

China to issue first national rules on lotteries

China is expected to issue its first national regulation on the supervision of the fast-growing lottery industry next year to stamp out fraud, which has been on the rise since the country launched its first lottery two decades ago. Legislators will draw on the experience of other countries and regions to work out the regulation.

Legislators will also make explicit stipulations about each aspect of lotteries, such as the distribution, sales, announcement of results and fund management, an official with the Legislative Affairs Office (LAO) of the State Council said.

„Other countries and regions always make laws first before developing the lottery industry, while China has acted to the contrary,“ Ding Feng, deputy head of LAO’s Department of Political Science and Law, Labor, Social Security and Legislative Affairs, told a symposium held in Shanghai. „Lack of laws and regulations on lottery supervision has become a significant factor that has impeded the sound development of the industry,“ he said.

Lotteries have generated huge economic and social returns in China in the past two decades. China had issued a total of USD 49 billion worth of lottery tickets by the end of last year, and more than a third of the money was spent on public welfare, such as the development of public sports facilities, education and health care for the handicapped.

Buying lottery tickets has also given common Chinese people the chance to get rich. Last week, a player, yet to be identified, from the northwestern province of Gansu won the country’s largest ever individual lottery prize of USD 13.8

million. The winner bought 20 identical „Double Colour Ball“ tickets issued by the China Welfare Lottery at a cost of USD 5.41. But the industry has also encountered growing problems such as fraud and other malpractice.

Last month, a lottery vendor in the northeastern Chinese city of Anshan was jailed for life for taking advantage of a flaw in the Welfare Lottery „3D“ system to cash USD 3.7 million in lottery tickets illegally. A couple of months ago, two bank employees in the northern city of Handan were sentenced to death after being convicted of the country's largest ever bank theft involving USD 6.8 million, which was spent on lottery tickets.

In 2004, several people were found guilty of manipulating a scratch-and-win sports lottery in northwestern city of Xi'an and were sentenced to varying terms in prison.

Calls for publishing regulations or even a law on lottery supervision have been voiced repeatedly in recent years. At present, China has only a provisional regulation on the management of lottery distribution and sales, which was issued by the Ministry of Finance in 2002. „But it's only a departmental regulation,“ Ding said.

Actually, China has begun drawing up a national regulation more than a decade ago and it has been delayed year after year due to divergences among different government departments, such as the Ministry of Finance, Ministry of Civil Affairs and General Administration of Sport. „The regulation is expected to be issued next year, a result of the growing public attention and acceleration of the legislation process,“ Ding said.

China has stepped up efforts to crack down on fraud in lotteries. Last month, four government ministries – Finance, Public Security, Civil Affairs, Information Industry – and the General Administration of Sport jointly launched a campaign to

crack down on illegal lottery selling on the Internet to fight lottery-related fraud.

„Internet-based illegal lottery selling is on the rise in recent years, posing a threat to the operation of the lottery market,“ said a bulletin issued by the ministries. The bulletin listed some of the illegal activities, such as selling private lotteries under the name of state-run lotteries, providing illegal channels for sports gambling and underground Mark Six and lottery-related fraud.

The China Welfare Lottery Administrative Center and the sports lottery administrative center of the China General Administration of Sport are the only two legitimate lottery sellers in China and they are both state-run.