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Cooperation between Racing and Other Sports with Law Enforcement Agencies

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In recent times we have seen an increase in the establishment of Integrity Units by international federations such as tennis, athletics, football and others in order to better manage the growing integrity challenges facing racing and other sports. The disciplinary and integrity processes in sports bodies have evolved greatly from the historical focus on incidents on the track or field of play, to dealing with broader integrity challenges. It is no longer just those incidents which occur during the course of play that are subject to disciplinary processes, and athletes are now increasingly subject to rules and standards outside the field of play for matters which can impact on the sport. This is driven by new challenges to sports integrity, such as massive legal and illegal betting, sponsorship that involves often complex (and sometimes opaque) commercial interests that may be above the interests of the sport as well as competitors, and criminal threats (often related to betting) that can impact the highest levels of racing and other sports.

Racing and other sports bodies and regulators of sports have sought recognition of the specificity aspect of sport which has supported the disciplinary structure in place to deal with offences that may occur, from race riding offences to doping matters and also administrative breaches. The recognition of the specificity of sport and of the structures put in place by sports governing bodies to deal with matters in a timely and effective manner has assisted in permitting governing bodies to continue to deal with matters directly and not being frustrated by recourse to judicial proceedings.

While the evolution of the racing and other sports industry has created benefits through increased professionalism and commercial revenue, there have also been negative aspects, including the increasing interest of criminal elements in sports.

Historically competition manipulation or attempts to control the outcome of a result of a sporting event would have been seen as specific to sport. An attempt by one party to ensure a specific result or that their favoured team/athlete would succeed. However, the growth of sports betting has greatly changed the landscape within which sports bodies and participants are operating. Illegal betting markets have flourished and in both the illegal and legal markets there are increased efforts to “beat the house” by controlling the result. The number of options available to those wishing to bet has increased exponentially. These include not only to bet on the outcome of a sporting event but on specific incidents within the event, such as the first corner awarded, number of yellow cards issued within a match and many other variables depending on the nature of the sport. The ability to bet on specific events like this has created opportunities for people to try and manipulate the betting markets or to seek to do so in order to guarantee a return. Even before the globalisation of betting markets, organised crime groups had identified illegal betting as a means of generating profits to fund other activities with a limited risk of detection, especially when operating over multiple jurisdictions. Legal and

illegal betting markets can assist with the laundering of money especially if the risk can be reduced by fixing the result.

So when integrity issues extend beyond racing and other sports, how can governing bodies effectively regulate their sport? Under sports rules the sanctions are, generally, imposed on those participating in the sport and subject to the rules. If external actors are seeking to negatively impact sporting events in order to control the betting markets to their benefit how can they be dealt with under the sports rules? Suspensions are ineffective, and fines cannot be enforced and may appear trivial against the potential profits from match fixing. The outcome is that those participants found to have breached the rules and who may have been operating under the influence or duress of organised criminal groups are sanctioned and those who orchestrated the breach of the rules can continue to operate with impunity. Education of athletes and those involved in sport has been a huge tool in the fight against match fixing but it is not sufficient. It is only with sporting bodies and law enforcement agencies working together is there a hope of tackling this effectively.

Sports bodies and law enforcement agencies both nationally and internationally have recognised the challenges facing sports bodies and how by tackling these issues collectively can limit criminal groups ability to profit from sports. In 2007, INTERPOL launched Operation SOGA to target illegal betting and money laundering around major international soccer events and this has now reached its ninth iteration, continuing to identify illegal betting and money laundering operations and shutting them down as well as seizing assets and bringing charges.

In 2013, the Victoria Police in Australia recognised the threat of infiltration of sports by organised crime groups and consequently created the Sporting Integrity Intelligence Unit (SIIU), the first police unit of its kind to have a dedicated focus on sports integrity. The SIIU was driven by then Chief Commissioner Graham Ashton, now retired from policing and a member of the ARF Council.

Going back still further in time, the Hong Kong Jockey Club has had a long standing close working partnership with the Independent Commission Against Corruption (ICAC) to jointly combat organised criminal corruption to prevent it from undermining horse racing integrity. The Hong Kong Jockey Club makes a commitment to report all cases involving suspected bribery and corruption to the ICAC, which acts as a deterrent against corruptors of racing.

There is a greater level of awareness of the roles that racing and other sports governing authorities can play in dealing with these issues with more communication and cooperation at an international and national level but more can always be done to strengthen and develop these relationships so that action can be effective.

While in many countries legislation may not adequately address the issues being faced by sports, there are increasing efforts by statutory authorities to work with sports to find solutions. It has been an educative process for both sports bodies and statutory authorities. Sports have had to understand that the integrity issues they are facing are not just restricted to their sport and its participants. Acknowledging that organised crime groups have identified sports as a source of revenue and can operate internationally has been a challenge for many sports bodies.

Law enforcement agencies have had to learn about sport, how it works and how it can be targeted by criminal groups. The speed that sport disciplinary processes usually work can be a challenge for policing authorities.

Racing and other sports bodies, often with the support of the specific integrity units created by the international federations, are better placed to identify issues, gather information and liaise with the relevant authorities. This does not preclude them from dealing with disciplinary matters within their own structures but it also means that those outside the sport seeking to use it for nefarious means may also be dealt with or at least deterred due to the knowledge that the authorities are cooperating. Recently in Ireland we have seen the Gardai (the national police) [carry out raids and arrests following an investigation into match fixing](#)¹ in the League of Ireland, an investigation that was referred by UEFA in 2019 following concerns regarding irregular betting practices on a number of League of Ireland games.

Cooperation between all relevant racing and other sports with law enforcement authorities is essential to mitigate the damage that can be done to integrity. The statutory powers of the police and other law enforcement agencies in relation to evidence and investigation are often essential in dealing with match-fixing. With the growing recognition of how criminal groups can use racing and other sports for their own means and what the revenue generated through illegal betting and/or match fixing (as an overall term for integrity challenges) may be used for (including the funding of drugs, arms and human trafficking) there is increased willingness to confront those involved.

However, at the foundation of this is the work done by racing and other sports authorities to enforce their rules, recognise where issues are arising and to investigate them fully. Not all investigations result in disciplinary sanction but if racing and other sports are properly regulated they become less attractive to those who may seek to abuse them.

There is also a need to ensure a clear identification of roles between racing and other sports bodies and law enforcement agencies. While racing and other sports bodies can be perceived by administrators as being all-powerful in enforcing their rules, there are limits to those powers and those limits must be respected. Notwithstanding the establishment of the integrity units, racing and other sports bodies are limited to their sports domain and do not have the powers or resources to effectively deal with many issues that arise in integrity investigations. It is only with collaboration with law enforcement agencies that protecting the integrity of racing and other sports can be durable.

¹ Conor Lally, 'Gardai to press for criminal charges in League of Ireland match-fixing investigation', The Irish Times, 18 January 2023 (<https://www.irishtimes.com/ireland/2023/01/18/gardai-to-press-for-criminal-charges-in-league-of-ireland-match-fixing-probe/>)

Recent Racing Integrity Cases Involving Betting:

Britain - Danny Brock & Others

Australia - Tommy Berry & Others

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Introduction

This article reviews two recent racing integrity investigations, one from Britain¹ and one from Australia² involving allegations that jockeys conspired to supply privileged information to others for mutual financial gain and to the detriment of their sport. The article examines why the jockeys did what they did, how they did it, with whom, and what happened when charged. A key point is that the threat to racing integrity is most likely to emerge from within: when participants manipulate the conditions of a sporting contest and the regulated betting markets. In so doing, such individuals also undermine the trust and confidence of the sporting and wagering public to the detriment of the industry as a whole.

Danny Brock & Others

In December 2022 and January 2023, the Independent Judicial Panel of the British Horseracing Authority (BHA) considered charges brought against several individuals in relation to a betting corruption case identified by the BHA Integrity and Regulatory teams.

Former licensed jockey Danny Brock was charged with committing a fraudulent or corrupt practice in relation to racing by agreeing not to ride, and then not riding, a horse on its merits on three occasions from December 2018 to September 2019, in the knowledge that the others charged in the case would bet on the outcome. Brock was also charged with passing inside information that he would not ride the horses on their merits, to the others. He was also charged with specific riding offences regarding his failure to run the horses on their merits and to ride to achieve the best possible placing.

Several other individuals were charged with the same conspiracy but were not currently registered persons within the sport as they had been excluded for failing to comply with telephone production orders and/or requests to attend interviews since early 2020.

Investigation

Though several individuals failed to provide telephone records to the BHA, despite request, clear evidence of communication and connections between the parties was relied upon. This included telephone records of the others, individual betting account activities taking place through the same devices and internet service providers, and various admissions and false denials established through interviews.

The BHA also relied on replay footage of the corrupt rides and pointed to rides which lacked any urgency and were contrary to the trainer's instructions. Two of these rides involved the horse *Mochalov*. The BHA pointed to five other occasions on which Brock rode *Mochalov* energetically and in accordance with trainer's instructions; on these occasions the bettors involved had not laded the horse to a significant extent and instead backed it.

The third corrupt ride was the key to the case. This involved Brock's ride aboard *Samovar* in a two-horse, five-furlong race at Southwell. *Samovar* missed the break spectacularly as Brock was late removing the blind from the horse and then failed to correct the horse's path as it broke left. He overcorrected, steering the horse to the right, and *Samovar* was then allowed to coast home with no attempt to retrieve the significant ground lost.

Betting of those involved in the conspiracy on the two *Mochalov* races was unusual. In the *Samovar* race it was quite extraordinary. The largest bet on two of the individuals' Betfair accounts was on *Samovar*'s sole opponent. Combined, three of the individuals involved in the conspiracy took 51% of the profit on the race on the Betfair sportsbook. Three of the individuals' accounts involved in the conspiracy generally displayed in-running laying and backing to produce no-lose situations, but this approach was ignored to support *Samovar*'s opponent in the Southwell race.

Hearing

The Panel found Danny Brock to have intentionally failed to ride to achieve the best possible placing and to have done so for personal reward, in the knowledge that the horses had been laded to lose. He was found to have done so persistently and also to have passed inside information regarding the races, and was disqualified for 15 years.

Another individual, Luke Olley, was in the BHA's view at the centre of the conspiracy, but his involvement was the most difficult to resolve. The BHA could produce no betting history for him as, at least in the BHA's view, he used others to place his bets for him. The Panel found aspects of his behaviour "undoubtedly very suspicious" but stated suspicion is not enough to prove a case. It was not established that he directed the conspiracy, only that he had the capacity to do so, and the case was not proved to the Panel's satisfaction. He remains excluded for failure to co-operate and the Panel noted that should he seek to lift that exclusion he would have to satisfy the authority "in some detail" about the suspicions surrounding him.

Summary

In conclusion, this case establishes a clear precedent that direct contact between a jockey and those involved in a conspiracy is not required to prove a case like this. It is enough to establish indirect connections between jockey and bettors, particularly in a case built on extraordinary betting patterns and one particularly egregious ride. It illustrates the usefulness of identifying races in which the jockey is not alleged to have failed to ride a horse on its merits, but in which betting patterns suggest connections between bettors and the passing of inside information about the prospects of a horse. In this case, the BHA had identified three corrupt rides and six additional rides where the bettors supported the horse and the jockey in question clearly rode to win.

The case also highlights yet again the importance of racing/sports regulators having professional resources in-house to monitor and act on betting activities relevant to their participants and the sport. Further, it highlights the value in entering into information-sharing agreements with betting operators to protect the integrity of the sport to the benefit of the sport, the betting operator, and other bettors legitimately engaged in the market.

Tommy Berry & Others

Charges

On 17 January 2023, Stewards at Racing New South Wales (RNSW) charged licensed jockey Tommy Berry with [six breaches of the Australian Rules of Racing](#).³

The five charges related to the rules⁴ mandating that jockeys must not accept any money, gifts, or other consideration in connection with a horse in a race without consent of the Stewards; must not have or use a mobile phone in the jockey's room without consent of the Stewards; and the "catch-all" offence of conduct prejudicial to the image, interests or integrity of racing.

The charges were:

- that in March 2022, Berry tipped a horse he was riding, *Waterford* to a Mr Zaid Miller, who won AUD 28,790 with winning bets on *Waterford*. The key allegation was that Miller then offered to provide a consideration (known colloquially in Australia as 'a sling') to Berry, indirectly, via paying AUD 5,000 into Berry's mother's bank account. The Stewards further alleged that Berry accepted the offer and used the money in part to repair his mother's house;
- that in a similar scheme in a race later in March 2022, Miller was alleged to have deposited almost AUD 10,000 into the Berry bank account after winning AUD 43,715 on a Berry ride;
- that between 14 October 2021 and 21 September 2022, Berry had on approximately 70 separate occasions in his possession a mobile phone in the jockeys' room at various locations during race meetings;
- that between the same dates Berry had used a mobile telephone in the jockeys' room at various locations on more than 300 occasions; and
- here were two further "catch-all" charges related to both the alleged accepting payments and the misuse of telephone, making six charges in all

In relation to the inappropriate use of a telephone, a message alleged to have been sent by Berry to Miller on WhatsApp had come to light on a public website in December 2022. The message stated

*"You know the worst thing, he told me it would win before I got on him * wanted to call you on the way to the gates* he sent me his other one forward to put on the pace! Didn't think he would do that because James was on BB Roy."*

This was in reference to a race at Randwick Racecourse on 2 October 2021 in which Berry rode the winner and Stewards argued that Berry's conduct was prejudicial to the image, interests or integrity of racing as it conveyed the impression that the integrity of the race had been compromised.

Stewards' Determination

Berry was found guilty of all charges and in total was disqualified for 11 months and 2 weeks, from 17 January 2023. He appealed both the findings of guilt for charges 1, 2 and 5; and the severity of the penalty imposed upon him for the remainder of the charges.⁵

Racing NSW Appeals Panel

Berry's appeals were dismissed as no fresh evidence had been introduced, though the Panel did linger a little longer as to whether Berry's conduct in relation to accepting payments was detrimental to the image of racing.

Guided by a previous court case in NSW⁶, the Appeals Panel noted that one element in a charge relating to prejudice to the image of racing is public knowledge – if few know about the conduct, then the image of racing cannot be impugned by that misconduct. To support their case, Racing NSW pointed to an article published in the Sydney Morning Herald on 10 October 2022, which referred to an investigation into Berry's conduct (and a number of other named jockeys), including whether they had "improper dealings" with "big gamblers". Given this, the appeal to this charge was also dismissed.

Berry also appealed for reduction in penalty, arguing among other factors that he did not directly accept any payments and the actions were out of character. Racing NSW submitted, among other arguments, that the penalties were not out of line with similar punishments in other cases and that an example needed to be set. The penalties related to the two charges of accepting payments and the two charges of prejudicial conduct were slightly reduced, principally because Berry was a person of good character and the Panel considered it to be "highly unlikely" he would breach such rules again.

With regard to the mobile phone charges the Appeals Panel noted that no integrity issues were involved because most of the phone calls made by Berry during the material period were to his wife, but the appeal was dismissed because the offending was so extensive and frequent, and the Appeals Panel accepted Racing NSW's general point that, although not realised here, the risk of allowing jockeys to be contactable in the jockeys' room highlighted some serious integrity concerns.

Other individuals punished

Zaid Miller – who had allegedly made the payments into Berry's mother's bank account – was also found guilty of four charges⁷, two relating to committing or requesting another person to commit a breach of the rules, conduct prejudicial to racing and improper conduct towards a Steward. These were upheld on appeal although the penalties slightly reduced and Miller was disqualified for 12 months.

Other cases

Finally, in conjunction with Berry, two other jockeys, Jordan Mallyon and [Jack Martin](#)⁸ were charged with various offences including betting on thoroughbred races and giving misleading evidence to stewards. Another jockey, Kayla Nisbet, was charged with two offences of accepting money from punter-owner Jacob Hoffman, and also for giving false or misleading evidence to stewards. Hoffman was also issued with charges relating to offering jockeys cash in consideration for information regarding a horse's performance in a jump out or trial run.⁹

Summary

As with the Danny Brock case, common to all of the above are efforts by third parties to approach and tempt jockeys to supply privileged inside information about the likely performance of a horse in a race such that (a) the third party supplies some sort of indirect or direct benefit to the jockey; (b) the third party seeks to use that inside information for financial gain, principally by way of the associated wagering markets; and (c) that as a result of (a) and (b), the reputation and integrity of the industry as a whole is seriously undermined.

Both Brock and Berry are another reminder that when it comes to betting-related corruption in racing and other sports, there are three elemental principles. First, those who *seek* to fix events or seek privileged information about a race, so that they can manipulate it for betting purposes, must first manipulate those who can supply such information and subsequently effect the fix on the track. Second, in racing, as in most sports, participants such as jockeys who *supply* such information do the image of their sport (and their own reputation) a significant disservice. Equally, participants who are educated and deterred from supplying such information and who, instead, report such approaches at the first available opportunity, are the principal means of defending a sport's integrity, and protecting the future of the industry.

An important final point to note is that this activity only came to light because it took place on Licensed and Regulated betting markets which share information with racing operators and/or to which racing operators have access to data. The key threat to the integrity of racing and other sports is from illegal betting operators, which are by their nature opaque and typically do not share data or suspicious betting information to protect the integrity of the sports on which they take bets.

¹ *In the matter of Danny Brock and others - Rules (A)41.1, (B)58, (B)59.2, (D)45, (A)36.2*, Independent Disciplinary Panel of the British Horseracing Authority (14 December 2022) <https://judicialpanel.britishhorseracing.com/results/result/?id=2328> and on penalty see *In the matter of Danny Brock and others - Rules (A)41.1, (B)58, (B)59.2, (D)45, (A)36.2*, Independent Disciplinary Panel of the British Horseracing Authority (19 January 2023) <https://judicialpanel.britishhorseracing.com/results/result/?id=2332>

² *In the matter of the Appeal of Tommy Berry & Zaid Miller vs Racing NSW Stewards* (Hearing of Charges, 17 January 2023) <https://www.racingsw.com.au/wp-content/uploads/Stewards-Report-Berry-Miller-2.pdf> and on appeal *In the matter of the Appeal of Tommy Berry & Zaid Miller vs Racing NSW Stewards* (Appeal Panel of Racing New South Wales, 28 March 2023) <https://www.racingsw.com.au/wp-content/uploads/Berry-Miller-AP-Reasons.pdf>

³ Racing NSW News Charges & Findings Against Licensed Jockey Tommy Berry 6 December 2022 (<https://www.racingsw.com.au/news/nsw-trb-inquiries-and-appeals/charges-findings-against-licensed-jockey-tommy-berry/>)

⁴ The rules were AR 115(1)(b), AR 218(4) (b) and (c), and AR 228(a) respectively. Full rules can be found at <https://www.racingsw.com.au/wp-content/uploads/NSWRules.pdf>

⁵ *In the Matter of the Appeal of Tommy Berry & Zaid Miller vs Racing NSW Stewards* (Appeal Panel of Racing New South Wales, 28 March 2023) <https://www.racingsw.com.au/wp-content/uploads/Berry-Miller-AP-Reasons.pdf>

⁶ *Waterhouse v Racing Appeals Tribunal* [2002] NSWSC 1143 at [58] <https://www.austlii.edu.au/cgi-bin/viewdoc/au/cases/nsw/NSWSC/2002/1143.html>

⁷ Rules AR 227(b), AR 228(c) and AR 228(b) respectively

⁸ Appeal Panel of Racing New South Wales, Appeal of Licensed Jockey Mr. Jack Martin 28 March 2023 (<https://www.racingsw.com.au/wp-content/uploads/AP-Reasons-for-Decision-Jack-Martin-No.2-28-March-2023.pdf>)

⁹ The various charges are summarised here: <https://www.racingsw.com.au/news/latest-racing-news/charges-issued-by-stewards-jockeys-jordan-mallyon-jack-martin-and-kayla-nisbet-registered-owner-professional-punter-jacob-hoffmann/> Jack Martin appealed and was partially successful but on penalty only - *In the Matter of the Appeal of Jack Martin vs Racing NSW Stewards* (Appeal Panel of Racing New South Wales, 28 March 2023) <https://www.racingsw.com.au/wp-content/uploads/AP-Reasons-for-Decision-Jack-Martin-No.2-28-March-2023.pdf>

Back to the Future - Macau Junkets and Illegal Betting

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Macau junket operators and their close associates in Chinese organised crime groups (triad societies) have long been key drivers of online illegal betting in Asia (both sports betting and online casino).

Recent regulatory and legal developments in Macau, partly motivated by efforts by the Chinese government to prevent capital flight caused by online illegal betting, have had a major impact on junkets, and the Asian online illegal betting landscape,^{1 2 3} culminating, in 2023, in the arrest of the leaders of two of the biggest junket operators, Suncity's Alvin CHAU⁴ and Levo CHAN of Tak Chun,⁵ who were subsequently sentenced in Macau to 18 and 14 years in prison respectively, on hundreds of charges relating to organised crime and illegal betting.⁶

As a result of these regulatory changes, epitomised by the imprisonment of both CHAU and CHAN, online illegal betting operators have moved their bases-of-operations into even less regulated jurisdictions such as Cambodia, Myanmar and Laos, and expanded their business lines into cyber-scams and crypto fraud.⁷ Others have moved operations outside Asia (including to Dubai and Eastern Europe)⁸ and/or attempted to legitimise operations by investing into offshore Licensed but Under-regulated gambling companies.

The landscape is important for stakeholders in racing and other sports to understand, since these operators are transnational enterprises whose betting businesses touch on racing and all sports, and who are increasingly diversifying into Europe and the Middle East.

Macau Casino Junkets and Involvement in Illegal Betting

Macau is the only part of China where casino gambling is permitted, and pre-pandemic, its gross gaming revenue was five to six times greater than that of Las Vegas.

Until 2015, as much as 70% of this revenue was generated by VIP customers recruited by junket operators, mostly from Mainland China. A large part of this VIP revenue was laundered proceeds of corruption,⁹ and/or an underground means of moving money out of China. China's anti-corruption campaign and pressure for Macau to diversify its economy meant that the percentage of Gross Gaming Revenue contributed by the junket industry had begun to fall in the years leading up to the pandemic, but it still contributed over 40%.

Although junket operators began as recruiters of gamblers, they diversified into the provision of credit so customers could evade Mainland China's strict capital controls, and as a result also had to become debt collectors when these loans were not repaid. Since both of these key business lines are illegal in Mainland China, junket operators relied on extra-legal means, especially connections to organised crime, to collect such debts. Consequently, triad societies (Chinese criminal gangs) have long had extensive involvement in the Macau casino industry.¹⁰

The biggest junket operators made enormous profits comparable to Macau's licensed casinos. Because of the close links of junkets to organised crime, these profits supported a host of other criminal enterprises and money laundering, as well as seemingly legitimate investments, across Asia and beyond.¹¹

In the early 2000s, forward-thinking junket operators began diversifying to also provide online gambling, first to their core clients in Asia, then globally. This vastly expanded their potential market and increased revenues by orders-of-magnitude over their original *modus operandi*.¹²

Unregulated and Under-regulated betting websites run by junket operators, while profitable in themselves, were also a useful channel of credit settlement between junkets and their clients, and to disguise proceeds of other criminal enterprises as legitimate online betting profits. Most, if not all, of the largest junket operators had such operations, with smaller junkets acting as customer referral agents.

Online betting thus became an extremely lucrative business until the authorities in Mainland China increased their enforcement efforts from around 2018.¹³

In 2019, the authorities in Mainland China intensified an ongoing crackdown on illegal betting, cross-border gambling and related illicit capital outflows. State-linked media specifically highlighted the biggest Macau junket operator as a threat to China's social and economic stability because of Suncity's massive online illegal betting operations.¹⁴

In 2021, the Chinese government revised the Criminal Code¹⁵ to outlaw cross-border gambling (including online betting), in effect criminalising junkets and related illegal online betting operations.¹⁶

In 2022, the Macau government amended the 2001 Macau Gaming Law, which regulates the operations of casino operators. The new Gaming Law in effect ended the junket business model by criminalising their underground banking operations and subjecting junkets to regulatory oversight (previously, oversight had been inadequate to non-existent)¹⁷ and ultimately, leading to the demise of the largest junket of them all: Suncity.

The rise and fall of the Suncity Junket

Formerly the largest junket responsible for as much as 50%¹⁸ of high-roller gambling turnover in Macau, Suncity is no longer a licensed Macau junket operator, though various related entities trading under different names are still believed to be involved in the casino industry in Russia, Vietnam and the Philippines.

In January 2023, former Chairman of the Suncity Group, Alvin CHAU, was convicted of 162 charges relating to organised crime, illegal gambling and fraud and sentenced to 18 years in prison.¹⁹ Sixteen co-defendants²⁰ were jailed or given suspended jail terms. Thirty-six Suncity agents were convicted in the Mainland on similar charges and jailed for between one to seven years.²¹ This trial heard that Suncity had more than 60,000 agents on the ground in China recruiting customers for online illegal betting.²²

The alleged scale of Suncity involvement in online illegal betting is supported by the high-profile 2019 investigation into CHAU and Suncity published in Mainland China's state-linked media. This stated that Suncity's turnover in Mainland China alone from online illegal betting operations based out of Southeast Asia was greater than that of China's state lotteries (equivalent to turnover of ~USD 145 billion a year).²³

Suncity reportedly operated or had an ownership interest in illegal online betting from the Philippines²⁴ and Isle of Man,^{25 26} as well as operations out of Cambodia and Vietnam also – but its primary target market in both cases were customers in Greater China,²⁷ and elsewhere in Asia.

Conclusions

The demise of Suncity and the clampdown on the junket industry has caused disruption to the online betting industry across Asia, and displacement further afield into the Middle East and Europe.

This new complexity is further underlined by the fact that certain operators are attempting to legitimise Asian-facing betting operations via investments in listed gambling technology companies and involvement in offshore betting licensing hubs.

This has and will continue to contribute to the hybridisation of online betting as described in the ARF's The State of Illegal Betting Report²⁸ – the blurring of the lines between Unlicensed and Unregulated illegal betting and Licensed but Under-regulated offshore illegal betting – and the confusion in stakeholder and customer perception as to whether such operations constitute legal or illegal activity.

Meanwhile, junket operators have and will continue to diversify their online betting operations across Asia – especially in jurisdictions vulnerable to corruption and regulatory weaknesses. This has and will continue to present major negative impacts to societies in these jurisdictions, such as the corruption of local officials, and violence and vice associated with the industry.

- ¹ Devin O'Connor, 'China Warns Cross-Border Gambling Operators, Ministry to Strengthen Safeguards', *Casino.org*, 17 February 2022 (<https://www.casino.org/news/china-warns-bad-actors-regarding-cross-border-gambling/> accessed 10 March 2023)
- ² Pierce Chan, 'Macau's DICJ releases list of 36 licensed junkets for 2023, down on previous years', *Inside Asian Gaming*, 4 January 2023 (<https://bit.ly/3RD6bK0> accessed 6 February 2023)
- ³ 'DICJ cuts number of licensed junkets to just 46 in 2022', *Inside Asian Gaming*, 27 January 2022 (<https://bit.ly/3Y853jG> accessed 6 February 2023)
- ⁴ Macau Judiciary Police press release (<http://www.pj.gov.mo/Web/Policia/202111/20211129/12920.html>) and full press conference recording via Macau Daily News, 28 Nov 2021 (<https://www.youtube.com/watch?v=OzmeONTFDhA> accessed 10 March 2023)
- ⁵ 'Junket boss Levo Chan heard okaying illicit bets: court', *GGR Asia*, 30 January 2023 (<https://www.ggrasia.com/junket-boss-levo-chan-heard-okaying-illicit-bets-court/> accessed 20 March 2023)
- ⁶ Official verdict on criminal case involving Suncity, Office of the President of the Court of Final Appeal, 18 January 2023 (<https://www.court.gov.mo/zh/subpage/news?id=2799> accessed 20 March 2023)
- ⁷ Martin Purbrick, 'The Displacement of Illegal Betting and Transnational Organised Crime', Asian Racing Federation, January 2023 (<https://www.asianracing.org/email/202301qb-the-displacement-of-illegal-betting-and-transnational-organised-crime> accessed 13 March 2023)
- ⁸ 'How China's Crackdown on Illegal Betting Impacts Global Betting Markets', Asian Racing Federation Council on Anti-illegal Betting & Related Financial Crime, September 2021, p.7 (https://assets-global.website-files.com/5f8e2bde2b2ef4841cd6639c/613077d94afe115ac35264e3_How%20China%27s%20Crackdown%20on%20Illegal%20Betting%20Impacts%20Global%20Betting%20Markets_v2.pdf accessed 13 March 2023)
- ⁹ <https://digitalscholarship.unlv.edu/cgi/viewcontent.cgi?article=1116&context=grj>
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- ¹¹ John Langdale, *Transnational Crime, Money Laundering and Illegal Online Betting in Southeast Asia*, in ARF Council Quarterly Bulletin, May 2023 (https://assets-global.website-files.com/5f8e2bde2b2ef4841cd6639c/6450c156ed8e3713a491b663_May%202023%20Bulletin_final.pdf)
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- ²⁶ Suncity has repeatedly been identified in gambling industry press to operate betting websites through Isle of Man-registered, UK-licensed TGP Europe Limited, Fesuge Limited and Xela Ltd. In the Philippines, it operated companies named directly after Alvin CHAU Cheok Wah and SC Ventures (SC = Suncity) which have been publically named by regulators as run by Suncity. Through TGP, Suncity reportedly licensed betting brands including 138.com, 12Bet, Fun88 and TLCBet among others. Although these brands are licensed to operate in UK, they also have Asia-facing mirror websites not covered by the UK's regulatory regime. Xela Holdings Limited (Xela) was reported to be the online arm of Suncity and held a licence to operate online betting granted from the Isle of Man Gambling Supervision Commission.
- ²⁷ For the purposes of this report, defined as Mainland China, Macau and Hong Kong SARs, and Taiwan.
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