https://www.thestar.com/sports/2020/04/26/russian-table-tennis-burundi-soccer-esports-if-theyre-playing-a-game-somewhere-odds-are-the-betting-public-is-following.html>)
- 11 'American Ultimate Disc League and LSports Data Enter into \$3 Million Data Distribution and Co-development Strategic Partnership', *American Ultimate Disc League*, 22 April 2021 (<https://theaudl.com/league/news/lSports-data> accessed 15 November 2021)
- 12 'Dra Statement on Nijman', *Darts Regulation Authority*, 27 October 2020 (<http://www.thedra.co.uk/dra-update-on-nijman> accessed 15 November 2021); 'UPDATED DRA STATEMENT – Kyle Mckinstry', *Darts Regulation Authority*, 25 November 2020 (<http://www.thedra.co.uk/updated-dra-statement-kyle-mckinstr> accessed 15 November 2021)
- 13 Nino Bucci, 'Victorian men hit with corruption charges over alleged esports match fixing', *ABC Investigations*, 3 May 2020 (<https://www.abc.net.au/news/2020-05-03/men-charged-over-alleged-esport-match-fixing-australia/12209154> accessed 15 November 2021)
- 14 Ed Scimia, 'Bettors Still Love Gambling on Table Tennis Long After COVID-19 Shutdowns', *Online Gambling*, 23 June 2021 (<https://www.onlinegambling.com/news/table-tennis-betting-thrives-long-after-covid-19-shutdowns/> accessed 15 November 2021)
- 15 Andy Brown, 'Australian charges: the difficulty in preventing match-fixing in table tennis', *The Sport Integrity Initiative*, 7 May 2021 (<https://www.sportsintegrityinitiative.com/australian-charges-the-difficulty-in-preventing-match-fixing-in-table-tennis/> accessed 15 November 2021)
- 16 ITTF, Kevin Carpenter Appointed as ITTF's First Head of Integrity, *International Table Tennis Federation News*, 28 October 2021 (accessed <https://www.ittf.com/2021/10/28/kevin-carpenter-appointed-ittfs-first-head-integrity/> accessed 25 November 2021)
- 17 Brad Allen, 'Betgenius Defends Integrity Protocols after Alleged Ghost Games in Ukraine', *Legal Sports Report*, 2 April 2020 (<https://www.legalsportsreport.com/39629/betgenius-ghost-games-ukraine-soccer/> accessed 15 November 2021)
- 18 Tim Poole, 'Another 'ghost game' in Brazil reportedly generates £1.4m in wagers', *Gambling Insider*, 20 May 2020 (<https://www.gamblinginsider.com/news/9173/another-ghost-game-in-brazil-reportedly-generates-14m-in-wagers> accessed 15 November 2021)
- 19 Andy Bull, 'The T20 tournament that wasn't: how fixers fabricated the UvaT20 League', *The Guardian*, 12 May 2021 (https://www.theguardian.com/sport/2021/may/12/the-t20-cricket-tournament-that-wasnt-how-fixers-fabricated-the-uvat20-league?CMP=Share_iOSApp_Other accessed 15 November 2021)
- 20 Caneppele, S. (2021). 4 Match-Fixing in European Football After Covid-19: A Country Vulnerability Index. *sport mondial*, 61. (https://serval.unil.ch/resource/serval:BIB_D553C27C5AA5.P001/REF#page=71 accessed 25 November 2021)
- 21 Genevieve Lim and John Young, in *Restoring Trust in Sport: Corruption Cases and Solutions*, Routledge, London, 2021, P.222
- 22 'The Effects of Corrupt Activity, Perceptions of Corrupt Activity and of Integrity Interventions in Harness Racing', *Harness Racing Victoria and University of Melbourne*, 1 September 2021 (<https://www.thetrots.com.au/hrv/assets/File/THE%20EFFECTS%20OF%20CORRUPT%20ACTIVITY%2C%20PERCEPTIONS%20OF%20CORRUPT%20ACTIVITY%20AND%20OF%20INTEGRITY%20INTERVENTIONS%20IN%20HARNESS%20RACING.pdf> accessed 15 November 2021)
- 23 Margaret Walker, cited by Catherine Ordway and Richard Lucas in *Catherine Ordway, Restoring Trust in Sport: Corruption Cases and Solutions*, Routledge, London, 2021, P.4
- 24 Catherine Ordway, *Restoring Trust in Sport: Corruption Cases and Solutions*, Routledge, London, 2021, P.238
- 25 'Resolution adopted by the General Assembly on 17 December 2018', *United Nations General Assembly A/RES/73/190*, 17 January 2019 (https://www.unodc.org/documents/Safeguardingsport/Documents/res_73.190.pdf)
- 26 A/75/L.30, *General Assembly Resolution on Sport as an enabler of sustainable development*
- 27 'Resolution adopted by the General Assembly on 2 June 2021', *United Nations General Assembly A/RES/S-32/1*, 7 June 2021 (<https://undocs.org/A/RES/S-32/1>)
- 28 'Sport: a global accelerator of peace and sustainable development for all', *United Nations General Assembly Report of the Secretary-General*, 13 July 2020 (<https://www.un.org/development/desa/dspd/wp-content/uploads/websites/22/2020/09/A75155-Sport-SG-report-ENG.pdf>)

S E C T I O N **5**





WHY THE THREAT TO SPORT AND LEGAL BETTING FROM ORGANISED CRIME HAS NEVER BEEN GREATER

BY GRAHAM ASHTON A.M.



To millions of people around the world, the COVID-19 era has made sport all the more important to our lives. The fact that many sports have found a way to continue during the pandemic has enriched our lives when we have needed it. This is reflected in the increased demand for sports betting during the COVID-19 pandemic, which has seen a turnover boom for betting companies. Of course, as with all vibrant marketplaces, crime will seek to penetrate and find a pathway to profit. Sports betting is no exception and now more than ever sports betting is at risk from organised crime exploitation.

For sports betting companies this threat should be viewed as more than the cost of doing business. When sports are illegally manipulated for betting purposes or sports betting pools are used as a means of money-laundering, this becomes inevitably publicised and has a dampening effect on consumer confidence. Organised crime can be as corrosive to sports betting as it has been to all other areas it infiltrates. Combating this threat requires prevention, resilience and vigilance.

The threat of money-laundering by means of sports betting is real and market forces are presently making it more so. Most significantly, law enforcement and government entities dealing with financial crime have made significant inroads over recent years in placing pressure on underground money remitters (groups who move money outside legitimate channels), meaning that alternative means of moving money – such as sports betting – are in demand. In many countries, legitimate banks have worked with authorities to shut down accounts of underground dealers when made aware of them.

Often, how an international underground remitter operates is that the money never actually leaves the country. Its presence is mirrored by an overseas remitter and funds are moved from there to the intended recipient accounts. When legitimate banks identify and act on these high cash deposit accounts, the impacts can be dramatic. In fact, the impact of this has been two-fold. It has meant that current remitters are less available to crime syndicates, and when they do take large cash amounts to move or legitimise, they take longer and charge more for it.

The result of less availability and higher charges by underground money remitters makes sports betting markets even more popular for money-laundering. Consider the market factors when comparing money-laundering mechanisms:

1. Funds can be laundered by betting on both sides of an outcome in collusion with criminal associates.
2. If betting with illegal or unregulated sports betting entities, there is confidence that personal account details are unlikely to be shared.
3. Turning over the money in these accounts attracts almost no turnover charge, and simply depositing and withdrawing from these accounts can be effective as a money-laundering measure given the lack of cooperation between the illegal or unregulated betting operators and authorities.

On a larger scale, organised criminal groups have set up their own Unlicensed and Unregulated or Licensed but Under-regulated betting websites to mix the proceeds of crime with betting profits.

One of the most celebrated money-laundering methods over recent years has been through casino junkets. There have been many open source media articles written about this risk. The recent crackdowns in many countries on crime syndicates exploiting casino junkets will make sports betting further attractive as an alternative vehicle. As a money-laundering methodology, casino junkets have the advantage of being able to absorb large amounts of cash, but they are cumbersome to organise and require a large number of individuals to be managed. They also carry a high level of risk in terms of identification by authorities, a risk of which we have recently seen publicised examples. Money-laundering through sports betting can by contrast be done more anonymously, although laundering the same amounts of cash would be a challenge.

Given the possibility that market forces drive money-laundering further into sports betting, in prevention terms it might be insightful to look at a worst-case scenario. That setting involves organised crime creating or owning an unregulated or illegal sports betting company purely for the purposes of money-laundering. This entity would of course provide a sports betting vehicle for mainstream gamblers, but its main purpose would be to act as an underground money remitter. This would mean the crime syndicate would pay no turnover tax, make a profit on itself as a standalone betting entity and also mirror its brethren in providing no assistance to law enforcement or government regulators. All this requires is high-speed internet access and a base in a country that is sympathetic (see Section One). Such conditions already exist in a number of locations around the world, and there have been several high-profile cases of organised crime groups operating in exactly this manner.

The above factors make the fight against illegal betting operators even more important in today's climate. Sports betting is booming, and traditional money-laundering is getting more difficult. Strong relationships between betting operators, sports and government regulators are more important now than they have ever been if we are to ensure that the sports we enjoy are not impacted by organised crime. We must remain vigilant and prevention focused if we are to ensure we are resilient from the insidious impact of organised crime.

How INTERPOL sees the relationship between illegal betting, sports corruption & organised crime

Claudio Marinelli

INTERPOL is a law enforcement organisation built on facilitating international police co-operation. Sports corruption and illegal betting is a global phenomenon that affects law enforcement but also sports governing bodies and public authorities in charge of regulating the betting sector. Illegal betting and sports corruption are alternative measures that allow organised syndicates to generate high profits and launder their illegal proceeds, with limited risk of detection.

Tackling these issues requires national and international co-operation between public authorities, betting regulators, the gambling industry, sport and enforcement authorities, police and the judiciary. Alongside global initiatives for strengthening legislation and improving financial transparency, INTERPOL'S fundamental policing strategy is to identify and disrupt the organised crime groups responsible for corrupting the integrity of sport.

INTERPOL fully recognises the need to coordinate global outreach efforts with sports and betting sector stakeholders. It is important to mobilise this cross-sectoral approach at the national and regional levels, complementing a broad response through disciplinary sanctions and police investigations.

INTERPOL has a holistic strategy for protecting sports integrity. This is essential for both the prevention and investigation of match-fixing as well as illegal betting. Our activities, products and initiatives can be categorised into two overarching priorities: the operational response and our capacity-building initiatives.

Our operational support and case co-ordination initiatives provide law enforcement investigators with a unique opportunity to share intelligence and information securely, and cross-check data via our "ETICA" Interpol Criminal Information System (ICIS) project of criminal case data collection. This centralised system allows member countries to securely store data related to sports corruption.

The INTERPOL Match-Fixing Task Force (IMFTF) is at the core of INTERPOL'S operational response in this area. It brings together law enforcement agencies around the world to tackle match-fixing and illegal sports betting.

Organised crime groups continue to develop innovative techniques to evade detection and infiltrate the licit economy with unlawfully-obtained profits. As financial crime transcends national borders and jurisdictions, data is collected and processed to make connections between crime and criminals. It also serves to help law enforcement gather additional intelligence to enlarge domestic investigations against money- driven criminals. This is the role of Financial Crimes Analysis (FINCAF).

One of INTERPOL's leading operational products which is widely used by IMFTF is the use of the coloured system of Notice alerts. One example is the Purple Notice which seeks or provides information on modus operandi, objects, devices and concealment methods used by criminals. In the context of tackling corruption in sport, the publication of the Purple Notice serves to generate awareness on emerging trends which have been captured by law enforcement authorities and other stakeholders. On many occasions, INTERPOL has co-operated with investigators from the sports community to develop Purple Notices that are based on information detected and reported by both parties. This coordinated response highlights the joint intervention and cross-sectoral approach that is key to creating products and services that can truly support member countries in tackling sports corruption and illegal betting.

High on the agenda in 2020-2021 was the effect of COVID-19 on the sporting world and the response of organised criminal groups. Despite the strict COVID-19 pandemic measures, organised criminal groups have explored alternative channels of profitability, further demonstrating their resilience and adaptability.

The temporary absence of sport events due to the pandemic and the gradual return of competitions and events call for extra preventative measures and vigilance. To ensure that sports emerge from the health crisis as strong as possible, it is important for law enforcement authorities to remain alert and accessible.

In response to the shift in criminal operations, due in large part to the cancellation and postponement of large-scale sporting competitions, the IMFTF has continued to initiate and co-ordinate information and intelligence sharing. Its active approach during the height of the pandemic led to the publication of a Purple Notice, which recognised the exploitation of gambling and the sports industry by way of ghost, fake and friendly matches.

How INTERPOL coordinates globally

Illegal gambling generates significant profits for organised crime networks and is often closely associated with other crime such as money-laundering and corruption. INTERPOL's Financial Crimes and Anti-Corruption units, with support from the Asia-Pacific Expert Group on Organised Crime (APEG) and the INTERPOL Match Fixing Task Force (IMFTF) launched the eighth wave of joint global anti-illegal gambling operation, codenamed SOGA VIII (short for SOccer GAmbling), in response to the 2020 UEFA European Championship. Hundreds of specialised officers across 30 countries spanning Europe, Asia and the Middle East joined forces in targeting organised crime groups looking to earn millions from illegal gambling and associated money-laundering activities.

Conducted between May and July 2021, SOGA VIII led to thousands of raids and the arrest of some 1,400 suspects across Asia and Europe. Authorities have seized USD7.9 million in cash, as well as computers and mobile phones connected to nearly USD465 million in bets. SOGA VIII saw its strongest participation from European countries, as well as a range of law enforcement agencies, in order to target illegal gambling from various angles.

Hong Kong Police detained more than 800 suspects, including the alleged kingpin of a triad-controlled bookmaking syndicate, seizing nearly USD2.7 million in cash and records detailing hundreds of millions more in bets, making it one of their most successful operations against illegal gambling ever.

Italian authorities also carried out a nationwide operation during Euro 2020 in parallel to Operation SOGA, resulting in the inspection of 280 betting shops and EUR1.3 million in sanctions for illegal betting operations. This complementary initiative further demonstrates the power of international co-operation efforts by countries who are ready and willing to work with INTERPOL in tackling illegal gambling.

The collective mobilisation of member countries highlighted the importance of joint intervention across national police jurisdictions necessary for tackling organised crime groups operating on a global scale.

In terms of trends detected during the operation, officers saw increased activity in online gaming platforms, forums and social media, where individuals would offer gambling tips or even payment to those willing to open online bank accounts for money transfers. One of the key follow-ups to SOGA VIII will be to investigate money-laundering activities associated with the illegal online gambling uncovered during the operation.

To date, INTERPOL's eight SOGA operations have resulted in more than 19,100 arrests, seizures of more than USD63 million in cash and the closure of more than 4,000 illegal gambling dens, which handled more than USD7.3 billion worth of bets.

S E C T I O N

6





NOTABLE RECENT SPORTS LAW CASES ILLUSTRATING INTEGRITY ISSUES RELATED TO ILLEGAL BETTING

BY JACK ANDERSON



As the ARF Council on Anti-Illegal Betting and Related Financial Crime has noted previously, illegal betting in sport is not a self-contained issue. It may be symptomatic or causative of problems in that sport relating to doping, animal and participant welfare and money or 'image' laundering by associated criminal personalities or entities. The multi-factorial threats associated with illegal betting can adversely affect the public reputation of a sport, undermining its regulatory autonomy (organisational integrity) and putting into question the sport's social or statutory licence (its operational integrity).

Moreover, integrity threats emanating from illegal betting often necessitate costly internal investigations by a sport, which may require cooperation with external law enforcement and may even result in criminal prosecution or civil litigation. The two (recent) case studies presented here attempt to encapsulate this web of integrity issues often stemming from illegal betting, which as noted in Section Four is one of several interlocking integrity concerns for racing and other sports.

United States v Navarro et al (2021)

On 11 August 2021, the United States Attorney for the Southern District of New York (Manhattan) announced that Jorge Navarro and Kristian Rhein had pleaded guilty in a global drugs and doping conspiracy¹. In announcing the guilty pleas, the Manhattan US Attorney said that the defendants represented "the supply side and the customer side of the market in performance-enhancing substances that have corrupted much of the horse racing industry [in the US]." The Manhattan US Attorney went on to describe Navarro, one of America's most successful licensed trainers (and a winner of a number of major races globally), as "a reckless fraudster whose veneer of success relied on the systematic abuse of the animals under his control"².

The Manhattan US Attorney was equally forceful in her description of the co-defendant (Rhein), noting that he had "previously admitted that he flouted his oath as a veterinarian to protect the animals under his care, choosing instead to pursue money through the sale and administration of unregulated substances used by trainers engaged in fraud and animal abuse"³.

The charges in the Navarro case arose from a federal investigation in the US into a series of alleged conspiracies by racehorse trainers, veterinarians, and others to manufacture, distribute, supply, and receive misbranded performance-enhancing drugs (PEDs) and secretly administer such PEDs to racehorses. PED-enhanced racehorses would then be in an advantaged position to win (and did in fact win) millions of dollars in prize winnings in racetracks throughout the United States (New York, New Jersey, Florida, Ohio and Kentucky) and abroad (e.g. in the United Arab Emirates where Navarro-trained *XY Jet* won the 2019 Golden Shaheen race in Dubai). Navarro admitted in his guilty plea that *XY Jet* was one of the horses he had doped.

The conspiracy was sustained by the fact that trainers such as Navarro stood to profit by earning a share of the prize-winnings. Its success also assisted Navarro in attracting a greater number of owners to his stables and thus enabled him to earn more in trainer fees and increase the number of racehorses under his control. Similarly, Rhein, as the head veterinarian and owner of Empire Veterinary Group, profited from the sale and administration of these medically adulterated and dangerous substances.

The doping conspiracy endangered the health and well-being of the racehorses. Among Navarro's preferred PEDs were 'blood building' drugs which, when administered before intense physical exertion, can lead to cardiac issues or death. Among the PEDs administered by Rhein was SGF-1000, a vasodilator capable of promoting stamina, endurance, and lower heart rates in horses through the purported action of 'growth factors' allegedly derived from sheep placenta. SGF-1000 was one of the PEDs given to the thoroughbred *Maximum Security* the (later disqualified) winner of the 2019 Kentucky Derby.

In their pleas, Navarro agreed to the payment of restitution in the amount of USD25,860,514, reflecting winnings obtained through his fraudulent doping scheme, and Rhein agreed to pay restitution in the amount of USD729,716 in connection with fraud committed through a false billing practice related to the PED misbranding scheme. Navarro was sentenced to the maximum five years in prison in December 2021 after pleading guilty to one count of conspiracy to commit drug adulteration or misbranding. Rhein was sentenced to three years in prison⁴. The charges faced by them related mainly to breaches of the US Federal Food, Drug and Cosmetic Act (1938), namely the misbranding and adulteration of drugs to be administered to animals.

The web of integrity issues covered by this matter is wider than breaches of 'food law': it is noteworthy that the investigative work underpinning the charges was carried out by the FBI New York Office's Eurasian Organized Crime Task Force with the support of the FBI's Integrity in Sports and Gaming Initiative. Moreover, the prosecution of the case was handled by the Money Laundering and Transnational Criminal Enterprises Unit of the Manhattan District Attorney's Office. The manner (by which and by whom) this matter was investigated and prosecuted indicates that the US authorities have rightly identified the links between doping, animal welfare, race rigging and fixing, money-laundering and transnational economic crime (which can include illegal betting).

As for the industry itself, the Horse Racing Integrity and Safety Act became federal law in the US in December 2020. The since-established Horse Racing Integrity and Safety Authority (HISA) is currently concerned primarily with anti-doping, animal welfare and racetrack safety, working closely with, among others, the United States Anti-Doping Agency. It may be that in time that HISA takes a wider view of 'integrity' to include matters prompted by the Navarro case, which, per the indictment, included a broad conspiracy of trainers, suppliers and vets.

Other defendants noted in the Navarro indictment include Jason Servis, trainer of the above-mentioned *Maximum Security*, which appeared to win the 2019 Kentucky Derby before being disqualified for interference⁵. Servis was at the time of writing seeking to suppress a variety of wiretap evidence, including from Navarro's phone, on the grounds that it was illegally obtained. In September 2021, the Manhattan District Attorney's office filed a motion to dismiss Servis's application. The motion overviews some of the evidence gathered by the wiretaps including how some of those charged sought to benefit from the conspiracy by using the inside information they had obtained (as to the PED-enhanced status of horses) for considerable gain on the betting markets⁶.

There is an ongoing debate in the US that the lack of integrity in horse racing is putting the sport's very existence into question⁷. Concerns about animal welfare and a decline in betting revenue (with bettors in newly regulated US markets moving towards wagering on major league sports) poses a challenge to the future strength of the sport.

Charles Byrnes (Trainer, Viking Hoard) v Irish Horseracing Regulatory Board (2021)

On 18 October 2018, *Viking Hoard* (trained by Charles Byrnes) ran in a hurdle race in Tramore, County Waterford, Ireland. On the betting markets, the horse opened at a price of 4/1. The horse did not complete the course and was pulled up. The horse was examined after the race and a urine sample was taken. The sample tested positive for various sedatives, which are prohibited substances on race day in Ireland. The Irish Horseracing Regulatory Board (IHRB), the integrity unit for racing in Ireland, commenced an investigation into the adverse analytical finding and into betting patterns relating to *Viking Hoard*.

At an independent first instance hearing, the IHRB's case was that the prohibited substances administered adversely affected the performance of *Viking Hoard*, the integrity of the race, and the health, safety and welfare of the animal, its rider, stable staff and other riders and animals in the race⁸. The IHRB's chief vet gave evidence that one of the substances administered to the horse was found in such high concentration that it was 100 times the applicable International Screening Limit (ISL). The IHRB admitted that several factors relevant to the case were unknown including the form in which the sedatives were administered, exactly when the seemingly deliberate over-dosage occurred, and by whom it was done. The IHRB's chief vet summarised that *Viking Hoard* had been 'nobbled' before the race.

The IHRB had received alerts from the British Horseracing Authority (BHA) relating to betting patterns on *Viking Hoard* on the commercial betting exchanges. The information indicated that there was a substantial lay bet on the Tramore race, with a potential liability of EUR34,889 if the gelding won. This sum was risked to win EUR3,200, representing half of the relevant exchange market. The first instance tribunal in this matter was satisfied that "this risk/reward ratio demonstrated substantial confidence on the part of the layer", and some evidence was presented as to a similar pattern in previous starts by *Viking Hoard*.

It was noted in evidence that the lay bets were initially placed (on the Betfair exchange) via a limited liability company from the same overseas account – emanating from a so-called 'white label' website – with some suggestion that such a mechanism was used to "hinder identification of the possible beneficiaries of lay betting."⁹ The IHRB's deputy head of security identified an individual known to be associated with the combined account, stating that the person in question is "in a distant part of the world and was said to be associated with match-fixing and associated betting in connection with other sports."

Viking Hoard's trainer gave evidence that he had nothing to do with the administration of prohibited substances to *Viking Hoard* or the various betting activities set out above. There was no evidence presented by the IHRB as to the latter. Byrnes conceded that the horse had been left unattended in the stable yard on two occasions before the race totalling 20 and 25 minutes.

The tribunal approached the case on the interpretation of the evidence that was reasonably open and most favourable to Byrnes, that being that *Viking Hoard* was 'nobbled' by an unidentified third party at a time when the gelding was left unaccompanied by him or his son. It must be noted that there was no CCTV footage available in that area of the Tramore racetrack. The tribunal was nevertheless satisfied that Byrnes should in strict liability be sanctioned, given that under the Irish Rules of Racing (Rule 148) a "trainer is responsible for all matters concerning the welfare, training and running of horses under their care, unless a satisfactory explanation is forthcoming". In this regard, the tribunal observed, although the trainer was not alleged to be involved directly in the administration of the sedative, this "neglect in supervising [his horse] facilitated what was clearly organised pre-race doping of his charge. The deliberate doping of *Viking Hoard* close to race time in this case could not conceivably have been a casual or opportunistic event."

Of interest is the tribunal’s reasoning on: (a) the difficulties of proof that an investigating integrity unit faces in cases where there is no direct evidence of who administered a prohibited substance; (b) the requisite standard of proof and (circumstantial) evidence in a case which involves the inference of fraud and (c) the proportionality of sanction – the tribunal ordered that Byrnes’ licence be withdrawn for a period of six months and imposed on him a EUR1,000 fine.

Further, the tribunal in this matter noted that the consequences of the trainer’s failure to supervise his horse were “disturbing” and threefold in nature: the concentration of sedative rendered the horse a danger to its rider and all nearby persons and animals; it also ensured that the winning bets staked on *Viking Hoard* on the betting exchanges could be opposed with absolute confidence and that any punter who backed *Viking Hoard* to win in good faith was “dishonestly deprived of a fair run for their money”; and the affair damaged the reputation of the Irish racing industry¹⁰.

A subsequent appeal by Byrnes was dismissed¹¹.

Conclusion

Illegal betting on a sport can damage that sport’s reputation — particularly if it is one already closely associated with betting by the public, such as horse racing. Illegal betting may also be indicative of an intricate and nefarious web of criminal involvement in a sport. Unlike the Licensed and Regulated wagering industry, where licensing and statutory obligations facilitate mutually beneficial co-operation, data analysis and intelligence sharing between the industry, sport, and law enforcement, Under-regulated and Unregulated betting markets opportunistically undermine the integrity of any sport they so desire, flouting domestic and international law.

Motivated by illegal betting gain, resulting conspiracies can endanger the human and animal participants in a sport. They can also affect the wider public, given that illegal betting is accompanied by tax evasion, money-laundering and associated, transnational economic crime. As has been illustrated by the above case studies, illegal betting is also one side of the same coin that is “betting illegally”.

- 1 United States Attorney’s Office, Southern District of New York, ‘Thoroughbred Trainer Jorge Navarro And Head Of New York Veterinary Clinic Plead Guilty In Federal Doping Case’, 11 August 2021, (<https://www.justice.gov/usao-sdny/pr/thoroughbred-trainer-jorge-navarro-and-head-new-york-veterinary-clinic-plead-guilty> accessed 22 November 2021)
- 2 United States of America vs Jorge Navarro et al, US District Court, Southern District of New York, 2021 (<https://www.justice.gov/usao-sdny/press-release/file/1423476/download> accessed 22 November 2021)
- 3 United States of America vs Khristian Rhein, US District Court, Southern District of New York, 2021 (<https://www.justice.gov/usao-sdny/press-release/file/1423431/download> accessed 22 November 2021)
- 4 Bob Ehalt, ‘Rhein Sentenced to Three Years in Prison in Doping Case’, *bloodhorse.com* 5 January 2022 (<https://www.bloodhorse.com/horse-racing/articles/255937/rhein-sentenced-to-three-years-in-prison-in-doping-case> accessed 14 February 2022)
- 5 Racing Post, ‘Navarro admits to major doping program’, *Racing.com*, 12 August 2021 (<https://www.racing.com/news/2021-08-12/news-international-navarro-admits-to-major-doping-program> accessed 22 November 2021)
- 6 United States of America vs Erica Garcia et al, US District Court, Southern District of New York, 2021 (<https://www.paulickreport.com/wp-content/uploads/2021/09/federal-prosecutors-response-on-wire-taps.pdf> accessed 22 November 2021)
- 7 William Finnegan, ‘Can Horse Racing Survive’, *The New Yorker*, 15 May 2021 (<https://www.newyorker.com/magazine/2021/05/24/can-horse-racing-survive> accessed 22 November 2021)
- 8 Irish Horseracing Regulatory Board, ‘Charles Byrnes (Trainer) Prohibited Substance Referral – Tramore 18th October 2018’, 19 January 2021 (<https://www.ihrb.ie/referrals-appeals/charles-byrnes-trainer-prohibited-substance-referrals-tramore-18th-october-2018> accessed 22 November 2021)
- 9 Greg Wood, ‘Talking Horses: Irish horse doping case leaves questions stuck in stalls’, *The Guardian*, 20 January 2021 (<https://www.theguardian.com/sport/2021/jan/19/irish-trainer-has-licence-suspended-after-viking-hoard-nobbled-before-race> accessed 22 November 2021)
- 10 Brian O’Connor, ‘Jockeys shocked and appalled at Viking Hoard case’, *The Irish Times*, 25 January 2021 (<https://www.irishtimes.com/sport/racing/jockeys-shocked-and-appalled-at-viking-hoard-case-1.4467319> accessed 22 November 2021)
- 11 Irish Horseracing Regulatory Board, ‘Charles Byrnes (Trainer) Prohibited Substance Referral – Tramore 18th October 2018’, 18 February 2021 (<https://www.ihrb.ie/referrals-appeals/charles-byrnes-trainer-prohibited-substance-appeal-tramore-18th-october-2018> accessed 22 November 2021)

S E C T I O N

7





LOOKING TO THE FUTURE

*BY THE ASIAN RACING FEDERATION COUNCIL
ON ANTI-ILLEGAL BETTING
AND RELATED FINANCIAL CRIME*



The Intersection of Sports Entertainment and Betting

The future of betting on horse racing and other sports is changing quickly based not only on the growth of new sports events to bet on, but also with the introduction of new technology as well as a focus on betting as part of wider sports entertainment. This change in legal betting markets has been influenced by illegal betting operators who have for many years utilised websites as a sole platform and enticed customers with attractive website interfaces, online games, and an ever increasing range of sports, leagues and competitions. Illegal betting operators became online entertainment portals before Licensed and Regulated operators.

The change in focus to betting to sports entertainment is illustrated by Entain plc, which states that its purpose is to “Revolutionise gambling to create the most exciting and trusted entertainment for each customer.”¹ The Entain strategy includes that it be “technology enabled” and having a “focus on regulated markets.” This is a clear indication from one of the largest sports betting operators in the world that it is in their business interests not to seek to expand in markets where they are not licensed but to grow through use of technology and entertainment in legal licensed markets.

New technology is disrupting established betting business as there is a resultant convergence between media, entertainment, and online gaming. As betting on racing and other sports increasingly resembles entertainment, betting operators will seek to expand their customer base from established bettors to the far larger market of sports fans. This will create a nexus of betting technology and sports leagues as betting operators use horse racing and other sports data as part of their entertainment and betting offering to customers.

An example of this is Barstool Sports which on its front page (at the time of writing) has menu bar links to CHICKS, BLOGS, VIDS, PODS, PICS, and tucked away in a corner a link to ‘Barstool Sportsbook’. The primary viewing for customers is the entertainment sections, and the secondary viewing is the sports betting section of the platform. This is the convergence of technology-entertainment-betting. Barstool actually began as sports blog / content platform before pivoting into betting via a merger with casino operator Penn National Gaming. Similar mergers of entertainment and content providers / betting operators are being mooted / explored at the time of writing, involving for example leading sports broadcasters. The attraction to sports betting operators of such mergers is that these deals give them ready access to subscribers who are already committed sports fans, and thus can in theory be induced to become active bettors.

As new technology enables more entertainment for betting customers, online platforms will resemble what the younger generation looks at through social media and communicate in a style that resonates with this demographic. That will involve more communications via Instagram, TikTok, and Pinterest, as well as social commerce. Generation Z consumers (born since 1997) use social media as their primary source of shopping inspiration, as well as to find entertainment content, and are specifically interested in watching more video content².

Gen Z are also interested in different sports. In particular they watch e-sports, which has grown significantly in recent years to a total audience of over 500 million. Betting on e-sports has also grown, with estimated total e-sports betting revenue in 2020 at around USD10-15 billion³. Although there are some major Licensed and Regulated e-sports betting providers, in Asia there are no jurisdictions where betting on e-sports is clearly defined as legal. This means that with the popularity of online gaming as well as watching professional e-sports in Cambodia, China, Indonesia, Japan, Malaysia, and Thailand, there is a growing market of young consumers who are serviced only by the illegal betting market.

The growth of betting as a part of sports entertainment will be driven by new business in the US as sports betting in states becomes legal. The growth in betting in the US will provide new revenue opportunities for legal betting operators for the next decade, illustrated by the increasing amounts bet.

In the 2021 season, more than 45 million Americans were expected to wager on the National Football League, an increase of 36% from the prior season⁴. USD4.3 billion was wagered by almost 8 million people on Super Bowl LV, an increase of 63% on the prior year⁵. This growth has occurred as the number of legal sports betting jurisdictions in the US has grown from 19 to 24 states, allowing more than 111 million Americans to place a legal wager in their home state. This is clearly an example of how a Licensed and Regulated sports betting market can weaken the demand for illegal betting.

This growth in the US betting market comes from customers who previously bet with illegal betting operators as well as sports fans who are new to betting. The number of US people who were previously betting with illegal operators is far smaller than the number of US sports fans who can be captured as new betting customers.

Betting operators will seek to migrate sports fans to become bettors and will focus more on what fans want than on new betting products, so that sports fans will be at the centre of marketing. Illegal betting operators replicate the strategy of the legal operators, hence there is a continued risk of a lack of differentiation between legal and illegal betting operators as both become more focused on marketing to sports fans and merge entertainment, gaming, and betting.

The Intersection of NFTs, Sports and Betting

In 2021, the emergence of Non-Fungible Tokens (NFTs) as a speculative digital market highlighted the complexity of new technologies potentially adjacent to gambling and sports. NFTs are digital assets whose ownership and unique qualities are recorded on a blockchain. As mentioned in Section Four, several entities have launched, or are developing, NFT horse-racing and breeding simulators where participants can buy 'horses' (NFTs) using cryptocurrency and 'breed' and 'race' them.

Officially there is no betting on these virtual races, although one operator has signed a partnership with an Unlicensed and Unregulated blockchain-based betting website, and launched with the promise that betting would be a key feature. Since participants must pay to buy horses and enter races for cryptocurrency prizes, the results of which are produced through an unknown algorithm, this mechanism in itself is likely to constitute a form of gambling in many jurisdictions.

One operator has been successfully partnering with real-world companies and sports, cross-promoting its brand via NASCAR auto racing, advertising Netflix films, and offering horse owners the ability to 'skin' their horses with logos of companies such as Atari and Stella Artois. Its success – including a partnership with a major real-world horse racing festival – has inspired several copycats.

Similar ventures exist in football and other sports, including a platform that combines fantasy sports elements with trading-card elements using NFTs representing real-life players. At the time of writing a major European gambling regulator was evaluating whether one of these constitutes gambling. Since its NFTs have been sold for more than USD250,000 and are used to win cryptocurrency prizes, this would be likely to constitute gambling in many jurisdictions.

Fast-moving technology changes such as NFTs make it increasingly difficult for regulators as well as customers to judge what represents gambling and what does not.

The Intersection of Internet Everywhere, 5G and Betting

By 2025, 40%⁶ of the world's population is forecast to be using 5G, the fifth generation technology standard for broadband cellular networks. As around 76% of betting takes place on mobile devices, 5G will have an impact on legal and illegal betting markets.

5G greatly increases network speed⁷ and bandwidth for mobile devices⁸, which has the potential to increase access to, and demand for illegal betting by raising demand for products unavailable to Regulated operators which cannot move to market as nimbly as Under-Regulated or Unregulated competition.

For example, in a 2020 survey of 7,006 bettors in the United Kingdom, Germany and the United States, 18% of respondents said they would bet more at live sporting events, and on in-play markets when 5G became available⁹. Among the reasons given were more access to live stats, reliable live-streaming, and a more reliable connection.

Leading betting operators and sports broadcasters are also excited by the potential of 5G to enable yet-to-be-imagined betting technologies and apps, such as virtual and augmented reality¹⁰ betting products. For example, Entain (owner of Ladbrokes, Coral, Bwin and other major brands) has signed a partnership with media and technology giant Verizon to develop such products, the first of which will combine “immersive live sports viewing with interactive data and betting elements”¹¹.

Enhanced lag-free live-streaming will also drive betting demand since bettors prefer to watch live events on which they have wagered, and wager on events which they can watch live¹². This can benefit regulated and unregulated markets alike¹³. One of the world's largest¹⁴ betting operators Bet 365¹⁵ streams more than 200,000 sports events a year¹⁶, which it cites as a key reason for the popularity of its in-play markets, which contribute around 75%¹⁷ of this operator's profits. But Unlicensed and Unregulated websites such as Citibet, which provides pirated live-streams of most major races from around the world, as well as in-play betting on these races, will also benefit.

All impacts of 5G on betting will impact young people more, since they will switch to 5G more quickly¹⁸ ; 66% of sports fans under 35 in nine jurisdictions already use mobile apps to consume sports content¹⁹.

5G will hasten the convergence of sports, streaming and entertainment in ways likely to outpace regulators' understanding of the impacts, and Unregulated operators will be faster than Regulated operators to exploit the increased demand for betting facilitated by 5G.

- 1 Entain, Our strategy and vision (<https://entaingroup.com/about/business-overview/our-investment-case-and-strategy/>)
- 2 Forbes, Gen Z and the rise of social commerce, 17 May 2021 (<https://www.forbes.com/websites/forbesagencycouncil/2021/05/17/gen-z-and-the-rise-of-social-commerce/?sh=72e30cc1251d>)
- 3 Asia Gambling Brief, Esports continue to race ahead, with Asia a key focus, 25 August 2021 (<https://agbrief.com/news/south-east-asia/25/08/2021/esports-continue-to-race-ahead-with-asia-a-key-focus/>)
- 4 American Gaming Association, Americans' 2021 NFL Betting Plans, 7 September 2021 (<https://www.americangaming.org/resources/americans-2021-nfl-betting-plans/>)
- 5 European Business Review, The rise of sports betting wagering worldwide, 6 April 2021 (<https://www.europeanbusinessreview.com/the-rise-of-sports-betting-wagering-worldwide/>)
- 6 'The Mobile Economy 2021', GMS, June 2021 (https://www.gsma.com/mobileeconomy/wp-content/uploads/2021/07/GSMA_MobileEconomy2021_3.pdf accessed November 2021)
- 7 Currently, information takes approximately 100 milliseconds to travel across different networks. With 5G, this time will be reduced to 1 millisecond.
- 8 Clare Duffy, 'What is 5G? Your Questions answered', CNN Business, 6 March 2020 (<https://edition.cnn.com/interactive/2020/03/business/what-is-5g/index.html> accessed 18 November 2020)
- 9 'The Evolution of Mobile Sports Betting', Paysafe, February 2020 (https://www.paysafe.com/fileadmin/content/pdf/ICE_research_report_-_White_paper_Feb_2020.pdf accessed 11 November 2021)
- 10 Virtual reality = the user is immersed in a 360-degree computer generated environment viewed through the smartphone or a special headset. Augmented reality = graphics / data is overlaid on actual reality to enhance what is seen through the device's camera in some fashion.
- 11 Robin Harrison, 'Entain seals "global innovation alliance" with Verizon', iGaming Business, 17 December 2020 (<https://igamingbusiness.com/entain-seals-global-innovation-alliance-with-verizon/> accessed 4 February 2020)
- 12 Michael McCarthy, 'How Legal Sports Betting Helped Drive NFL's First Half TV Ratings', Front Office Sports, 31 October 2019 (<https://frontofficesports.com/nfl-ratings-betting-first-half-2019/> accessed 4 February 2021)
- 13 Gavin Bridge 'Survey: Legalization of Sports Gambling Could Lead to Increased Sports Viewing', Variety, 3 July 2019 (<https://variety.com/2019/digital/news/survey-legalization-of-sports-gambling-could-lead-to-increased-sports-viewing-1203258198/> accessed 4 February 2021)
- 14 Bet365 Group of Companies' Accounts made up to 29/03/20 (<https://www.companiesintheuk.co.uk/form/bet365-group/AA/2020-03-29/524066864>)
- 15 Bet365 website (<https://www.bet365.com/#/HO/>)
- 16 OnlineBetting.org.hk advertisement (<https://www.onlinebetting.org.uk/betting-guides/live-streaming-betting-websites.html> Accessed 19 November 2021)
- 17 Robin Harrison. 'Bet365 revenue declines 8% to £2.81bn in 2019-20', iGamingBusiness, 31 March, 2021
- 18 'Millennials' expectations for 5G' Ericsson Mobility Report', Ericsson Mobility Report, November 2017. (<https://www.ericsson.com/49de3b/assets/local/reports-papers/mobility-report/documents/2017/emr-november-2017-millennials-expectations.pdf> accessed 18 November 2020)
- 19 'Emerging Technologies in Sport, Capgemini Research Institute, January 2020, page 10 (<https://www.capgemini.com/gb-en/wp-content/uploads/websites/3/2020/01/Report-%E2%80%93-Tech-in-Sports.pdf>

ABOUT THE ASIAN RACING FEDERATION

The Asian Racing Federation (ARF) is a regional federation comprising 27 national racing authorities and racing-related organisations from across Asia, Oceania, Africa and the Middle East.

The ARF is formally linked with the International Federation of Horseracing Authorities (IFHA). Australia, Hong Kong and Japan have permanent seats representing the ARF on the Executive Council of the IFHA, and the ARF also nominates one of two rotational positions on the IFHA Executive Council.

The ARF and its members believe in the positive economic and social value of horse racing to society, which is illustrated by the following contributions from its members:

- Thoroughbred racing in Asian Racing Federation jurisdictions is responsible for generating more than USD26.9 billion in value added contribution to the economy. In many jurisdictions, this economic impact is most heavily driven by wagering revenues. However, the investment by the breeding and training sectors is also a large driver of direct and indirect impacts.
- This economic activity is responsible for supporting 570,546 jobs across Asian Racing Federation jurisdictions. A sizeable part of this impact occurs in areas where individuals with particular skills are employed to pursue their interests in horseracing and equine welfare.
- The employment supported by the thoroughbred racing industry is responsible for generating more than USD14.5 billion in household income.
- In 2018/19, Asian Racing Federation jurisdictions generated a combined total of more than USD6.9 billion in taxation revenue for Governments.

Horse racing is a participation sport with riders who are exceptional participant athletes. Racing as a sport brings positive social outcomes, which are health and education (of participants), employment, economic productivity, and public participation (of large audiences across societies where racing takes place).

The above contributions made by ARF members result in a wide range of positive societal benefits. These are the result of a sport operating within clear legal boundaries and supporting legal licensed betting products that are part of the entertainment around racing. This legal basis is a key part of our belief in the importance of a positive economic and social contribution by the sport of horse racing.

ARF COUNCIL BIOGRAPHIES

Martin Purbrick

Chairperson, ARF Council on Anti-Illegal Betting and Related Financial Crime

Former Director of Security & Integrity, The Hong Kong Jockey Club

Martin Purbrick has over 30 years' experience leading integrity and risk management, and is the former Director of Security and Integrity at The Hong Kong Jockey Club. He is also a former Royal Hong Kong Police officer whose service included Special Branch work engaged in counter-terrorism as well as the Criminal Intelligence Bureau in anti-triad intelligence.

Douglas Robinson

Executive Manager, Due Diligence and Research, The Hong Kong Jockey Club

Douglas Robinson is the Executive Manager of Due Diligence and Research at The Hong Kong Jockey Club. His main responsibility is to find ways of mitigating illegal betting and sports corruption-related integrity risks to the Club. He has worked across a variety of industries in the UK as well as Hong Kong.

James Porteous

Due Diligence & Research Manager, The Hong Kong Jockey Club

James Porteous is a Due Diligence & Research Manager at The Hong Kong Jockey Club. His team conducts research into global illegal betting markets, their links to transnational organised crime and their negative impacts on society. Prior to joining the HKJC he was a journalist with *The Herald* in Scotland and the *South China Morning Post* in Hong Kong.

Jack Anderson

Director of Studies, Sports Law, Melbourne Law School, University of Melbourne

Jack Anderson is a Professor and the Director of Sports Law Studies at the University of Melbourne. Jack's primary research interest is the relationship between sport and the law and he has published widely in related areas.

Graham Ashton

Former Chief Commissioner, Victoria Police

Graham Ashton is the Former Chief Commissioner of Victoria Police. As Chief Commissioner, he was the key driver in setting up Victoria Police's Sporting Integrity Unit, which was the first law enforcement unit anywhere dedicated to combatting match-fixing and is regarded as the leading police sports integrity unit in the world.

Tom Chignell

Executive Manager, Racing Integrity and Betting Analysis, Racing Control, The Hong Kong Jockey Club

Tom Chignell is the Executive Manager of Racing Integrity and Betting Analysis at The Hong Kong Jockey Club. He has over 15 years of experience implementing systems and processes to detect suspicious betting across regulated and illegal markets and producing analytical reports, which are used as evidence in sports betting and corruption cases and have also been used by UK Police and government agencies.

Steve Cornelius

Professor in and Head of the Department of Private Law and Director of the Centre for Intellectual Property Law, University of Pretoria

Steve Cornelius is a member of the Independent Doping Hearing Panel of the South African Institute for Drug-free Sport, and an Independent director on the board of Cricket South Africa. Previously, he served on the Disciplinary Tribunal of the International Association of Athletics Federations.

Brant Dunshea

Chief Regulatory Officer, British Horseracing Authority

Brant Dunshea is the Chief Regulatory Officer of the British Horseracing Authority with oversight of all regulatory and integrity functions of British Racing. He has over 25 years of experience in racing and sports regulation in Australia and Britain.

Neil Grimstone

Manager, Integrity Assurance, New Zealand Racing Integrity Unit

Neil Grimstone is a former Detective Senior Sergeant in the New Zealand Police with 28 years of service. He has considerable experience in complex racing and sports integrity investigations.

Sally Gainsbury

Director, Gambling Treatment & Research Clinic, University of Sydney

Sally Gainsbury is Associate Professor in the School of Psychology, Leader of the Technology Addiction Team within the Brain and Mind Centre at the University of Sydney and Director of Australia's only university-affiliated gambling treatment clinic. Her widely published research focuses on how to minimise gambling harms including prevention and treatment of gambling problems and strategies to assist people to reduce risky gambling online and offline.

Claudio Marinelli

Senior Financial Investigator, Italian Guardia di Finanza (Financial Police); Project Manager, INTERPOL Match-Fixing Task Force

Claudio Marinelli is a Senior Financial Investigator seconded to INTERPOL's Anti-Corruption Unit from Italian Economic and Financial Police (Guardia di Finanza). Mr. Marinelli has been instrumental in leading the work of INTERPOL's Match-Fixing Task Force since the creation of this initiative.

Aahna Mehrotra

Partner TMT Law Practice, India

Aahna Mehrotra is the Vice Chairperson on India's National Anti-Doping Disciplinary Panel and is a member of the Arbitration Tribunal constituted by Football Delhi. She regularly advises clients on matters relating to league formulation, transfer of players, sponsorship and merchandising agreements, gaming and betting laws, fantasy sports and contract law. She has been instrumental in setting up some of the major franchise-based leagues, both in India and abroad and has also worked with several sports start-ups.

James Ogilvy

Secretariat, Asian Racing Federation

James Ogilvy is the Executive Manager, International and Racing Regulation at The Hong Kong Jockey Club, and has deep experience in racing integrity and legal issues.

Ronan O'Laoire

Crime Prevention and Criminal Justice Officer, Programme on Safeguarding Sport from Corruption and Crime, United Nations Office on Drugs and Crime

Ronan O'Laoire leads the United Nations Office on Drugs and Crime's Programme on Safeguarding Sport from Corruption and Crime, which supports governments, sports organisations and relevant stakeholders through delivering technical assistance, building capacity and networks and conducting research and analysis.

Catherine Ordway

Assistant Professor (Sports Management), University of Canberra

Catherine Ordway is Assistant Professor (Sports Management) at the University of Canberra. She lectures in Sports Integrity, Ethics & Law and Leadership in Sport. She is an international expert in the field of integrity in sports, and has specialised in anti-doping policy for 20 years. Catherine has published on sports integrity, governance and gender equality issues and is a sought-after media commentator and conference presenter.

Tim Robinson

Executive Manager, Racing Security and Integrity Assurance, The Hong Kong Jockey Club

Tim Robinson is the Executive Manager of Racing Security and Integrity Assurance at the HKJC. He has an extensive background in sports integrity and administration, law enforcement, security, risk and emergency management.

Tak Sung-hyun

General Manager, Responsible Betting Department, Korea Racing Authority

Tak Sung-hyun is the General Manager of Responsible Betting, Korea Racing Authority (KRA). Since joining KRA in 1993, he has held various positions including racing and business strategy roles.

Pim Verschuuren

Associate Research Fellow, PhD candidate at the University of Lausanne

Pim Verschuuren is a co-author of two reports on sports betting, corruption and money laundering and has experience running a European Commission program of seminars in 23 EU countries to raise awareness among national sports administrators on the threat of match-fixing. He directed the '*Preventing Criminal Risks Linked to the Sports Betting Market*' project focused on the integrity of betting markets.

GLOSSARY

Betting Exchange	<p>A form of betting where customers can both “back” and “lay” events.</p> <p>A betting exchange does not take bets itself, but matches backers (those who believe an event will happen) with layers (those who believe it won't) and takes a commission on every trade.</p> <p>It is comparable to a stock exchange, with bid/ask equivalent to back/lay.</p>
Back bet	<p>A ‘back’ bet on an exchange is betting a selection will win.</p>
Lay bet	<p>A ‘lay’ bet on an exchange is betting a selection will lose.</p>
Bid rigging (in sports)	<p>A form of collusive price-fixing behaviour by which businesses that would otherwise be expected to compete instead secretly conspire to raise prices, lower the quality or restrict supply of goods or services for the purchaser¹.</p>
Cryptocurrency	<p>Cryptocurrency is a decentralised medium of exchange, created and stored electronically in the blockchain, using encryption to secure transactions². It utilises cryptography, a technique that protects information by transforming it (i.e. encrypting it) into an unreadable format that can only be deciphered (or decrypted) by someone who possesses a secret key³.</p>
‘dApps’	<p>‘dApps’, abbreviation of ‘decentralised applications’ are digital applications or programs that exist and run on a blockchain or peer-to-peer (P2P) network of computers instead of a single computer, and are outside the purview and control of a single authority⁴.</p>
DomainTools	<p>A web application on which gives information about the server(s) on which websites are hosted.</p>
SimilarWeb	<p>A web application which gives information about website traffic and other user data.</p>
e-sports	<p>e-sports describes the world of competitive, organised video gaming. It differs from standard video gaming in that esports is competitive (human-vs-human) and usually has an engaging spectator element to it, like traditional sports⁵.</p>
Fixed-odds	<p>Betting odds that are fixed at the time the betting transaction is accepted. Odds can change depending on news or subsequent betting demand, but the customer will be paid at the price the odds were when he made his bet.</p>
Junket Operator	<p>A person, group or entity which runs VIP rooms in casinos, particularly in Macau, and seeks to attract wealthy customers, usually from Mainland China, to bet there. Triads are heavily involved.</p>

Know Your Customer	A process which businesses put in place to verify the identity of customers and prevent from being used, intentionally or unintentionally, by criminal elements. ⁶ KYC involves conducting due diligence, including researching company data, checking sanctions, politically exposed persons (PEPs) and watch lists, and investigating senior executives and directors ⁷ .
Mirror websites	Alternate domains of betting websites set up by betting operators to provide redundancy in the event that authorities shut down one domain.
Match-fixing	Commonly used term for the manipulation of sports competitions, defined as: “An intentional arrangement, act or omission aimed at an improper alteration of the result or the course of a sports competition in order to remove all or part of the unpredictable nature of the aforementioned sports competition with a view to obtaining an undue advantage for oneself or for others.” ⁸
Spot-fixing	A subset of match-fixing where specific parts of a sports match are fixed. For example, a tennis player may lose specific games during a match. The wide variety of bet types on offer at illegal bookmakers enables this type of fixing.
Money laundering	According to the Financial Action Task Force (FATF): “Money laundering is the processing of criminal proceeds to disguise their illegal origin. This process is of critical importance, as it enables the criminal to enjoy these profits without jeopardising their source.” “When a criminal activity generates substantial profits, the individual or group involved must find a way to control the funds without attracting attention to the underlying activity or the persons involved. Criminals do this by disguising the sources, changing the form, or moving the funds to a place where they are less likely to attract attention” ⁹ .
NFTs	NFT stands for ‘non-fungible token’. An NFT is a unique and non-interchangeable unit of data stored on a digital ledger (blockchain). NFTs can link ownership to unique physical or digital items, such as works of art, real estate, music, videos, or in the context of this report digital ‘horses’ and sports ‘trading cards’ ¹⁰ .
Offshore betting	Online betting operators that are not licensed by the jurisdictions in which they take bets. In this document, this typically refers to Licensed but Under-regulated operators.
Offshore tax havens	Tax havens are offshore countries that offer lower tax rates, less stringent regulations and enforcement, and promises of strict secrecy to individuals and corporations ¹¹ . These lax regulatory regimes aid and abet unprincipled betting operators to obtain licences from ‘betting havens’ with ease and at low cost to illegally target customers in countries where they are not licensed.

Organised crime	Definitions of what exactly constitutes organised crime vary widely. The United Nations Convention against Transnational Organized Crime (2000) provided an internationally shared definition of an organised criminal group as “a group of three or more persons existing over a period of time acting in concert with the aim of committing crimes for financial or material benefit” ¹² .
Transnational organised crime	Many institutions such as the European Commission, the United Nations, Europol and others feel the above definition no longer adequately describes the increasingly complex nature of organised crime in a globalised economy. They note that organised criminals operate increasingly in dynamic, loose international networks rather than strict local hierarchies. Transnational organised crime is thus offences carried out by organised criminal groups that are committed in more than one state and/or committed in one state but planned or controlled in another. Also included are crimes in one state committed by groups that operate in more than one state, and crimes committed in one state that impact on other states ¹³ .
Responsible gambling	A broad concept that comprises initiatives and policies to prevent and reduce harm associated with gambling in general and excessive gambling behaviours in particular ¹⁴ .
Regulated	Betting operators regulated by the jurisdiction in which they are licensed to take bets (see page 15 for more details)
Under-regulated	Betting operators taking bets outside of their licensed jurisdictions (see page 15 for more details)
Unlicensed	Betting operators which have no licence and are not regulated in any way
Third party payment provider	Third party payment providers allow consumers to make online payments without the need for a credit card by establishing a link between the payer and the online merchant via the payer’s online banking module ¹⁵ .
Totalisator betting	<p>Also known as ‘Tote betting’ or ‘pari-mutuel betting’. A type of betting where all the amounts bet are combined in a pool, the bookmaker takes a cut, then the odds are calculated based on the proportions wagered on each outcome.</p> <p>Totalisator odds are different to fixed odds in that they are not set until the race begins, no more bets are accepted and the total amount in the pool is finalised.</p>

Underground banking

Underground banking is a generic term used to describe any informal banking arrangements which run parallel to, but generally independent of, the formal banking system.¹⁶ The confidentiality and anonymity of underground banking appears to be a significant incentive for drug traffickers and other serious offenders to use these channels, as the conventional banking avenues become more supervised and monitored.¹⁷

White Label

'White label' refers to a fully supported product or service that is made by one company but sold by another. White label products and services are purchased by the latter company without branding. That way, the reseller can customise the product with their own brand, logo and identity, allowing customers to associate the product with the reseller. Meanwhile, the manufacturer can focus on finding cost-effective ways to make the product, without concern for the product's marketing.¹⁸

- 1 'Mitigating Corruption Risks in the Procurement of Sporting Events', Organisation for Economic Co-operation and Development and International Partnership Against Corruption in Sports, 2019 (<https://www.oecd.org/gov/public-procurement/mitigating-corruption-risks-procurement-sporting-events-IPACS.pdf> accessed 26 March 2020), p.12
- 2 'Making sense of bitcoin, cryptocurrency and blockchain' PwC (<https://www.pwc.com/us/en/industries/financial-services/fintech/bitcoin-blockchain-cryptocurrency.html> accessed 26 March 2020)
- 3 Robby Houben and Alexander Snyers, 'Cryptocurrencies and blockchain Legal context and implications for financial crime, money laundering and tax evasion', European Parliament Policy Department for Economic, Scientific and Quality of Life Policies, July 2018 (<https://www.europarl.europa.eu/cmsdata/150761/TAX3%20Study%20on%20cryptocurrencies%20and%20blockchain.pdf> accessed 26 March 2020), p.22
- 4 Jake Frankenfield, 'Decentralized Applications', Investopedia, 16 November 2021 (<https://www.investopedia.com/terms/d/decentralized-applications-dApps.asp> accessed 7 December, 2021)
- 5 AJ Willingham, 'What is eSports? A look at an explosive billion-dollar industry', CNN, 27 August 2018 (<https://edition.cnn.com/2018/08/27/us/esports-what-is-video-game-professional-league-madden-trnd/index.html> accessed 25 November 2021)
- 6 'Customer due diligence for banks', Banks for International Settlements, October 2001 (<https://www.bis.org/publ/bcbs85.pdf> accessed 26 March 2020), p.18
- 7 'What is Know Your Customer (KYC)?', LexisNexis, (<https://bis.lexisnexis.co.uk/due-diligence-and-compliance/glossary/kyc> accessed 26 March 2020)
- 8 Council of Europe, *ibid*
- 9 Financial Action Task Force, 'What is Money Laundering' (<http://www.fatf-gafi.org/faq/moneylaundering/> accessed 31 August 2018)
- 10 Louis DeNicola, 'What to know about non-fungible tokens (NFTs) unique digital assets built on blockchain technology', Business Insider, 1 September 2021 (<https://www.businessinsider.com/nft-meaning> accessed 25 November 2021)
- 11 Ronen Palan, Richard Murphy and Christian Chavagneux, Tax havens: How globalization really works (2010)
- 12 United Nations Office of Drugs and Crime, United Nations Convention Against Transnational Organized Crime And The Protocols Thereto 2000, (<http://www.unodc.org/documents/treaties/UNTOC/Publications/TOC%20Convention/TOCebook-e.pdf> accessed 21 August 2018)
- 13 United Nations Office of Drugs and Crime, The Threat of Transnational Organized Crime (<https://www.unodc.org/documents/data-and-analysis/tocta/1.The-threat-transnational-organized-crime.pdf> accessed 21 August 2018)
- 14 Alex Blaszczynski, Robert Ladouceur and Howard Shaffer, 'A Science-Based Framework for Responsible Gambling: The Reno Model', Journal of Gambling Studies vol. 49 (2004): p301-317 ([https://www.gaming.ny.gov/gaming/20140409forum/Nelson%20\(Harvard%20Medical%20School\)/Applicant%20Provided%20Material/Blaszczynski%20et%20al,%20Science-Based%20Framework%20for%20Responsible%20Gambling%20-%20The%20Reno%20Model,%20Journal%20of%20Gambling%20Studies,%202020\(3\),%20301-317%20\(2004\).pdf](https://www.gaming.ny.gov/gaming/20140409forum/Nelson%20(Harvard%20Medical%20School)/Applicant%20Provided%20Material/Blaszczynski%20et%20al,%20Science-Based%20Framework%20for%20Responsible%20Gambling%20-%20The%20Reno%20Model,%20Journal%20of%20Gambling%20Studies,%202020(3),%20301-317%20(2004).pdf) accessed 4 March 2020)
- 15 Peggy Valcke, Niels Vandezande and Nathan Van de Velde, 'The Evolution of Third Party Payment Providers and Cryptocurrencies Under the EU's Upcoming PSD2 and AMLD4', SWIFT Institute Working Paper No. 2015-001, 26 September 2015 (https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID2665973_code1914406.pdf?abstractid=2665973&mirid=1 accessed 26 March 2020)
- 16 Rob McCusker, 'Underground Banking: Legitimate Remittance Network or Money Laundering System?', Trends & Issues in Crime and Criminal Justice vol. 300 (2005) (<https://apo.org.au/websites/default/files/resource-files/2005/08/apo-nid4249-1095366.pdf> accessed 4 March 2020)
- 17 Nikos Passas, 'Informal Value Transfer Systems and Criminal Organizations; a study into so-called underground banking networks', 14 January 2009 (<http://ssrn.com/abstract=1327756> accessed 4 March 2020)
- 18 Drew Gainer, 'Why A White Label Solution Is Easier Than Building Your Own', Forbes, 3 June 2014 (<https://www.forbes.com/websites/theyec/2014/06/03/why-a-white-label-solution-is-easier-than-building-your-own/?sh=19b1ce97dd9e> accessed 25 November 2021)



THE STATE OF ILLEGAL BETTING REPORT

ASIAN RACING FEDERATION COUNCIL
ON ANTI-ILLEGAL BETTING AND RELATED FINANCIAL CRIME

