

# Revealed: how bet365 profits from Chinese punters who risk jail for gambling online

Bookmaker 'rotates website addresses to keep ahead of authorities', says employee

Simon Goodley

Bet365, the Stoke-based bookmaker whose adverts are fronted by the actor Ray Winstone, has grown into one of the world's largest online gambling businesses, helped by Chinese punters, who risk prison terms by betting via the group's website.

The company - which is also known in Britain for funding the Premier League football team Stoke City and for making large donations to the Labour party - has seen a boom in its online betting operations. They are almost three times the size of the internet division of William Hill and more than seven times larger than the online business run by Ladbrokes, as turnover has grown by 78% over the past two years.

However, documents seen by the Guardian, interviews conducted with former and current bet365 employees, Freedom of Information requests made to the UK's Gambling Commission and an analysis of foreign-language media reports all appear to confirm industry suspicions that the company - which has no physical presence or assets in China - operates one of the most successful online gambling services that can be accessed from inside the country.

China is one of the world's largest online gambling markets despite the government having outlawed betting in all but a few controlled scenarios. The gambling group says its legal advice is that it has broken no law by taking bets from the country. The Guardian's evidence suggests that:

- Chinese citizens have been detained for interacting with online betting firms, including four bet365 customers in Jiangxi province arrested after gambling on the group's website, while two men in Zhejiang were jailed for promoting bet365 on their blogs, according to local media reports.
- Bet365 frequently changes its website addresses in China, thereby sidestepping attempts by local regulators to close sites down.
- The bookmaker has created a large call centre in Stoke staffed by Chinese-speaking workers.
- The company has constructed a complex payments system that allows it to take bets placed using China's currency, the renminbi.

The Guardian has established that only about half of the £1.3bn the company won from gamblers in 2013 came from countries where bet365 possessed a licence to operate.

While that statistic does not imply the remainder was won from markets with legal restrictions on online gambling, industry analysts say a sizeable portion of the winnings must come from Asia, and principally China.

Bet365's publicly listed rivals - William Hill, Ladbrokes, Betfair and Paddy Power - all say they do not take online bets from the country.

One former bet365 employee, who confirmed that the company was one of the larger online gambling operators accessible from China, said: "There's nothing the Chinese government can do about it, other than block the sites, which they do. A lot Chinese[-facing] bookmakers change their domain names on a regular basis."

Meanwhile, a current bet365 employee confirmed it was "100% true" that bet365 altered website addresses to allow Chinese punters to keep betting when authorities shut down sites. The bet365 sites in question use obscure domain names such as [www.28365365.com](http://www.28365365.com) in their often brief lifespan. He added: "I would say there are 50 [bet365 call centre] advisers just to follow the Chinese customers. China is the biggest department apart from the English [speaking] one".

The company declined to respond in detail to a series of questions posed to it by the Guardian. In a statement, it said: "Bet365 takes its legal and regulatory obligations very seriously and is licensed to undertake its activities by relevant regulatory authorities across a variety of jurisdictions and is compliant with all applicable legislation."



**From top: Premier league club Stoke City, owned by bet365 Group; one of the company's adverts fronted by Ray Winstone; company founder Denise Coates**  
Main photograph: Laurence Griffiths/Getty

"There is no legislation that expressly prohibits the supply of remote gambling services into China by operators who are based outside China. Bet365 has no people, assets or infrastructure in China and does not engage any agents, aggregators or intermediaries, for any purpose, in China.

"In the view of bet365, and its lawyers, Chinese law does not extend to the provision of services into China by gambling operators and service providers who themselves have no nexus with the territory. Any allegation of illegality on the part of bet365 is therefore untrue."

The company added that it does not receive "renminbi from payment processors or otherwise", and said it

was unaware of "anyone in China being prosecuted for using its services". It also said that in the Jiangxi case - where four bet365 customers were arrested in 2011 - it was "likely" that it had been the victim of a fraud, while in response to reports of two men being jailed in Zhejiang, it said it is the "responsibility of affiliates [who are paid by bet365 for introducing customers] to assess the legal implications".

In 2005, China published judicial interpretations relating to the existing article 303 of its criminal law, which already stated: "That whoever, for the purpose of reaping profits, assembles a crowd to engage in gambling, opens a gambling house or makes an occupa-

tion of gambling is to be sentenced to not more than three years of fixed-term imprisonment, criminal detention or control, in addition to a fine".

The interpretation added that "whoever, for the purpose of reaping profits, sets up gambling websites on the internet or acts as an online gambling agent will be regarded as 'opening gambling houses' and will be punished according to article 303 of the criminal law".

The interpretation of the law has led many within the gambling industry to take the view that this applies to websites located outside China as well as within, and to avoid China as a market.

Michael Tan, senior counsel based in Shanghai at the international law firm Taylor Wessing, said: "From the perspective of Chinese law, [gambling] is illegal and a criminal offence. However, it is hardly enforceable since the betting company might be beyond the jurisdiction of China. So far China does not have treaties with most western countries, and to extradite is difficult in practice".

Regulus Partners, a gambling industry consultancy firm, said there was very little visibility as to the true size of the Chinese betting market. However, it estimates that the Chinese market generates annual winnings for bookmakers of about £13.9bn - of which about £3bn are placed directly with gambling websites and the rest via third parties who

**'I would say there are 50 [call centre] advisers just to follow the Chinese customers'**  
Current employee

collect bets on the ground and then pass the bets on to bookmakers. On those figures, a 3% share of the Chinese market, for instance, would provide a gambling company with annual winnings of around £400m.

The Guardian's analysis of bet365's revenue streams comes as the UK gambling industry began a new regulatory regime on 1 October, whereby operators pay a licence fee to the Gambling Commission in order to operate in the UK.

Under the new UK licensing regime, operators deriving more than 3% of revenues from distinct international markets must disclose details of those businesses to the regulator, and provide a legal opinion justifying operations in those foreign markets.

The bookmaker said: "Bet365 Group entities have applied for continuation rights as required by the [new UK] licensing regime and, when doing so, shared with the Gambling Commission the legal bases underpinning the business derived from all the group's material markets".

Betting companies will also need a licence if they want to advertise on Premier League shirts and in football stadiums, an activity that has surged in recent seasons as English football games are broadcast around the world.

Separately, the Stoke-based bookmaker announced on Monday that it would be relocating its international betting businesses from Britain to Gibraltar, operating under licences granted by the government of Gibraltar and making the company the last of the big UK betting companies to move offshore. The firm's gaming business has operated from Gibraltar since 2007.

Apart from its online gambling business, bet365 Group also owns Stoke City, and has covered losses at the club to the tune of £49m over the past four years. Its logo is seen all over the world each weekend as it is the sponsor of the team's jerseys.

As well as supporting the local football team, the company and its subsidiaries also gave £330,000 to the Labour Party between 2007 and 2010, according to Electoral Commission records.

Peter Coates, the Stoke City chairman, co-owner of bet365 and father of the business's founder, Denise, has personally donated £160,000 between 2004 and 2012.

Additional research by Luna Lin and Jon Kaiman in Beijing