

Chapter 2

The Revolution

Declan Hill

This book is about a revolution. It is a revolution without riots, protests or street demonstrations, but with all its peacefulness, it is a revolution that is fundamentally changing our society. You can see the revolution in the growth of casinos. A generation ago, the only casinos in North America were in Las Vegas or the Caribbean: now they dot the cities and countryside more frequently than power plants. You can see the revolution in the growth of poker. Ten years ago what television executive would have predicted that the sight of five flabby, middle-aged men playing cards would make for high-ratings in prime time? Now you cannot switch on European cable television at any time of day and not watch poker games. You can see the revolution as we watch football matches. Two years ago, few commentators mentioned the betting line on the game, now you can see the live odds on some games superimposed onto the screen. This book is about this revolution. It is about sports gambling and how it is changing our society.

The European government-controlled sports lotteries have been swept up in the revolution. I spoke to one of sports odds compilers for a Scandinavian national lottery. His company offers gamblers the ability to bet on sporting events around Europe. 'The growth in this field has been incredible,' he told me. 'Five years ago, we had 90 per cent of the sports betting market in this country. Now our sports market has grown four times as large, but our share of the market has shrunk to 25 per cent.'

It is the same for the FBI cops working the investigations of the Southern District of New York. It is the place to be if you are a cop in the United States. It is from there that Rudolph Giuliani began to eat into the power of the Five Families

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of the New York mob. It is from there that the Department of Justice investigations into Osama bin Laden were held. And it is from there that the FBI is cracking down on illegal Internet sports gambling in the United States. Special Agent David Velazquez is one of the lead investigators on the frontline against Internet gambling. 'The power of this industry is mind-boggling,' he told me. 'We estimate that the size of the U.S. Internet sports betting industry – so that is including poker as well as sports – at \$100 billion a year.'

Velazquez helped put together a case against two Canadian executives who ran an Internet gambling payment company, Neteller, out of an offshore haven on the Isle of Man. The company finances listed in court documents show the power of the revolution. In 2000, Neteller Inc. was a small company that had gross revenues of \$289,000 in the United States; by 2006, when it had changed its corporate structure to Neteller PLC, that number had increased by over 58,000 per cent to \$169 million. Perhaps more pertinently, the amount processed by the company from all gambling transactions in the entire world had gone from the low millions in 2000 to more than \$10.6 billion by 2006. And Neteller was simply one of dozens of companies that helped gamblers pay their debts online.

This revolution is, for the most part, benign: a case of people innocently wagering on their favorite team. Even at UEFA headquarters in Nyon, it is possible to find soccer officials betting on games from their work computers. According to the optimists, it has made fixing of any sports event in the world next to impossible. But listening to the pessimists and the revolution in sports gambling has aided match-fixers in a clear and significant way. I belong, mostly, to the pessimists. In my research I have seen fixers using this revolution in sports gambling to bring sophisticated match corruption to European leagues that have never even dreamed of it.

There has always been corruption in sport. The ancient writer Pausanias described the site of the Olympics built in 776 B.C., outside the stadium was a whole collection of statues to the Gods. They were built with the fines levied on athletes who were caught cheating or fixing at the games. So corruption has had a long history in sport, back at least two-thousand eight-hundred years and that type of corruption will be with us for as long we continue to hold competitive sports. It is simply a part of human nature. However, we of this generation are facing something almost entirely new. It is a form of match-fixing as if someone has taken fixing and injected it with steroids. It is an utterly modern phenomenon and it will destroy sports as we know them.

Here is why. If we take the entire sports gambling world at 100%, most of the forms that Europeans are familiar with are relatively small. The Italian official sports lottery, popular as it is, is a tiny player. Factor in the mighty American market—Las Vegas—it too only has a small share of the total world market. Let us add in the offshore gambling sites in Costa Rica and the Caribbean. Actually, let us also add in the big British gambling companies like Ladbrokes, William Hill and Betfair. We will even throw in the European sports national lotteries, run mostly by governments, that are comparative midgets in terms of sports gambling, but the only way of legally gambling on sports in many European countries. Combine all

of those vastly different legal and illegal organizations and all their billions of Euro that they make in gross turn-over. Combine all of them into a large pot and you only have 30–40% of the total world sports gambling market.

The rest is the Asian market. It is huge. It dwarfs the European and North American markets. And most of it is illegal, run by the equivalent of Al Capone. This is a vast, powerful market. Because much of it is illegal it is difficult to give an accurate estimate of its total size, but the American journal *Foreign Policy* tried to do that in 2006 when it estimated the total size of the Asian gambling market at \$450 billion, for comparison, the size of the entire Asian pharmaceutical industry is roughly \$100 billion.

What is happening now is that where there were three, now there is one. All the worldwide gambling markets are merging into one vast pool of money and customers: and this market is becoming increasingly dominated by the large Asian market. This vast, illegal gambling market has corrupted sport across the continent of Asia. There is so much corruption in sport there that to an outsider the stories just seem extraordinary. Here are a few examples:

The Chinese soccer league is a national disgrace. Those are the words of Chinese Premier Hu Jintao, who declared in 2009 that there was so much match-fixing in their soccer league that it embarrassed China. We see the same circumstances in the soccer leagues across the region: Vietnam, Hong Kong, Indonesia, Cambodia, Laos, Thailand, Malaysia and Singapore have all faced similar scandals in their own leagues. In Malaysia, the corruption was so bad that a cabinet minister there estimated that seventy percent of the matches in their leagues were corrupted. Seventy percent! That means it was more usual for spectators to watch a corrupted match than a regularly played game.

The list of corruption stories in Asian sports goes on and on. The President of the Indonesian Football Association, the same people who recently tried an unsuccessful bid for the 2022 World Cup, was not just accused of corruption, he was not just charged with corruption, he was not just tried for corruption, but he was convicted and sentenced to 30 months in jail for corruption. However, at no point in that entire process did he ever resign or suspend himself from his post. In fact, he even continued to serve as President of the Indonesian FA and carried out its work from his prison cell. When he got out of prison he went on as the head of the Indonesian FA.

Possibly the best case that indicates the depth of corruption in Asian sport is the story of the South-East Asia Games of 2005. The South-East Asian Games are a kind of mini-Olympics of the region, with competitions in a range of athletics, team sports, etc. In November 2005, a few days before the tournament began, the Vietnamese sports executive in charge of the team held a press conference. At the conference, the Vietnamese journalists expressed concern that their team was not particularly strong and would not win a lot of medals. ‘Don’t worry,’ said the sports executive, ‘It is all fixed.’ He then explained how many medals each national team would get and for which sports. Most of the Vietnamese press corps showed that independence of spirit that makes Communist regimes bastions of freethinking and democracy and did not report the story. However, one lonely AFP

reporter at the press conference did write an article. It went out over the international wires where the Filipino journalists, who as a whole suffer from many problems but timidity is not one of them, splashed it all over their front pages. The Thai Prime Minister at the time, Thaksin Shinawatra, wearily responded when asked about these events at a press conference, that everyone knew that the SEA games were corrupt and they should think about abolishing the games. The Vietnamese government, faced with a barrage of public embarrassment, carefully reviewed the situation and realized what the problem was—the AFP reporter. So they pressured her to rescind her article. She apologized for ‘causing national embarrassment’ but did not withdraw the substance of her story.

At the end of the SEA Games in December 2005 two things happened. One, many Filipino journalists took great delight in pointing out that the medal tally of the games correlated exactly with the predictions of the Vietnamese sports executive. And two, eight Vietnamese soccer players were arrested for fixing matches with an international gambling ring.

Asian sports fans are not stupid. They know what is going on. They are not happy about all the corruption in their sports, in fact they are very angry. So what are they doing? They are turning their allegiances to teams in other leagues where they think the contests are honest. This is part of the reason why you cannot walk down a street in China and not see three people wearing Manchester United shirts. However, far more importantly, the punters in that vast illegal Asian gambling league are switching their bets from the local soccer leagues, with all the corruption in them, to European leagues. They are betting on all measures of matches from the big, prestigious Champions League, all the way down to tiny games in second division Women’s Soccer in the Netherlands.

There are a number of gambling companies who organize monitors to go to matches across Europe. Some of the companies are legal and function perfectly fairly, but some of them are illegal and have no problem torturing and murdering anyone who betrays them. Just ask the relatives of the Chinese ‘graduate students’—Kevin Zhen Xing Yang and Cici Xi Zhou. Their mutilated bodies were found in August 2008, in their flat in Newcastle, England, after they decided to make a little profit at the expenses of their gambling employers. When not torturing their former employees, these illegal gambling companies send people to the sidelines of these games where they stand with their mobile phones or laptops reporting back to the gambling market in Shanghai, or Johor Bahru, or Manila. They are not just reporting just on the Series A, or the English Premier League, or La Liga games. In July 2008, in Copenhagen, Denmark, there was the annual Tivoli Cup. The Tivoli Cup is a youth tournament for teams across Denmark aged 11–19. It is a big tournament, but most matches are played in parks and watched by a couple of dozen people, mostly parents. However, that year some of the coaches for the teams found four Chinese gambling monitors reporting on the games back to the gambling market. To repeat, the illegal gambling market in Asia is so powerful that it is profitable for them to monitor games of Danish teenagers playing in the park. To repeat, some of the people running this illegal gambling market are vicious and blood-thirsty enough to torture and kill two of their operatives for double-crossing them.

What are the Asian fixers doing? They too are not stupid and they are trying to do to European leagues what they so successfully did in their own leagues—corrupt them. Now with large amounts of money bet on small European games, the fixers are coming to Europe and forming alliances with local criminals. It is an ideal marriage. The Asian criminals get access to the teams and players; the European criminals get access to the lucrative Asian gambling market.

There has been a major European police investigation motivated, in part, by an earlier book that I wrote *The Fix*. The investigation was launched by the organized crime team of the Federal Police in Bochum, Germany. The detectives listened to thousands of hours of covertly recorded telephone conversations. They placed dozens of people under surveillance and worked tirelessly to try to uncover the true extent of the fixing network. After more than a year of this work, at exactly 6:24 a.m., on a cold November morning in 2009, hundreds of policemen across Europe moved in and arrested dozens of suspects. Over the next few days, they announced the preliminary findings of their work: two hundred suspicious matches across nine countries, and one hundred different players, referees, coaches, league officials, and gangsters were suspected of being involved. Over the ensuing weeks, the number of suspicious games and players involved climbed. It was a new type of globalized corruption that stretched across countries and continents: a fixer living in Germany, allegedly controlled players living in Switzerland, Turkey or Greece, defrauding the illegal gambling markets in Hong Kong and Malaysia, with the help of assistants in London and Holland.

This book explores many of the issues arising from this revolution. It looks not just at corruption but many more of the legal and social aspects, decisions and choices that have framed the debates around the growth of sports gambling. It is a revolution that will be with our societies for a long time, it is worth reading this book to thoroughly understand it.

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