

September 13, 2018

The Honorable Charles Schumer
Senate Democratic Leader
United States Senate
S-221 U.S. Capitol
Washington, DC 20510

Dear Leader Schumer:

We recently reviewed your proposed federal framework for overseeing legalized sports betting (“Protecting the Games We Love After *Murphy v. NCAA: A Federal Framework for Consumer Protection and Sports Integrity*”). AGA has long been a leading advocate for eliminating the vast illegal sports betting market in the U.S., which was largely enabled by the Professional and Amateur Sports Protection Act (PASPA). We believe this can best be achieved through law enforcement oversight and robust state regulation. AGA firmly believes that additional federal engagement is not warranted at this time.

The U.S. Supreme Court’s decision in *Murphy v. NCAA* to declare PASPA unconstitutional is an essential first step to shutting down illegal sports betting because it allows states and tribes to legalize and robustly regulate sports betting within their borders. Bringing sports betting activity into a transparent legal market, under state and tribal regulatory oversight, empowers law enforcement to tackle illegal gambling, provides essential consumer protection and better ensures bet and game integrity. It will also create new American jobs and generate additional local, state and federal tax revenue.

This positive development is widely supported by the American public, gaming operators, law enforcement and policymakers who recognized federal efforts to prohibit sports betting failed. Instead, responsible, legal sports betting operators should supplant the estimated \$150 billion illegal market run by offshore websites and corner bookies. Even the professional sports leagues that pushed for PASPA to remain intact have now embraced a legal sports betting environment to help drive fan interaction and diminish the risk to game integrity posed by the illegal market.

In just the last month, the NBA and MGM Resorts International announced a landmark partnership agreement, and the NFL's Dallas Cowboys forged a deal to make WinStar World Casino their exclusive partner.

Since the Court's decision, companies in Delaware, Mississippi, New Jersey and West Virginia are now operating legal, regulated sports books. More than 20 other states – including New York – are likely to consider legalized sports betting when their legislatures convene in 2019.

AGA strongly believes no additional federal engagement is needed at this time based on the significant, effective regulatory oversight already in place. Across the country, more than 4,000 dedicated public servants effectively regulate the commercial and tribal casino industry, including sports wagering. Replacing an already proven regulatory regime with a non-existent and untested federal oversight apparatus would be out of step with [7 in 10](#) Americans who think this decision should be left to each state and tribe.

We share your interests in protecting consumers and the integrity of competition and articulated these and other priorities publicly and to your staff on August 2, 2018. We are pleased to offer additional information in this letter that I hope will further address your concerns and better outline the views of the gaming industry in this important policy area.

Principles That Will Ensure a Safe, Successful, Legal Sports Betting Market

If implemented correctly, legal sports betting could support tens of thousands of jobs, could generate hundreds of millions of dollars in tax revenue, and should make the vast illegal market unattractive to consumers. To attain these benefits, the casino gaming industry believes effective sports betting policy should focus on these core areas:

- **Promote responsible gaming and responsible advertising.** The gaming industry already encourages effective responsible gaming programs in all jurisdictions where it operates. We recently updated our [Responsible Gaming Code of Conduct](#), to demonstrate the industry's commitment to protecting patrons and promoting responsible play to now explicitly include in-person and online sports betting, and the advertising and marketing of sports betting. The Code outlines the commitment of AGA members to

continue their rigorous support of training, prevention, treatment and research initiatives, and public awareness programs surrounding responsible gaming and underage gambling.

- **Protect game integrity.** We agree that rigorous sports betting regulation strengthens game integrity, a primary aim shared by the gaming industry and sporting bodies. New technologies make it possible to track legal wagering and identify suspicious activities. Big data can help discover irregular betting patterns and has been credited with uncovering match fixing. The industry is committed to working with other stakeholders to explore the establishment of a data repository to share any suspicious betting information with law enforcement and gaming regulators.

AGA has had productive discussions with our members and the leagues about the formation of an integrity monitoring association, which would provide an enhanced reporting system. As we work towards this goal, state regulators have also called for individual states to pursue memoranda of understanding and other cooperative agreements to share information and ensure integrity from jurisdiction to jurisdiction. Key state regulators noted in a joint statement following the U.S. Supreme Court decision “that states and tribal gaming regulatory agencies have the capacity, resources, and ability to oversee the regulation of legalized sports betting.”

In their most recent [statement](#), members of the U.S. State Gaming Regulators Forum outlined straightforward guidelines to assist in the initial approach to sports betting regulation. Similar to your approach, these guidelines included coordinating efforts to thwart the illegal market; the establishment of structures and processes to ensure a high level of integrity in all sports by detecting and preventing match fixing; improving responsible gaming; and working to ensure reasonable tax rates and fees that enable legal, regulated sports betting to compete with the illegal market.

- **Discourage enacting legislative preferences for specific business interests.** AGA fully supports “protecting consumers and individuals placing bets,” but the gaming industry vigorously opposes efforts to use federal or state legislation to establish commercial

terms that are routinely left to private business contracts. The casino gaming industry and sports leagues share many goals: we are both committed to eliminating the thriving illegal sports betting market, protecting the integrity of both sports betting and sporting competitions, and protecting the consumer. AGA is confident these goals can and will be achieved through collaboration driven by mutual interest and cemented with commercial agreements. Using the power of government to impose costs, eliminate operators' market-based choices, or make it harder for consumers to bet will directly undermine the goals we all share.

For example, there is neither a need nor a legal precedent to mandate sports book operators purchase "official data" directly from leagues. A healthy market of accurate, consistent sports betting data providers already exists and sportsbooks already avail themselves of such services in the commercial market. Mandating every sportsbook contract with only one official data company will allow individual, preferred data providers to set inflated, non-competitive monopoly prices for their services.

Real-time information is crucial for sportsbooks to set accurate odds and compete in a crowded marketplace. If information is delayed or flawed, even by a few seconds, it can put sportsbooks at a severe disadvantage. As such, sportsbooks will seek out the services that are the best for them.

Additionally, a few major sport leagues have proposed they be able to restrict, at their sole discretion, the types of bets allowed on their games. This suggestion was made based on the leagues' concerns that certain types of bets could be more susceptible to manipulation in the betting market. While sports book operators are aligned on the underlying goal of preventing market manipulation – which could severely impact both their business reputations and bottom lines – we see this proposal as counterproductive and unnecessary. Sports book operators already have significant economic incentive to avoid offering bets that pose a significant risk. Moreover, attempts to restrict bets that have broad customer demand would further empower illegal operators that don't abide by the same set of rules.

As the only state with a long enough history to be used as a case study, Nevada has gotten this right. Sports leagues have the ability to ask the Nevada Gaming Commission to restrict wagering on games involving that league's Nevada-based teams, or on league's contests which take place in Nevada. Even then, there is no unilateral ability for any league to call the shots when it comes to what bets sportsbooks can offer. In the past decade, the leagues have not once availed themselves of this option.

- **Empower state and tribal regulation.** Some form of regulated gaming and/or lottery now exists in 48 states. The gaming industry is already one of the most-regulated in the country, and state and tribal regulators have decades of experience effectively overseeing gaming operations within their jurisdictions. The 24 states that offer commercial casino gaming have proven to be effective regulators of gaming, with more than \$600 million committed to ensuring the integrity of casinos' operations in 2015 alone. Similarly, in the 28 states that offer tribal casino gaming, the 251 tribal governments spent almost \$822 million on the overall regulation of tribal gaming in 2015.

The regulations currently in place in every jurisdiction already address issues like age restrictions, record keeping requirements and licensing and suitability determinations, among others. On top of that, the gaming industry is subject to stringent federal anti-money laundering regulations and has a strong record of compliance in that area. Tribal governments are also subject to the National Indian Gaming Commission's regulatory oversight, which also has a positive history of compliance. AGA believes any entity offering sports betting should be subjected to the same level of rigorous licensing programs and regulatory oversight with which current commercial and tribal casino operators must comply.

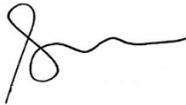
- **Place consumers first.** AGA encourages all stakeholders to understand the intricacies of the illegal marketplace and why consumers turn to it. AGA is a leading advocate for strong consumer protections – which the illegal market fails to offer – and consumer-centric conveniences that are proven to work, such as intrastate mobile wagering. While

the stated intent of prohibiting legal sports betting throughout most of the nation was to preserve sports integrity, PASPA had the opposite effect by creating an enormous and largely unobserved black market. As states put policies in place to successfully regulate sports betting in a way that offers consumers the products they desire and the payout rates they are used to, much of the new economic benefits will come from current bettors migrating from the illegal market to newly available legal options. A recent [study](#) by Nielsen Sports, commissioned by the AGA, indicates more than 70 percent of those who place bets with illegal bookies would move to a legal platform.

As policy discussions on sports betting progress, AGA is unwavering in our commitment to continuing a constructive dialogue with all stakeholders and we stand ready to serve as a resource for anyone considering statutory or regulatory policies to govern sports betting.

Thank you, again, for the chance to share AGA's views on this important subject. We look forward to continuing to work with you and your staff.

Sincerely,

A handwritten signature in black ink, consisting of a stylized initial 'S' followed by a wavy line.

Sara Slane
Senior Vice President of Public Affairs
American Gaming Association

Cc: Senate Majority Leader Mitch McConnell