Rohsler on...

BETTING SYNDICATES

Occasional studies from the casebook of gambling, games, risk and regulation

More syndicate than sinning: what is a betting syndicate, and is it legal?

Betting syndicates are legal, common and almost entirely undocumented in the legal literature. They are not businesses, but they can drift into becoming one. They are treated with suspicion by banks, and by almost no one else. This is the first of a short series of articles on how syndicates work, where the legal stress points lie and what can be done about them.

CARL ROHSLER | SEPTEMBER 2026

THE THREE POINTS TO REMEMBER

- A betting syndicate is a group of people who gamble together under a contract and share the winnings and losses. It is not a company, not a partnership and not a licensed operator, and it does not need to be.
- The risks are of drift: into looking like a business, into acting as an intermediary, into methods of getting bets on which cross the line from breach of contract into dishonesty.
- A well-run syndicate has a written set of rules, keeps its business-like functions at arm's length, and can explain itself to a bank in one page.

1. What a syndicate is

1. A gambling syndicate is a group of individuals who agree, by contract, to pool resources for the purpose of gambling and to share the winnings and losses in agreed proportions. That is the whole of the definition. It is not a legal person. It does not exist by statute. It has no special status under the Gambling Act 2005.
2. The nearest legal relative is the unincorporated association: a club, a society, a group of people bound to one another by a set of rules. Each member has rights against every other member under those rules. There is normally a syndicate manager, who acts as the executive and, when necessary, the referee.
3. The familiar example is the lottery syndicate. There are many thousands of them, and the Commission's own guidance treats the person who buys the tickets as an “organiser” rather than a promoter of a lottery. Nobody suggests that the office lottery syndicate needs a licence. A betting syndicate is the same creature, with larger sums and better mathematics.

2. Why it is legal

1. A licence is needed by a person who provides facilities for gambling (ss.5 and 33 of the Act). A syndicate does not provide facilities for gambling. It uses them. It is a customer of bookmakers and exchanges, and a large and well-organised customer is still a customer.
2. The distinction between a bookmaker and a punter lies in their attitude to risk. The bookmaker sets prices with a margin and manages the book so as to avoid risk. The punter looks for risk which he thinks is worth

taking. A syndicate does not set odds, does not deal with the public and does not advertise. It is on the punter's side of the counter.

3. The one regulatory question worth asking is whether the member who places a bet on behalf of the others is a “betting intermediary” under s.13: a person who provides a service designed to facilitate the making or acceptance of bets “between others”. In my view he is not, because he is himself a party to the bet and has his own share of the result. Parliament created that category to regulate betting exchanges, and expressly did not intend to license their customers. The point needs care in structuring, and it is one of the reasons why the rules of a syndicate deserve to be written down.
4. There is no regulation specific to syndicates and the Commission has never quite known what to make of them. That is a comfortable position, provided the syndicate stays on the right side of the lines described below.

3. Why it is not a business

1. Everyone knows that gambling winnings are tax free. That is not quite right: bookmakers make winnings from gambling and pay tax on them. The true rule is that income tax is charged on the profits of a trade, profession or vocation, and the courts have held for a century that betting, however systematic, is not one. In Graham v Green [1925] 2 KB 37 a man who lived entirely on his winnings from backing horses was held not to be carrying on a trade, and the Court of Appeal reached the same result for a professional poker player in Hakki v Secretary of State for Work and Pensions [2014] EWCA Civ 530. The reasoning is partly practical: if winnings were taxable, losses would be deductible, and the Revenue would lose.
2. However, the protection is only as good as the facts. A syndicate which has employees, offices, computers, a corporate vehicle and a partnership agreement borrowed from a law firm looks very much like a business, whatever it calls itself. The badges of trade are a question of fact, and a syndicate can acquire them without noticing.
3. The answer is separation. The things which look like a business (the data, the models, the staff, the premises, the invoices) are kept in one place, in different ownership, and sell their services to the syndicate at arm's length. The gambling is kept in another. The syndicate itself has no employees, no premises and no profit. It has members, rules, winnings and losses, and the vocabulary should reflect that.
4. For the same reason a syndicate is not a partnership. A partnership is a business model, and the members are not in business together. The framework is contractual, not corporate. Syndicates are family units, not companies, and the ones that work best are those in which everyone contributes, or in which there is a strong manager.

4. The anatomy of a syndicate

1. Picasso once drew a bull eleven times, beginning with a naturalistic animal and ending with a few lines which still, unmistakably, showed a bull. Every syndicate is different, but reduced to its lines almost all of them have the same five parts:

    (a) the data factory, where information is turned into an edge: a view of the true odds which is better than the market's;

    (b) the syndicate itself, the members who put up the money and take the decisions;

    (c) the execution layer, by which the bets are actually placed, whether directly, through an exchange, through a broker or through third parties;

    (d) the counterparties, being the bookmakers, exchanges and other punters on the other side of the bet; and

    (e) the route home, by which winnings travel back through the financial system to the members.

2. Each part has its own legal stress point. The data factory is where the business lives, and it must be kept apart from the gambling. The syndicate needs rules. The execution layer raises questions of contract and honesty. The counterparty raises questions of enforceability and licensing. The route home raises questions with the

banks. The rest of this series will take them in turn; the remainder of this article touches on the two which cause the most trouble.

5. Getting the bets on

1. A bookmaker who identifies a winning customer will restrict or close the account. Syndicates therefore devote a good deal of ingenuity to getting money on: multiple accounts, brokers with access to overseas markets, exchanges, and individuals who place bets in their own names on the syndicate's behalf. These last go by various names in the trade, none of them flattering.
2. Using such a person is almost always a breach of the bookmaker's terms and conditions, and the syndicate is probably inducing that breach. In isolation that is a civil question. The bookmaker may decline to pay, and the value of a winning bet has to be discounted for the risk that it does. However, the analysis changes where representations are knowingly false and proxies are used systematically to deceive. The criminal law of fraud turns on dishonesty, and the further a syndicate moves from placing bets to disguising who is placing them, the closer it comes to that line. This is the part of the structure which deserves the most thought and receives the least.
3. Exchanges are simpler. The best approach to an exchange is to tell it everything. A syndicate which presents a sensible account of itself is usually treated with the respect it deserves, though rarely gets elsewhere.

6. Banks, and the paradox of clean money

1. The money a syndicate stakes is clean. The money it wins is clean. Yet its members will spend more time explaining themselves to compliance departments than to any regulator. Banks do not like gambling. Their risk committees take a view of the sector rather than of the customer, and many have simply walked away from it. A member who receives a large and irregular payment from a syndicate manager will, sooner or later, be asked to prove the source of his wealth, and told that the only evidence the bank can accept is a tax return for income which is not taxable.
2. The paradox is that the banks' reluctance drives money towards the less conventional payment channels which the banks then find suspicious. It does not make the money any less clean. It does mean that a syndicate must be able to explain itself: who its members are, what the rules are, how bets are placed and how winnings are reconciled and distributed. Records, agreements and a lawyer who can confirm the arrangement are the difference between a delay of a week and a frozen account.
3. There is a good deal more to say about payment structures, and most of it is best said in private. The principles are simple: small and regular is better than large and occasional; choose banks with care; never depend on a single channel.

7. London, machines and the professional syndicate

1. London is a global centre for betting syndicates, for the same reasons that it is a global centre for other forms of trading: English law, deep betting markets and exchanges, a supply of mathematicians and data scientists, and a legal tradition which treats a systematic gambler as a private individual rather than a criminal or a taxpayer.
2. The data factory has changed out of recognition. The edge which was once a man with the Racing Post is now a machine learning model trained on years of data, and the closest working relationships in the field are between syndicates and the people who build those models. That does not change the legal analysis, but it sharpens it. A model with a team behind it is unmistakably a business, and the more valuable the model, the more important it is that the business and the gambling are kept apart and properly documented: services agreements, licences of the intellectual property, and rules which decide who takes the final decision to bet.
3. That is what professionalising a syndicate means. It does not mean turning it into a company. It means giving it a written constitution, a clean structure, a paper trail which a bank or a tax inspector can follow, and an honest account of how the bets get on.

8. Where to start

Almost every syndicate I have seen began as an arrangement between friends and grew faster than its paperwork. The starting point is a short set of written rules: joining, contributions, shares, the manager's authority, the right to stand out of a bet, distributions, leaving, disputes and confidentiality. The second step is to separate whatever looks like a business from the gambling. The third is to look hard at the execution layer and the route home. Whether a particular syndicate is on the right side of the lines described here depends on its members, where they and their counterparties are, how the bets are placed and how the money moves, and those are the facts on which any definitive view would have to be based.

If you run a syndicate, or are thinking of joining one, and would like it put on a proper footing, please feel free to get in touch.

ABOUT CARL ROHSLER

A recognised expert on gambling law and its intersection with technology and IP, Carl is listed in Legal 500's Hall of Fame for Gambling, and in Chambers Global Guide to the legal profession in Gaming and IP.

In IP, his work includes both contentious and non-contentious matters involving trade marks and designs, copyright, patents and confidential information. He has been involved in some of the leading reported IP cases in the last 25 years, with a focus on technology and digital services.

In gambling law, Carl has acted for governments, operators, skill and draw promoters and some of the leading infrastructure suppliers across jurisdictions of all shades.

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