

April 13, 2022

The Honorable Merrick Garland  
Attorney General  
U.S. Department of Justice  
Washington, DC

Dear Attorney General Garland:

On behalf of the American Gaming Association (AGA), I write to respectfully request the Department's focused support in addressing pervasive illegal gambling taking place across our great nation. While the challenge of illegal gambling is not new, the brazen and coordinated manner in which it occurs – both online and in communities – has elevated this problem to a level that requires significant federal attention. The AGA is the premier national trade group representing the \$261 billion U.S. casino industry, which supports 1.8 million jobs across the country. Our membership consists of more than 70 commercial and tribal casino operators, U.S.-licensed gaming suppliers and equipment manufacturers, sports wagering operators, financial institutions and other key stakeholders in the gaming industry. Our industry is one of the most highly regulated in the country and at every level by federal, state and tribal agencies. Our members uphold the highest standards of consumer protection while providing significant contributions to our communities.

The AGA urges the Department to make it a priority to act on the two areas outlined below, to protect American consumers, crack down on illegal operators, and enforce federal regulations.

### **Illegal Online Sportsbooks and Casinos**

Americans have a longstanding and widespread interest in wagering on sports and seek channels to place bets regardless of their legality. That is the underlying reason for the failure of previous federal efforts to restrict this activity through the Professional and Amateur Sports Protection Act (PASPA), which the Supreme Court invalidated in 2018. Rather than preventing sports betting in the U.S., PASPA instead enabled a massive illegal sports betting market that the AGA previously estimated to be in excess of \$150 billion dollars annually. This near-monopoly for illegal operators fueled other criminal activity, provided no consumer protections or transparency to ensure the integrity of sporting contests, and generated no economic benefit for states or tribal nations.

With sports wagering currently authorized in 33 states and DC, more than 157 million American adults have – or will soon have – regulated, legal channels available to bet on sports in their home state. However, a vast illegal sports betting market continues to exist through offshore websites, which have established well-known brands—such as Bovada, MyBookie and BetOnline—that operate with a high degree of visibility and are readily accessible to every American with a smart phone or Internet connection. These illegal sites also enjoy many competitive advantages that allow them to offer better odds and promotions and ignore any commitment to responsible gaming because they do not pay state and federal taxes or have comparable regulatory compliance costs and obligations.

AGA's [research](#) shows that while consumers want to use legal operators, the availability of these illegal sites is driving confusion: 74 percent of sports bettors say it is important to only bet with legal providers, however, 52 percent continue to utilize illegal bookmakers. Most of these consumers (63%) later say they are surprised to learn that they are betting through unregulated and illegal sportsbooks. Nationwide internet searches for offshore sportsbook brands increased 38 percent last year, faster than the search

growth for legal U.S. operators, and searches for offshore brands represented a majority of all sportsbook searches. Bovada alone accounts for 50 percent of all searches.

Similarly, illegal online casinos operate openly and often target U.S. customers through paid advertising. These illegal sportsbooks and casinos create numerous societal costs. In addition to violating the law, the games offered by these sites do not meet testing or regulatory standards to ensure fair play and payouts, age-verification, or security of personal and financial data. Jurisdictions with authorized gaming implement rigorous responsible gaming protections and widely offer self-exclusion lists to assist users who may have difficulty controlling their play – but clearly the illicit platforms do not implement such lists and as a result, the most vulnerable users are likely to end up using these options. Illicit gambling operations have also been known to at times simply disappear, walking away with their customers’ funds in the process. Our current state-based licensing and regulatory regime ensures this cannot happen in the legal market.

The Justice Department is the only law enforcement entity that can credibly address these illegal offshore sportsbooks and casinos. The AGA recognizes and appreciates the enforcement challenges associated with this form of transnational crime and is grateful for the FBI’s recent public service announcement to better educate Americans about the dangers associated with illegal gambling operations. However, the pervasiveness of this illicit activity requires more sustained attention and action from the Department. While prosecutions and convictions may be difficult to secure, the AGA firmly believes that the Department can make a strong and meaningful statement by investigating and indicting the largest offshore operations that openly violate federal and state laws. This action would provide much-needed clarity that these websites are criminal enterprises, which can help to deter the American public from visiting these sites and prompt businesses to take appropriate action to ensure they are not supporting them.

### **Unregulated “Skill Game” Machines**

As the AGA highlighted in [previous comments](#) to the Department, there continues to be a growing number of companies that design, manufacture, sell or operate machines that mimic regulated gambling devices, using drums or reels with insignia or other symbols that players “spin” to win prizes, including money. The manufacturers of such machines argue that their games are “skill-based” or operate in other “gray areas” of the law, thereby exempting them from regulation. However, these machines function similarly to traditional slot machines, and in fact, many consumers do not know the difference between regulated gambling devices and these so-called “skill-based” or “gray” machines in numerous markets throughout the country.

As outlined in AGA’s [report](#), these illegal and unregulated machines put consumers at risk. While regulated gaming machines undergo rigorous testing to ensure game integrity and fairness, there is no such oversight for these illegal or unregulated games. Nor do the machines comply with anti-money laundering or cybersecurity standards established by relevant governing bodies. Further, while the regulated gaming industry invests hundreds of millions of dollars annually to support responsible gambling and works every day to ensure that regulated gaming is enjoyed responsibly, illegal and unregulated machines can prey on the most vulnerable consumers – including minors. These machines are also often tied to criminal activity, including money laundering, drug trafficking, violent crime and more.

Regardless of any perceived ambiguity under state laws that these device manufacturers are attempting to exploit or circumvent, it is clear these machines meet the federal definition of a gambling device. Therefore, those engaged in the business of manufacturing, repairing, buying, selling, leasing or using these gambling devices that enter interstate or foreign commerce should be required to file a registration with the Department annually, as required by the Johnson Act.

The AGA urges the Department to make it clear that this federal registration requirement – in addition to the anti-money laundering standards that regulated gaming operators adhere to – applies to these unregulated gambling devices and pursue aggressive enforcement actions against those entities that do not fully comply. Moreover, the AGA encourages the Department to make this registration information public. At a minimum, the registration information should be made readily available and accessible to state law enforcement and gaming regulators who are on the front lines seeking to address the significant dangers presented by the proliferation of these devices. Whether or not a device manufacturer is in full compliance with federal law is also an important consideration for state legislatures as they consider potential policy decisions regarding these machines. Confirmation from the Department that these entities are flouting federal compliance obligations would be illustrative of the many reasons they are unsuitable to operate and their machines should be eradicated from the marketplace in furtherance of the important public policies surrounding gambling activity within the United States.

The AGA appreciates your consideration and would welcome the opportunity to meet with Department officials to further discuss how we can work together to protect Americans and address illegal gambling.

Sincerely,



William C. Miller, Jr.  
President & CEO

Cc: Members of the Congressional Gaming Caucus  
Members of the House Judiciary Committee  
Members of the Senate Judiciary Committee  
Members of the House Subcommittee on Commerce, Justice, and State Appropriations  
Members of the Senate Subcommittee on Commerce, Justice, and State Appropriations