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The involvement of organised crime groups in sports corruption

Situation report



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Key findings

Organised crime groups (OCGs) involved in sports corruption are active on a transnational level.

- 1 / OCGs operate a top-down operational business model and are often poly-criminal.
- 2 / The global annual criminal proceeds from betting-related match-fixing are estimated at €120 million¹.
- 3 / Online betting is increasingly used by OCGs for betting-related match-fixing.
- 4 / The use of online technologies for the purpose of sport betting linked to competition manipulation will continue to facilitate these illicit activities.
- 5 / In match-fixing schemes, the fixing is usually organised separately from the betting. Betting may be placed on the pre-match markets or on the (most predominant) live-betting (or in play-betting) and criminals may engage in fixing the outcome of a match or single sub-sets (spot-fixing).
- 6 / OCGs predominantly target sporting competitions matching the profile of lower-level competitions across different sports.
- 7 / Betting-related match-fixing can well serve as a platform to further high-scale money laundering schemes by the same OCGs involved in sports corruption for its own benefit, and/or to serve other OCGs in search of specialised 'laundering services'.
- 8 / Money laundering can take place via online betting, by either exploiting regulated betting operators or taking the direct ownership of those operators ('criminally controlled gambling operators').
- 9 / OCGs misuse identities to create betting accounts and e-wallets used to bet on pre-arranged matches.
- 10 / OCGs maximise their illegal gains by combining the benefits coming from competition manipulation for both sport-related and betting-related purposes.
- 11 / The actual scale of sport-related match-fixing remains an intelligence gap.
- 12 / Football remains the most targeted sport by international OCGs.
- 13 / Detection of match-fixing schemes in tennis has increased. Eurasian OCGs are highly involved in tennis match-fixing.

¹ Sportradar, 2019, contribution to Europol.

Background

Fraudulent betting and involvement of OCGs in sports corruption are not new developments. However, the involvement of OCGs in sports corruption is increasing in the European Union (EU) Member States (MS). In 2013, the European Parliament adopted a dedicated Resolution on match-fixing and corruption in sport² calling to adopt a number of actions including the collection, exchange, analysis and dissemination of intelligence on match-fixing, fraud in sports and other forms of corruption in sport. The need for close cooperation between all stakeholders concerned (e.g. sport organisations, licensing authorities, law enforcement bodies) in EU and beyond was stressed.

Also in 2013, the European Parliament adopted a resolution on online gambling in the internal market³, which underlined the risk of betting related match-fixing and money laundering through online gambling. The international legal framework to fight corruption in sport has been further enhanced, for example by the Convention on the manipulation of sports competitions⁴ (Macolin Convention, the first international legal instrument) adopted by the Council of Europe in 2014. This convention entered into force in September 2019 following its ratification in seven countries (Greece, Italy, Moldova, Norway, Portugal, Switzerland, and Ukraine), while an additional 31 countries have signed it.

Corruption in sport as a serious crime on a global level has been further reflected in specific UN Resolutions, calling upon state parties ‘to enhance their efforts to prevent and fight corruption in sport’; stressing ‘the importance of robust legislative and law enforcement measures’; to ‘improve cooperation, coordination and exchange of information’; and to ‘further coordinate efforts to effectively mitigate the risks of corruption in sport’⁵.

The need to tackle this crime more effectively on an international level prompted the creation of a dedicated Europol operational project in 2014 (Analysis Project Sports Corruption) with the aim to support MS investigations. The above-mentioned European Parliament resolution on match-fixing and corruption in sport referred to exceptional operational results of 13 MS and Europol that uncovered an extensive criminal network involved in football match-fixing⁶. A number of additional major investigations targeting transnational OCGs operating in the field of sports corruption and which have an impact on the EU have been successfully carried out ever since with the support of Europol.

Sports corruption is often addressed only from the perspective of sports integrity due to the lack of awareness (even among practitioners) on the involvement of organised crime. Europol continues to support investigations to dismantle criminal networks that launder their criminal profits through sports corruption or increase their illegal assets by manipulating sporting events worldwide.

² EU Parliament, 2013, *Resolution on match fixing and corruption in sport* (2013/2567(RSP)).

³ EU Parliament, 2013, *Resolution on online gambling in the Internal market*, P7_TA(2013)0348.

⁴ Council of Europe, 2014, *Convention on the Manipulation of Sports Competitions*, Council of Europe Treaty Series No. 215.

⁵ UN Resolution 7/8 (2017) and 73/190 (2018 – pp. 22 and 23).

⁶ 2013, Europol, Press Release, Operation VETO “*Results from the Largest football match-fixing investigation in Europe*”.

Aim and objectives

The main goal of this report is to highlight the link between sports corruption, in particular match-fixing and organised crime and to increase awareness among practitioners and the public. The data received by Europol on this phenomenon is by no means exhaustive, but still enables us to describe relevant modi operandi and links to organised crime and the most active OCGs.

This situation report provides an insight into how the international criminal groups are involved in sports corruption, their characteristics and structure as well as the way criminal networks operate and cooperate. OCG money laundering activities through sports corruption are also described. In addition, the report examines the types of match fixing as the most prominent form of sports corruption monitored by Europol and looks into the Asian betting model. Furthermore, particular insight is provided into the most targeted sports by criminal networks with a focus on football and tennis.

Organised crime in sports corruption

Defining sports corruption

There is no consensus on the definition of sports corruption in the law enforcement community. The phenomenon may cover a wide array of different corrupt practices and includes bribery, match-fixing, doping, betting fraud, money laundering, influencing the arranging and hosting of international sporting events (and subsequent procurement procedures). All these corrupt practices feature a common element of severely affecting the realm of sports one way or another. The focus of this report is on match-fixing, paying particular attention to its betting-related dimension as the majority of the cases reported to Europol relate to this phenomenon.

A definition broadly accepted on the manipulation of sports competitions is provided in Article 3 of the 2014 Council of Europe’s Convention on the Manipulation of Sports Competitions. According to the convention, manipulation of sports competitions means 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 others⁷.

Europol shall support and strengthen action by the competent authorities of the MS and their cooperation in preventing and combating serious crime affecting two or more MS, terrorism and forms of crime which affect a common interest covered by an EU policy. The criminal activities related to sports corruption fall under the area of organised crime⁸. Sports corruption, and particularly betting-related match-fixing, has by default a transnational dimension for several reasons:

- the manipulation of sporting events is orchestrated by members of OCGs based in and operating from different countries;
- manipulated sports competitions may take place in one or multiple countries regardless of where the involved criminals have come to an agreement to fix the matches;
- sports people involved in match-fixing schemes are often transferred from one club to another across different countries;
- in betting-related match-fixing cases, the betting activity may be operated in the EU and/or most predominantly, outside the EU (e.g. in South-East Asia);
- the actors involved (e.g. organisers/financers, intermediaries, sportspeople, referees, officials, etc.) are located and operate in different countries;
- cross-border financial transactions take place in different ways (e.g. cash couriers, bank transfers, money business services, e-wallets accounts of payment service providers, alternative banking platforms).

⁷ Council of Europe, 2014, Convention on the Manipulation of Sports Competitions, Council of Europe Treaty Series No. 215.

⁸ Regulation (EU) 2016/794 of the European Parliament and the Council of 11 May 2016 on the European Agency for Law Enforcement Cooperation (Europol).

Characteristics of involved organised crime groups

OCGs involved in sports corruption cases are dynamic and their members are mobile across the borders. They are cooperating with individual criminal actors and other OCGs on a transnational level. Additionally, fraudulent betting-related sports manipulation often occurs online, thus making the use of internet as a noticeable key enabling factor.

Europol's analysis has identified links between the individuals involved in the manipulation of sports competitions at a lower level for merely financial gain, and other more sophisticated criminal networks that lay behind the scenes. These criminal networks are often the 'engine' behind sports corruption, and often use this criminal activity to launder their illicitly obtained assets.

Criminal networks targeted by law enforcement are mostly of heterogeneous composition and include investors/financers, facilitators and punters. At a lower level, corrupted athletes, referees, club managers/executives and officials, players' agents, etc. are involved. These subjects act in a well-coordinated manner and orchestrate manipulation schemes of any professional sporting event for which is possible to obtain a financial gain through betting. OCGs involved in sports corruption originate from inside and outside the EU, being often poly-criminal as they also engage in other crime areas (e.g. international drug trafficking, money laundering, property crimes, extortions, etc.). Investigations carried out in the EU MS have shown the involvement of international criminal groups based in South-East Asia.⁹ The OCGs involved have exploited mostly but not exclusively Asian betting markets to profit from huge margin betting wins on manipulated football matches played in Europe and beyond. The European connections and network of these OCGs facilitate contacts with players, agents, match and club officials in Europe and beyond.

The current intelligence picture indicates that indigenous OCGs originate from, and operate in the EU, in addition to (and often in cooperation with) other international OCGs, particularly Asian, Russian-speaking and Armenian OCGs. These groups have adequate financial resources at their disposal, and usually enjoy a wide network of connections in the sport sectors they are targeting. The analysis includes, but is not limited to, OCGs operating in the EU and its neighbouring countries. In addition, the cases involving OCGs from South-East Asia and Russian-speaking OCGs have been analysed.

Suspects originating from Asian countries play a major role in analysed cases¹⁰. Asian criminal syndicates are an 'engine' behind match-fixing. This is particularly due to the fact that approximately 65% of the worldwide betting market is in Asia, in both regulated and unregulated or illegal sectors (the latter apparently ten times larger than the first¹¹). This is in line also with academic research studies on the global scale of betting-related match-fixing¹².

Despite the fact that the composition, structure and modus operandi of the Asian criminal syndicates remain partly an intelligence gap, in a number of cases it has

⁹ Several cross-border investigations on sports corruption were conducted between 2011-2013 by a number of MS involved in Operation VETO. The operation evolved into a Joint Investigation Team (JIT) with the participation of several EU MS.

¹⁰ Europol Information: AP Sports Corruption.

¹¹ European Gaming and Betting Association (EGBA), Sports betting: commercial and integrity.

¹² "The odds of match fixing", T.M.C. Asser Institute / ASSER International Sports Law Centre, January 2015,

"Match Fixing: An Economics Perspective", David Forrest.

been observed that the cooperative relationship between the latter and European-based OCGs was and still is a recurring element. This element seems to be the result of a well-balanced synergy rather than an open competition. No particular clashes or escalated situations suggest aggressive competition in this market amongst those OCGs.

Some complex cases of betting-related match-fixing in football involving South-East Asian criminal syndicates have shown, that often the head of OCG is the only holder of all the contacts and is responsible for the accountancy and the contacts with the financiers. The accountancy includes quotes, proceeds, profits and funds for the associated expenses. The tasks and responsibilities of OCG members are as follows:

- fixing of football tournaments or matches;
- planning new activities;
- contacting relevant national football associations, football players, coaches, referees or officials;
- communicating the details of upcoming fixed matches and hand out bribes accordingly;
- maintaining the contacts with national representatives based on language, nationality or sport background;
- recruiting betting mules and opening betting accounts;
- transporting money (cash) from South-East Asia to meet costs and make bribes.

In addition, South-East Asian, and particularly Chinese, networks are trying to acquire smaller football clubs in financial difficulty for the purpose of sport manipulation. In this respect, individuals and companies are involved in taking control (or attempting to do so) of EU football clubs for the purpose of betting-related match-fixing. Nonetheless, details of the concrete involvement of Chinese OCGs operating in or having an impact on the EU in sports corruption remain a major intelligence gap¹³.

Asian individuals are especially involved in financing match-fixing schemes and acting behind cross-border financial transactions and/or cash movements associated with sports manipulation in the EU¹⁴.

Consistent money flows involving off-shore companies are also often observed to keep the affected clubs functioning while at the same time exploiting them for money laundering purposes.

¹³ Europol information, AP Sports Corruption.

¹⁴ Europol information, AP Sports Corruption.

Some Eurasian OCGs have increased their involvement in sports corruption. Some of these are poly-criminal and involved in other different criminal areas such as drugs trafficking, property crime, extortion, murders, illegal tobacco production and distribution. Russian-speaking OCGs have taken over control of certain football clubs for money laundering and match-fixing purposes. In this context, the criminal authorities embedded with mafia-type criminal organisations such as *Vory v zakone* (Thieves in Law) are also involved.

In several cases, the same OCG may be involved in the manipulation of different professional sports (e.g. football and tennis) through similar business model and *modus operandi*, thus relying on same facilitators mastering complex international financial transactions schemes. To make this possible, OCGs depend on financial, IT and other experts and with a vast knowledge and specific background in the sports and betting environment.

Overall, match-fixing, fuelled by illegal betting, is perceived by criminals as a high-profit and relatively low-risk crime. OCGs and mafia-type organisations operating on a global level, have shown a continued and increased interest in ‘investing’ in this lucrative business over the past years and it is anticipated that this trend will not change in the near future.

Technology as a crime-enabling factor

Extensive use of newly developed applications for the purpose of online sport betting makes sports corruption a criminal activity fully affected by online technology. Online gambling is the fastest growing service in this sector¹⁵. The betting activity on manipulated matches occurring through the online-based market has become a pattern. The impact of this is clear, irrespective of which betting market is targeted (e.g. Asian, European, etc.).

Overall, web-based platforms are increasingly used by OCG members involved in sports corruption not only to place bets, but also to enable encrypted communication, to transfer money or to approach and possibly recruit available sportspeople (e.g. through social networks). Criminal actors make heavy use of e-wallet accounts of payment service providers to transfer illegally obtained money. The use of online money transfer platforms poses additional challenges for law enforcement authorities.

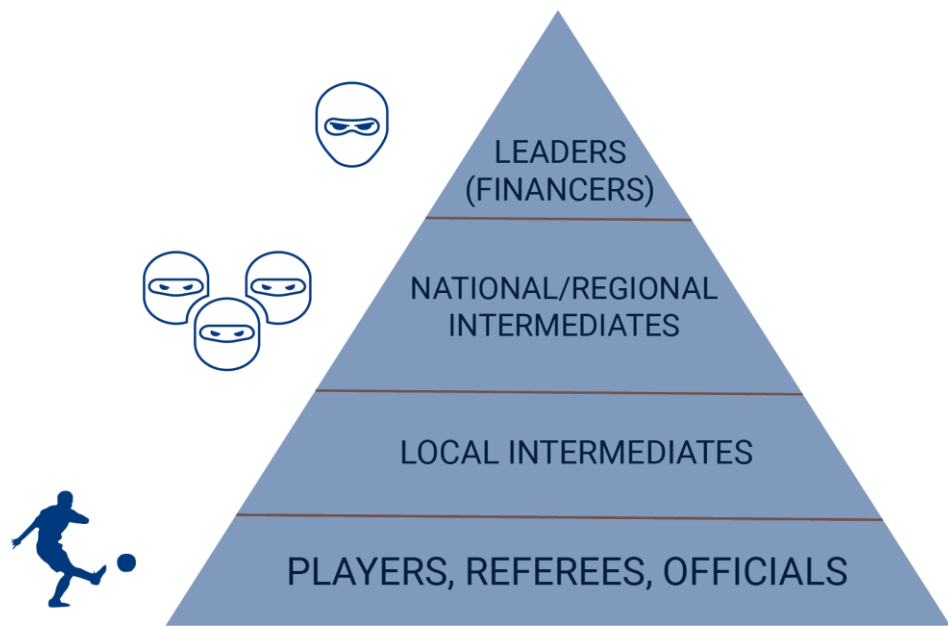
Structure of the organised crime groups involved

OCGs involved in sports corruption usually operate a top-down operational business model. At the top of the criminal structure are the leaders of the OCG who are often also the financiers of their criminal activities. Intermediaries operate on the level below. They are responsible for the coordination of match-fixing schemes and act between the leaders/financers and those who are directly influencing the competitions (such as players and referees) who operate at the lowest level of the criminal organisation. The intermediaries usually operate in one or two levels (a higher national/regional level and a lower country/local level), depending on the size and complexity of the OCG. A higher-level intermediary may therefore operate in multiple countries or even in different continents, being responsible for finding the best opportunities for the OCG in terms of identifying and targeting specific sporting competitions and relevant sport actors. They are also responsible for looking for other required resources to organise and carry out the whole fixing process

¹⁵ http://ec.europa.eu/internal_market/gambling/index_en.htm

successfully. These resources may include: local level intermediaries, IT experts, betting experts, betting mules (accomplices creating a multitude of betting accounts), subjects acting as links in the Asian betting market, and financial experts (to facilitate money flow and laundering process in more complex operations). A wide network of contacts facilitates this process. Higher-level intermediaries are also usually involved in defining the economic conditions to carry out the fixing scheme as well as setting and making the corrupt payments. Likewise, local level intermediaries (also called runners), are usually responsible for identifying, recruiting and maintaining direct contacts with corrupt players, coaches, referees, or even sport clubs managers. The higher and local level intermediaries often involve former players with a significant experience and reputation in the sport sector. Players ‘agents’ may also operate as intermediaries with the purpose of identifying ‘suitable’ players who are willing to work for the OCG. The latter process often implies the transfer of those players from one club/country to another.

The main organisers are generally also the financiers of the whole match-fixing scheme and pursue/represent the financial interests of the OCG. The objective of these criminal groups is to gain access to the immediate participants of the sporting competitions who are able to influence its outcome. This is achieved by creating ad-hoc and multi-layered criminal structures, which are ready to be activated and used to meet the needs of the OCG.



The structure of OCGs

This structure is an operational business model, which enables high-level members of the OCGs to seek and obtain the necessary support from sportspeople, managers, referees, etc. to pursue their criminal objectives. The top-down business model requires an effective communication channel between the levels. This effective communication is ensured by the agents (intermediaries) who enjoy the trust of the high-level members of the OCG, but also of the actors involved in the scheme on the lower level (players, managers and referees, etc.).

Such a business model also prevents the high-level members of the OCGs from becoming a target of law enforcement actions. The investigations focus normally on the lower level targets who are directly and more apparently involved in the match-

fixing scheme. The investigations aiming at higher levels of the OCGs require more resources, are lengthy and become costly. The lengthy law enforcement response gives the advantage to the higher echelons of the OCGs to perceive the signals of an ongoing police investigation. Consequently, they have enough time to leave the country and to move their (financial) interests in other jurisdictions.

However, it is common that the members of the OCGs return to operate in the same country or countries after some time. Furthermore, professional OCG members are well informed of the legal framework existing in the countries they operate in, and are ready to exploit any loopholes in existing legislation (e.g. criminal provisions applicable to match-fixing). Likewise, OCGs are often well aware of the most commonly used police measures. In cases where police/judicial actions against the criminal networks are focused only (or mainly) on the lower levels of the criminal structure (e.g. players, local recruiters), the upper structure continues therefore to operate elsewhere and remains unharmed.

Modus operandi

In sports corruption and large-scale betting-related match-fixing schemes, the betting element is often the engine and a boosting factor of this crime due to extremely high profits. The fixing is usually organised separately from the betting. The subsequent fraudulent betting may be placed in the pre-match markets or in the (most predominant) live-betting (or in play-betting). Criminals may engage in fixing the outcome of a match or single sub-sets (spot-fixing). This modus operandi does not exclude that a combination of both scenarios may still occur. In both cases, fixers generate large profits.

In this context the OCGs most often take advantage of certain betting types and betting markets (e.g. in football over/under – totals, Asian handicaps – AHC; in tennis in-play markets such as deuce betting, over/under games, set betting, game betting, match odds, total games, next point, etc.). The concrete type of fixes and the amount of funds needed to organise it may vary significantly depending on several factors. Such factors include the sport activity concerned, the type and level of competition, the age of the athletes (sports competitions manipulation involving youth athletes are in fact very frequent), if actors of one or both teams are involved (in team sports) etc.

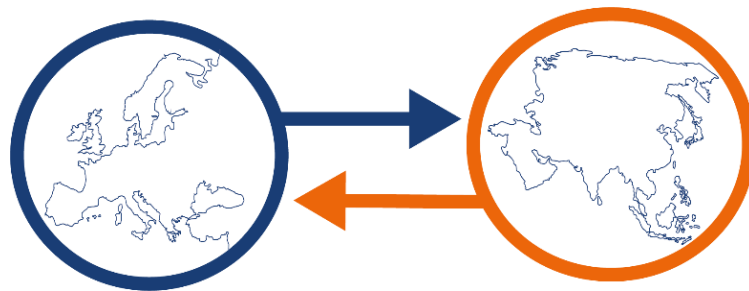
In principle, lower-level competitions across different sports feature lower wages of players, lower attendance rate and lower interest from the wider public. They also attract limited media coverage, which often implies a lack of video-footage. Sporting competitions matching this profile are equally offered on the betting markets and usually the most targeted by OCGs. In addition, the players are easier to approach and the bribing costs are lower. The betting offers to provide a sufficient level of profits for OCGs that has been observed especially in football-related cases. In principle, this applies also to other professional sports attracting high betting demand. For example, this has been recorded in several cases of tennis manipulation where members of OCGs, acting transnationally, have targeted matches in a series of tournaments of low-tier competitions (ITF Futures, Challenger) for betting-related match-fixing. In these cases, criminal networks often exploit (regulated) EU betting operators and thereby minimise the risk of detection and make a large profit. However, there have also been cases of fixes driven by OCGs altering the results of high-level competitions (e.g. UEFA competitions).

Even though the Asian betting markets (regulated and unregulated) are historically the most used by OCGs to generate large profits, regulated EU-based betting operators are exploited through online betting as well.

OCGs based in the EU and Asia shown a considerable level of cooperation but they are also capable of organising the entire fraud independently from each other. In this respect, OCGs operate by using three different schemes.

Cooperation between EU and Asian OCGs:

EU OCGs operate solely the fixing, thus arranging the desired outcomes of the matches they intend to manipulate through a wide network of contacts within the sports environment. In this case, the OCGs use links within Asian criminal groups that will take care of organising and effectively executing the betting of the criminal activity (selecting and exploiting specific Asian betting markets, allocating money, placing the bets, etc.). This modus operandi reflects a perfect cooperative synergy between EU and Asian OCGs.



EU OCGs: EU OCGs, acting alone or in cooperation with other OCGs in different countries, operate the whole fraud, from arranging the outcome of the targeted sporting events through corrupt payments, to planning/executing the betting activity, arranging the logistics, executing money transfers, etc. OCGs exploit Asian betting markets and/or European betting markets.

Asian OCGs: Asian-based OCGs enjoying an adequate network of contacts in Europe are responsible for the whole fraud (as before). However, there may be a combination of the above-mentioned modus operandi. The first and third modus operandi described above, result in having Asian OCGs funding (totally or partially) sophisticated match-fixing operations operated in the EU MS (besides providing support in the important betting phase of the crime).

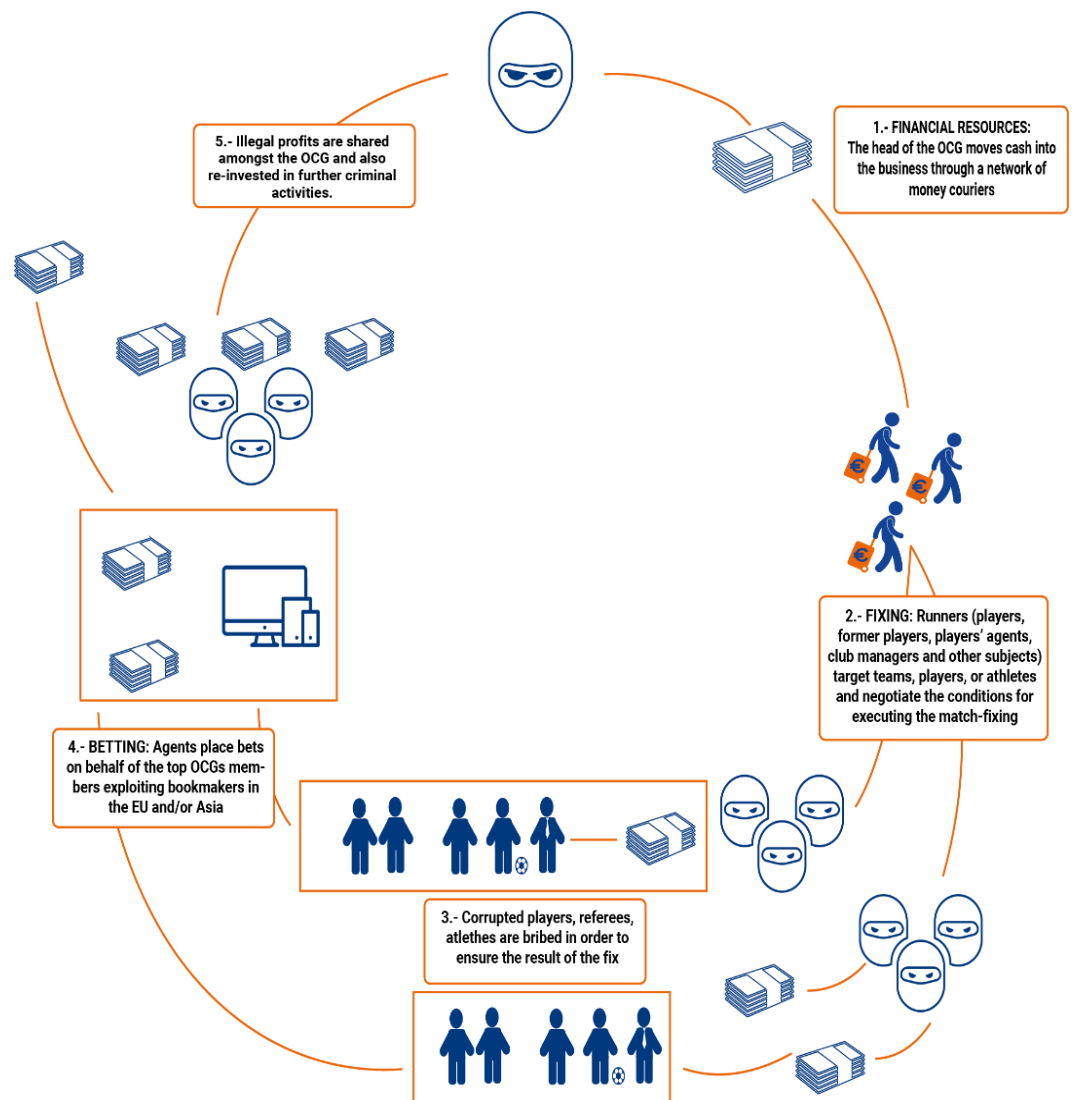


This is an emerging type of entrepreneurial partnerships between different OCGs operating in different countries and even continents. One criminal group would take care of planning, organising and executing the match-fixing schemes in one MS (sometimes even involving both teams in e.g. football-related cases), while foreign (EU) financiers would finance or co-finance the match-fixing operation.

With regard to the modus operandi used by the OCGs to contact sportspeople, it appears clearly that those tasked with this shall be trusted persons known to and reliable for both parties. These persons known as runners or agents are involved in every step of sports corruption. The runner is responsible for contacting sportspeople or other key players in the sport environment, and influence the competition and its result.

The runners are frequently former sportspeople known in their respective sports environment. Frequently, the runner has personal contacts also with coaches and sports officials. The criminals themselves are usually not directly involved in direct contacts with the sportspeople for several reasons (exposure to possible attention of law enforcement, language and cultural barriers, trust, etc.).

The runners especially look for those players that appear easier to bribe due to identified vulnerabilities (e.g. financial and/or family problems, addiction to gaming, drugs, prostitution, etc.). Another important and sometimes critical element is the nationality and/or ethnicity of the runner due to similarities in culture and language.



The sports corruption business model

Main types of match-fixing in sports corruption cases

Sports corruption is a global phenomenon and has links to various other areas of serious and organised crime, affecting different sports. The most prominent form of sports corruption monitored by Europol is match-fixing, which can be either betting-related match-fixing or non-betting related match-fixing (also known as match-fixing for sport-related reasons).

The motive of match-fixing is to obtain either direct or indirect financial benefits linked to betting or non-betting-related cases. Betting cases have a component of fixing the competitions for financial profits indirectly from sport through betting activity. The latter is often connected to other crimes such as illegal betting, and money laundering.

Non-betting related cases concern sports-motivated match-fixing with the primary aim of achieving a sporting advantage directly from its results (e.g. winning a match or a competition, escaping relegation or qualifying for a higher level of a competition). The low number of reporting to Europol on non-betting related match-fixing gives no ground for lesser concern but rather indicates limited detection and thereby prompts the need for higher attention. The actual scale of match-fixing for sport-related reasons remains therefore an intelligence gap. For these reasons the focus of this report is primarily on betting-related match-fixing which is more frequently committed by international OCGs and produces higher illegal profits.

The techniques used by criminals to set up and execute the fixing of sporting competitions depend on different factors such as the nature of targeted sports competition, the profile of the competition, and the level of the teams. The recurrent typologies of fixes predominantly relate to football competitions (e.g. losing a match, losing by a predefined margin, losing half-time/full time, corner/throw in betting, etc.). Different typologies may apply to other sports (e.g. in tennis losing a match, set, game, frequent use of double faults).

The types mostly relate to the underperformance of the players involved. However, the OCGs may also rely on bribing other key actors of the match, such as the referees and match officials.

When OCGs are involved, irrespective of the specificities of different fixes used, they all have one element in common: bribing sportspeople and/or coaches, referees, club officials to secure illicit profits. Well-structured OCGs are able to maximise their illegal gains by combining the benefits coming from fixing a match for both sport-related and betting-related purposes; meaning to facilitate a team to win a competition or tournament and to exploit the betting markets for financial gain. At times, OCGs operate these type of match-fixing schemes in a more sophisticated way by influencing players of both teams (e.g. in football).

A more 'professional' method used by certain OCGs is to buy a club or *de facto* being able to control it over time. In this case, the targeted club is bought for the sole purpose of fixing matches and/or to launder money. In such manner, high illegal gains are secured through the execution of an extended series of manipulated matches for betting-purposes. This method is an increasing trend especially in football, where clubs of lower divisions, sometimes affected by heavy financial problems, are taken over (or attempts are reported to occur) by foreign individuals/companies. These individuals will then exploit those clubs/teams in a

straightforward manner in order to organise consistent match-fixing schemes for betting purposes and associated money laundering.

The way of getting control over the affected clubs can be either formal (buying the majority of shares) or de facto by financially supporting a given club and consequently gaining control over it without officially owning the club. Russian-speaking and Chinese OCGs have been observed to make use of such modus operandi. It is commonly observed that the new investors of a club will transfer specifically selected (foreign) players in the targeted teams and use them to execute the match-fixing schemes. With this method there is no need to look for and to bribe players on individual cases but rather facilitating an effective business model that will allow the OCGs to influence a series of sports events over time.

Another common pattern, when the criminal group is not in full control of a club, includes the transfer of players that cooperate with the criminal network from one club to another, often across different countries. These players will facilitate fixing of multiple matches.

When it comes to the actual execution of a fix, a commonly observed element is the use of specific signals to mark the timeframe of key events influencing the result of the match. The signals are usually communicated by members of the criminal group to certain players in order to instruct them to do what is required.

Regardless of the methods used by criminals, the main objective they constantly pursue is to maximise their profits. Therefore, different methods or betting combinations are used depending on how the profits from the targeted games can be increased, while keeping the risk of detection as low as possible.

Criminals may take advantage of both, the more traditional bets operated during the pre-match market as well as the (relatively) more recent and expanding live-betting market (or in-play betting¹⁶). The latter has considerably grown over recent years, reflecting the increased and high demand for online betting. Besides the traditional betting markets offered by bookmakers, other and relatively new forms of betting can be also potentially exposed to sports manipulation and betting fraud, like the betting-exchange market. In this market, bets can be placed between customers through a sort of betting platform according to a procedure commonly known in the betting industry as 'backing' and 'laying'. This means that while traditionally betting occurs between a customer and a bookmaker where the customer backs (bets that an outcome will occur) and the bookmaker lays (bets that an outcome will not occur), the betting exchanges offer the opportunity for anyone to both back and lay. This market generally offers more competitive odds compared with those offered by bookmakers in spite of the commission charged. In this market, there are no restrictions the amount a customer can bet, but this higher amount can only be placed under the condition that the relevant wager is accepted by another bettor.

Another very common method is influencing the result of sports competitions through doping practices. Doping in this context is the occurrence of violations of one or more of the anti-doping rule set in Article 2.1 - 2.10 of the World Anti-Doping Code¹⁷. World Anti-Doping Agency (WADA) is the international independent organisation responsible for promoting, coordinating, and monitoring the fight against doping in sport in all its forms. It is probably the most documented type of manipulation within sports competitions with a vast number of examples of athletes

¹⁶ In-play betting (or in-running or live betting as it is also known) is betting while the event is actually taking place, <https://www.gamblingcommission.gov.uk/for-gambling-businesses/Compliance/Sector-specific-compliance/Betting/In-play-betting.aspx>

¹⁷ World Anti-doping Agency, 2015 World Anti-doping Code.

that used forbidden substances in order to manipulate the normal course of the competition. Europol supported operation Viribus, which led to the dismantling of seventeen OCGs and the seizure of 3.8 million doping substances and fake medicines worldwide. During the operation nine clandestine underground labs for illegal drug production, were detected and closed in EU countries¹⁸. This indicates that the OCGs involved in this criminal activity have access to doping substances used to manipulate sport competitions.

The Asian betting model

Most commonly, the betting model used in the Asian betting market (also known as ‘Asian Agents System’), has a pyramidal structure consisting of bookmakers, super master agents, master agents, and (lower-level) agents. Gamblers can place bets only through the lower-level agents. Each of these gamblers has an open line of credit with the organisation based on their record and reputation.

The Asian betting market has been the preferred choice for OCGs due to two main reasons: the high-liquidity of this market offering higher winning rewards; and the most remarkable advantage of ensuring a high degree of anonymity and consequent lack of traceability that the multi-layer ‘agent system’ offers. Asian bookmakers operate on a low margin/high turnover business model. Bets may be placed via the phone, via betting shops or via internet betting websites. These two factors combined make this system favourable to OCGs for carrying out their activities in this field.

The OCGs using the Asian market to place their bets, take advantage of both legal and illegal bookmakers; the latter are present in large numbers and operate online through betting platforms. Illegal online websites are particularly used by bettors residing in countries where betting is illegal or not regulated. The great advantage of the illegal bookmakers is that they are ready to accept high-value bets where legal bookmakers cannot. Additionally, OCGs have access to illegal bookmakers with active lines of credit based on trust (and regardless of the financial circumstances of the punter). The financial gains are such that many of these illegal bookmakers in Asia are in fact operated/controlled by OCGs¹⁹.

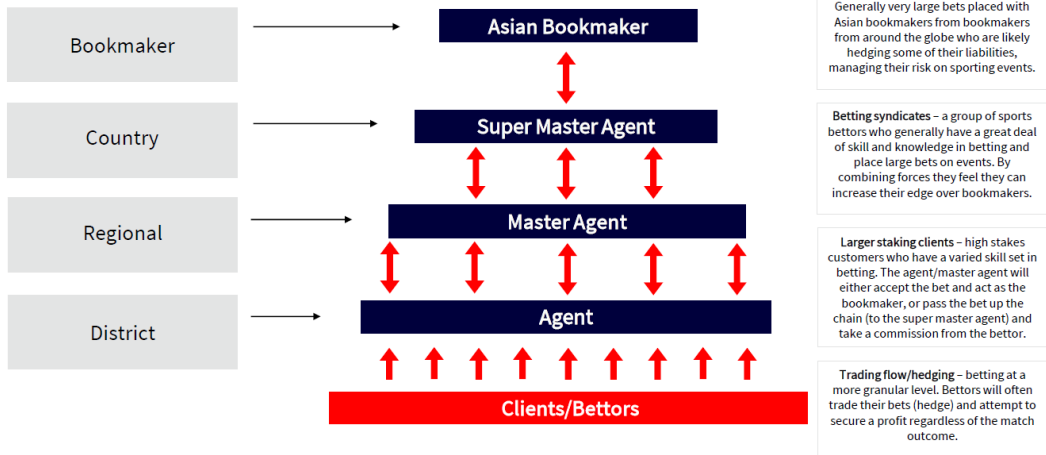
As opposed to Asian betting operators, European bookmakers often restrict stakes, cooperate with law enforcement during investigations (e.g. disclosing personal details of suspicious betting activities) and may ban customers from betting in suspicious cases or even temporarily freeze suspicious clients’ accounts. Consequently, OCGs prevalently take advantage of the Asian betting markets, arguably through connections with Asian criminal syndicates, in particular with Singaporean and Chinese networks. The connections are often detected in the manipulation phase of the offence and/or in the betting phase of the ‘business process’.

¹⁸ <https://www.europol.europa.eu/newsroom/news/keeping-sport-safe-and-fair-38-million-doping-substances-and-fake-medicines-seized-worldwide>

¹⁹ Evidence of this can be found in Operation SOGA V led by INTERPOL; through this operation, illegal gambling networks across Asia were targeted from 1 June to 13 July 2014, ahead of and during the 2014 FIFA World Cup. During the six-week operation, law enforcement officers carried out more than 1,000 raids on illegal gambling dens, many controlled by organised crime gangs, estimated to have handled around USD 2.2 billion worth of bets, the majority through illicit websites.

Asian Bookmakers

Asian Agent System Overview. |



The Asian betting model²⁰

Targeted sports

The involvement of OCGs in sports corruption, and in particular in match-fixing, is of poly-criminal nature, often exploiting the sports sector for sports corruption and money laundering purposes at the same time. The most affected sports are football and tennis, however intelligence suggests that other professional sports are also targeted by OCGs (e.g. basketball, handball, beach volleyball, ice hockey).

Football

Football remains the most targeted and manipulated sport by international OCGs due to its worldwide popularity, financial dimension and large turn-over betting market attached to it. To date, the majority of the investigations supported by Europol relate to football. The money generated globally on football betting outweighs by far any other form of sports betting and is reported to be annually €895 billion (estimated annual amount of bet in sports general is €1.69 trillion)²¹. According to some estimates, fewer than 1% of football matches a year are suspected to have been fixed²².

According to UEFA, sports corruption continues to challenge European football, particularly in the lower leagues, and in smaller countries in general. In this context, UEFA has witnessed a reduction in reported suspicious matches in certain Eurasian/Caucasian countries and around the Mediterranean, while noticing an increase of reports in countries neighbouring these areas. It should be noted that a

²⁰ Sportradar, 05/08/2019

²¹ Sportradar, 2019, contribution to Europol for the current report, figure measured using the short numeric scale or Anglo-Saxon scale.

²² Union of European Football Associations (UEFA), 2019, contribution to AP Sports Corruption.

reported suspicious match does not mean that it was actually fixed, merely that suspicious betting was detected and reported.

Based on the above, UEFA does not assume that football match-fixing is on the decline. It is likely that the suspicious activity has shifted to unmonitored lower leagues, that the vulnerable 'high-risk' leagues are no longer offered for betting, or that the suspicious activity remains difficult to detect.

Criminal match-fixing syndicates appear to have established in-country networks – akin to sleeper cells – where players or referees can be easily 'activated' to fix a match as and when needed. These networks remain stable and are not easily disrupted. In certain countries where law enforcement operations have been conducted, UEFA has noticed a subsequent reduction in reported suspicious matches²³.

Criminals more often target players having a specific role within the team (e.g. goalkeepers, defenders, captain of the team). These players are more 'valuable' for match-fixers than others, as a simple mistake can easily lead to the conceding of a goal without raising suspicion.

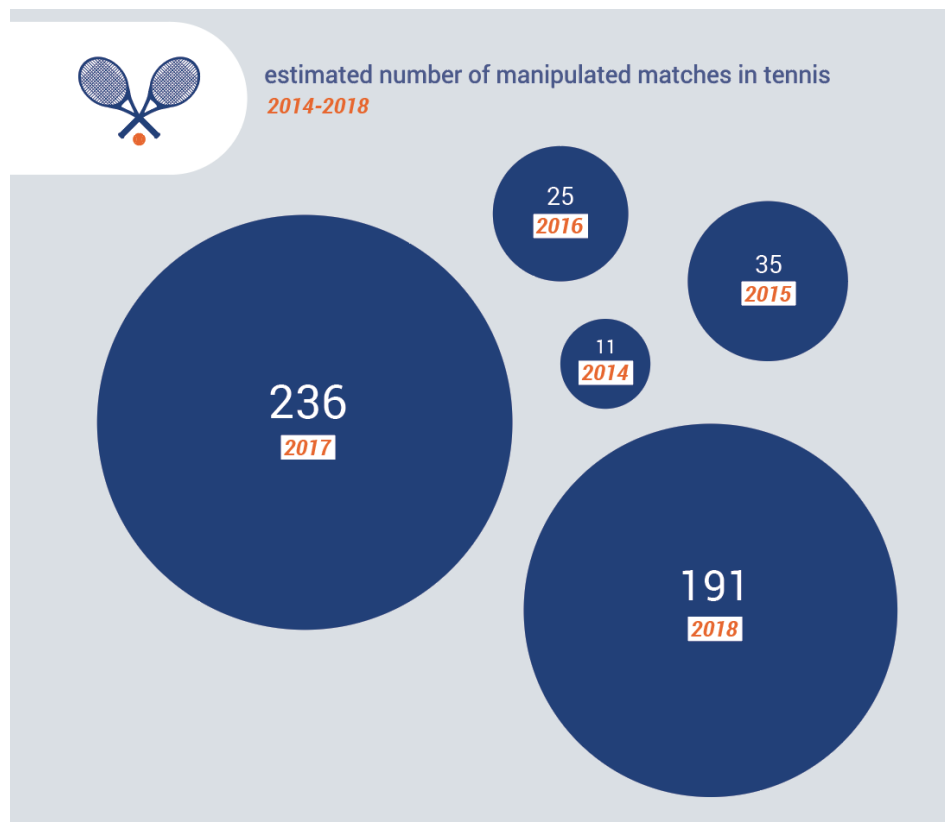
In addition to players, also coaches, club managers, executives and agents have been involved in several investigations. In cases where players and coaches or executives are involved, the transfers of certain players and managers from one club to another recurring together can be a useful indicator to flag suspicious schemes. Such elements may allow investigators to identify relevant patterns linking these movements to attempts of OCGs to plan and execute large-scale match-fixing schemes. In such cases, pro-active intelligence gathering activities are crucial to identify and investigate key individuals of a criminal group involved.

Tennis

Individual sports competitions like tennis with a limited number of key actors (e.g. players and/or chair umpires) are an even easier target for OCGs, to have a corrupt impact on the match (or part of it). To date, investigations reported to Europol indicate that nearly 500 tennis matches have been manipulated between 2014 and 2018. The number reflects a variable trend that is very much depending on the number of criminal investigations carried out by MS. Therefore, the real magnitude of the phenomenon can be potentially much higher.

Criminal investigations of manipulated tennis matches reported to Europol from EU MS have increased significantly in the last years as shown in the diagram below:

²³ Union of European Football Associations (UEFA), 2019, contribution to AP Sports Corruption.



Europol’s estimated number of manipulated matches in tennis between 2014-2018.²⁴

International Tennis Federation (ITF) Futures events and Association of Tennis Professionals (ATP) Challenger tournaments are primarily targeted. The OCGs have shifted their focus recently from the high-level ATP Tour towards the Challenger ITF Futures events, affecting many countries in the EU and beyond. When targeting these tennis competitions, OCGs usually place low/medium level stakes on predominantly low tier events.

Extensive networks of betting mules are used by the OCGs to place a large number of bets with low cash amounts on multiple lower category tennis matches (those with prizes between USD 5 000 to USD 10 000) simultaneously. These matches are usually not video recorded and the involved tennis players are easier to corrupt. The use of betting mules is particularly relevant when OCGs exploit EU-licensed betting operators to ensure that stakes are within the limits allowed by European betting operators. This modus operandi is particularly used by creating a multitude of online betting accounts using real identities (accomplices) but also fake or stolen identities. This scheme generates high illicit gains with low risk for the OCGs. Eurasian OCGs have been noticed to be particularly active in these schemes.

Betting-related match-fixing schemes orchestrated by OCGs in tennis may range from fixing the final result of a match to lighter but still very profitable forms of spot-fixing which refer to the manipulation of sub-sets within the match (e.g. betting on a single set, on a game). It also involves both, pre-match betting and in-play-betting. Within this landscape, the OCGs gain illegal profits through the exploitation of Asian and/or European betting-markets. Online betting for the purpose of tennis manipulation is increasingly used by OCGs as compared with cash-based betting;

²⁴ Source: Europol.

Virtual Private Networks (VPNs) are used by criminals in tennis manipulation in the EU to hide the actual IP address of the account user.

Other known types of modus operandi include specific in-play markets (such as *deuce* betting), over/under games, set betting, game betting, match odds, total games, next point etc. Often single bets are used to maximise betting, but occasionally also in combination. Betting may also be placed on match odds on players to win when they are significantly behind in the match.

Court-siders who transmit information on match related events a few seconds prior to official recording of the scoring by the chair umpires are used in tennis. This allows extra time to place bets and profit from subsequent wins. In some cases, the chair umpires have been acting in agreement with fraudsters.

Detection of match-fixing schemes in tennis has increased, prompting higher attention from law enforcement, betting operators and other key stakeholders in this particular sport.

Financial aspects

The size of the global betting market for all sports is currently estimated to be €1.69 trillion per year²⁵. Football alone is estimated to make up more than 60% of this market. Globally, 65% of the overall betting turnover is recorded within the Asian bookmakers (including both the regulated and unregulated/illegal sectors), 21% counts for Europe and the remaining 14% for the rest of the world²⁶. The turnover of regulated betting markets on a global level is only 25% of the market size. These figures have been drastically growing over the past few years. Therefore, despite the percentage of fixed matches that is estimated to be fewer than 1% across all sports²⁷, high betting turnover results in a multi-million euro criminal business for OCGs worldwide every year. The global annual criminal proceeds from betting-related match-fixing are estimated at approximately €120 million. This figure is defined as the aggregate net winnings for match-fixers rather than the betting turnover generated on all fixed events. Annual betting turnover on fixed events is in fact much higher. Due to its global prominence and popularity football remains the most profitable avenue for matches manipulated by OCGs²⁸.

The above figures are in line with the fact that the Asian betting market is by far more competitive than the European market and offers odds that are more attractive and larger than other types of available bets (e.g. Asian Handicap, Totals, etc.).

Another important aspect is that while in Europe a line of credit for betting is depending on the financial circumstances of the punter, the Asian bookmakers accept bets based on trust between the two parties involved. This increases exponentially the money-ceilings of the betting phase of this criminality. Therefore, the OCGs invest predominantly in the Asian betting market as the European markets offer rewards with smaller stakes permitted. In addition, the European markets cooperate more with law enforcement agencies to disclose the personal details of bettors' accounts.

²⁵ Sportradar, 2019, contribution to Europol, figure measured using the short numeric scale or Anglo-Saxon scale.

²⁶ Sportradar, 2019, contribution to Europol for the current report.

²⁷ Union of European Football Associations (UEFA), 2019, contribution to AP Sports Corruption.

²⁸ Sportradar, 2019, contribution to Europol.

Overall, extremely high return rates combined with low-risk criminal sanctions make this type of crime extremely appealing for OCGs and prompts them to invest large sums of money and other proceeds of crime in this crime area.

Money laundering through sports corruption

Similar to other serious and organised crime types, sports corruption is a profit-driven crime pursued by skilled criminals and facilitators as members of OCGs operating on a global scale. In particular, sports manipulation for betting purposes requires a continuous flow of large amounts of finances to fund the betting activity and to offset the costs needed to run the overall criminal activity (e.g. bribing sportspeople, paying agents and couriers, taking care of logistics, etc.). Allocated funds are made available by the higher echelons of the OCGs in order to pursue the goals of the criminal organisation.

Such criminal activity may generate quickly high gains through betting and by transforming illegally obtained funds into supposedly legitimate betting wins. Betting-related sports corruption can well serve as a platform to further high-scale money laundering schemes. The latter can be executed by the same OCGs involved in sports corruption for its own benefit, and/or to serve other OCGs in search for specialised laundering services. Large-scale financial transactions, cross-border money flows and sophisticated layering schemes, often made through companies registered offshore and in tax havens, often characterise complex cases to investigate.

Money laundering through sports corruption can be a relatively straightforward activity, where smaller amounts of money are laundered directly through betting with illegal funds and turned into 'legitimate' betting wins. Higher amounts of cash often enter the financial system through unregulated online betting operators particularly in Asia. This process ensures anonymity and non-traceability through the known 'Asian betting model' or 'agents system'.

Money laundering can take place also via online betting, involving unregulated/illegal betting operators. In addition, unregulated betting operators do not comply with anti-money laundering regulations by not providing information to relevant financial regulators and not cooperating with law enforcement agencies. In this respect, many bookmakers (especially Asian) have licenses of offshore or low-tax jurisdictions.

Examples include betting companies licensed in free trade zones in Asia, where offshore banking is one of the main economic sectors; or in certain Central American countries (e.g. Caribbean countries). Many of the bookmakers licensed in these areas would not be able to operate legally in other countries.

In this complex landscape, law enforcement agencies face significant challenges. Europol's intelligence indicates that money laundering investigations, initially not related to sports corruption, at times have later on turned out to be linked to sports manipulations investigations. In other instances, investigations into major sports corruption cases have been developed in parallel with money laundering investigations due to the apparent links between the two (associated) criminal activities.

Available intelligence has shown that widespread use of cash couriers, money service businesses and increasingly e-wallets payment service providers are used to transfer the proceeds of crime linked to sports corruption cases and to fuel online betting

accounts for large-scale match-fixing operations. The traditional banking system is misused also in match-fixing operations to transfer funds across borders, and in some instances the use of alternative banking platforms also known as virtual banks provide the same functionality as a bank, but outside the regulated banking sector.

OCGs also misuse personal identities, illegally obtained from the internet or accomplices working in commercial businesses holding customer data. This information is used to create betting accounts with online betting operators and bet on pre-arranged matches. The same identity information may be used by criminals also to open and operate e-wallets accounts linked to online betting accounts.

OCGs that process medium to large amounts of money tend to use established legal businesses. Legal business structures (LBS) are an essential element of these money laundering schemes²⁹. The abuse of LBS applies to sports corruption-related crimes, as money laundering is one of its main and recurring associated crimes.

LBS in sports corruption are most often players' agent companies, organisers of sporting events, gambling-related companies, or even football clubs which are partially or fully owned (or controlled) by top individuals involved in sports corruption. LBS are used by the OCGs in organising fixed sport competitions, or to launder the proceeds of crime.

UEFA considers that 'advanced match-fixing betting syndicates attempt to evade detection by utilising classic money laundering techniques for their betting activity – similar to layering, placing, and structuring financial transactions – across multiple betting outlets, often in slow and incremental phases'. UEFA has also noticed that criminal match-fixing syndicates often use unregulated informal money transfer networks like *hawala* to get money into/out of the country to settle bets and illicit bribery payments to officials and players in cash. Additionally, these criminal match-fixing syndicates make use of their own illegal betting networks, which requires no additional intermediaries and almost no outsourcing, which are very effective, efficient and hard to detect since everything is compartmentalised. This poses additional challenges for the law enforcement agencies tasked with investigating this crime to detect and disrupt such match-fixing betting syndicates³⁰.

All in all, OCGs extensively launder money through large scale match-fixing operations and through the associated gambling sector by either exploiting regulated betting operators or taking the direct ownership of those operators ('criminally controlled gambling operators'). The use of typical money laundering techniques as the creation of offshore and shell companies, complex financial processes of layering and structuring, has become characteristic.

The increasing number of sports corruption cases clearly highlight the importance of pursuing financial investigations alongside match-fixing investigations. Parallel financial investigations aimed at identifying the extended number of criminal actors involved, including those placed at a higher level of the OCG who are responsible for financing sports corruption operations, are crucial. Such an approach would contribute to more successful and comprehensive investigations to unveil associated money laundering schemes, and tracing of illicit assets for subsequent asset recovery actions.

²⁹ SOCTA 2017.

³⁰ UEFA, 2019, contribution.

Constraints of law enforcement response

Large and complex sports corruption cases are orchestrated by transnational OCGs. One of the current constraints reported by national law enforcement authorities is at the prosecutorial level, where single instances of manipulated games are being investigated individually. This approach, especially when the same OCG is behind different corrupted sports practices, may become a constraint factor for an effective and more comprehensive investigative strategy aimed at identifying organised crime, dismantling of the criminal group and, ultimately to enhance the intelligence of the crime phenomenon.

This approach has negative effects on targeting the higher echelons of the OCGs involved in sports corruption, thus limiting the law enforcement action to the level of sportspeople, and/or intermediates. However, the efforts of law enforcement need to focus on identifying high-value targets and to tackle OCGs involved in sports corruption on a transnational level. This prompts the need to deploy proactive intelligence gathering activities as well as engaging in international police and judicial cooperation at an earlier stage.

The impact of COVID-19 on sports corruption

OCGs have been exploiting the changing circumstances during the COVID-19 pandemic. Criminal groups are flexible and exploit new opportunities during crises. Criminal business continued and it is anticipated that the long-term impact of the COVID-19 pandemic may be particularly significant in the area of organised crime, including money laundering and corruption.³¹

The global professional sports shutdown had a disruptive impact on competition manipulation and on the betting sector. There was a limited number of sporting competitions offered on betting markets and in a limited number of countries.

Although, OCGs involved in match-fixing seem to have adapted to this new situation targeting mostly lower-tier games, youth games and friendly matches, it is highly possible that match-fixers will focus on the few matches being held and put them under greater risk.

Instances of ‘ghost matches’ in football, in some European countries were recorded during the pandemic crisis where fixers falsely advertise to bookmakers, punters and the public matches which did not exist in order to fraudulently gain profits from the betting markets which eventually offer such matches. In those cases the ‘ghost matches’ are advertised on social media, blogs or fake websites and fixers create non-existing line-ups, stats, and match outcomes.

³¹ Beyond the pandemic: How COVID-19 will shape the serious and organised crime landscape in the EU, Europol, 2020

Conclusions

The size of the global betting market for all sports is currently estimated to be €1.69 trillion³² per year³³. Sports corruption connected to match-fixing is often seen as a sports integrity issue and to a lesser extent as a serious criminal offence carried out by organised crime networks.

The report describes the involvement of the OCGs in the area of sports corruption and the modus operandi used. The crime area attracts also mafia-type crime groups such as Italian, Albanian-speaking, Russian-speaking Armenian and Asian OCGs. This crime is highly transnational by nature whereas the manipulation of sporting events may occur in any country and the associated betting activities may take place within or outside the EU, through online or off-line providers. OCGs involved in sports corruption appear to have a multi-layer structure with specific roles, tasks and responsibilities. In addition, the European-based OCGs and Asian criminal syndicates may cooperate in different schemes or act autonomously.

Football appears to be one of the most targeted sports due to its popularity and the very rich betting market attached to it; however, other professional sports are believed to be affected as well (e.g. tennis, basketball, and others). Sports corruption in tennis (especially low-tier competitions) is an area of increasing concern.

Sports corruption can generate huge profits and lends good opportunities for OCGs to launder money on a big (international) scale. Non-betting related match-fixing has been only occasionally reported to Europol, however this type of match-manipulation is also largely occurring and should not be underestimated. Increased attention by public authorities and other relevant stakeholders should be paid in order to identify the actual scale of it. The use of online technologies is a facilitating factor for all sports corruption-related crimes.

It is critical to develop and enhance public-private cooperation to ensure a consistent multi-stakeholder and multi-disciplinary approach for an effective fight against corruption in sports competitions. This approach requires the necessary involvement of all relevant stakeholders including law enforcement, judicial authorities, sports bodies, regulatory authorities and other public authorities, betting operators, as well as private companies providing betting monitoring and integrity services, and the wider public. Protected reporting systems and whistleblowing mechanisms should also be further developed. Increased cooperation and coordination amongst different stakeholders may also be beneficial to raise awareness and to address challenges related to the limited expertise in this area.

For the above-described reasons, it is paramount that MS and involved Third Parties would address and prioritise this challenging crime area more effectively as a way to tackle OCGs operating in the EU and beyond.

³² Figure measured using the short numeric scale or Anglo-Saxon scale.

³³ Sportradar, 2019, contribution to Europol.