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.