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July 28, 2022

Dear State Legislative Leaders:

On behalf of the American Gaming Association (AGA), I want to thank you for your steadfast leadership. I enjoyed the opportunity to visit with many of you during the recent National Council of Legislators from Gaming States (NCLGS) meeting in Boston and am grateful for your continued engagement with our industry. Your leadership is critical to ensuring we can provide a legal, regulated environment for gaming that protects customers and drives economic benefits within the communities we operate.

AGA's membership consists of more than 70 commercial and tribal casino operators, sports wagering operators, gaming suppliers and equipment manufacturers, as well as financial institutions and other critical partners in the gaming industry. As you know, the legal gaming industry is one of the most heavily regulated in the country at every level of government, and our members constantly work to provide consumers with a safe gaming environment and to give back to their communities.

As reflected by AGA's 2022 State of the States [report](#) and our [survey](#) of gaming industry CEOs, the economic outlook for the legal gaming industry is strong. While economic issues like inflation, supply chain disruptions and labor shortages have created uncertainty for our industry and the country looking forward, we believe it is critical to prioritize policy areas that can have a meaningful, positive impact as we adapt to macro-economic conditions that are beyond our control.

That is why I am asking for your leadership to take bold action to combat the illegal and unregulated gaming market. As discussed below, the prevalence and accessibility of illegal gaming is a significant threat to the consumer protections we provide and the economic benefits the legal gaming industry generates for communities across the country.

### **Offshore Sportsbooks and Casinos**

Legal gaming and sports betting generates tax revenue to states, promotes game integrity and market transparency, fosters economic growth, and provides a safe, regulated environment for consumer entertainment. All these policy goals are jeopardized by the enormous illegal market that continues to exist in the U.S. through offshore websites.

These platforms are accessible to every American with an internet connection and have a competitive advantage on odds and promotions since they do not pay state or federal taxes and have no regulatory oversight. 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, financial data security standards to ensure personal information is safe, regulations to prevent money laundering, or age verification to protect minors. They also have no social, business or regulatory obligation to implement the rigorous responsible gaming protections only provided by the legal, regulated market. Their prevalence in the marketplace creates substantial confusion among the public, leading millions of Americans to patronize these nefarious websites every day.

As I stated in my April [letter](#) to U.S. Attorney General Merrick Garland, the Justice Department is the only law enforcement entity that has the jurisdiction and resources to effectively investigate and prosecute illicit offshore gambling activity. Twenty-eight Members of Congress also recently wrote a [letter](#) to Attorney General Garland urging the Justice Department to investigate and take action against illegal operators. We need the Justice Department to act forcefully, and your voices are critical to helping prompt

the federal attention this issue deserves. Informing members of Congress from your state about the illegal offshore market and urging the Justice Department to prioritize cracking down on these illegal operators will ensure Americans are not taken advantage of by these bad actors.

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

The proliferation of so-called “skill-based” gaming machines puts consumers at significant risk and undermines the benefits, integrity and reputation established through a regulated gaming environment. A growing number of companies manufacture and sell machines, which imitate slot machines, using reels or drums that players “spin” to win prizes, including cash. The manufacturers claim that the games require “skill” to operate, and thus do not fall under the legal definition of gambling. As a result, the machines are currently unlicensed and unregulated with no oversight to ensure fairness and integrity. Even worse, without any oversight, the most vulnerable populations—including children and individuals with a gambling problem—have unfettered access to these unregulated gambling devices.

The AGA released a [report](#) that details the danger of allowing these machines to spread unchecked. Not only are states losing hundreds of millions of dollars in tax revenue that could be funding education programs, infrastructure projects and other important priorities, but the lack of transparency and regulatory oversight significantly increases the risks of supporting other forms of crime including money laundering, drug trafficking and gang violence.

These machines are getting more pervasive, and we are at a pivotal time for legislative leaders across the country to act. By working together to clarify state gaming laws and address gray areas that unregulated machines exploit, you will empower law enforcement to take action and provide a strong legal foundation to pursue successful prosecutions in court. The Virginia General Assembly recently enacted a more comprehensive definition to outlaw “skill-based” machines, providing a model of leadership that proves this important issue can be addressed, and law enforcement in Pennsylvania, Missouri, Michigan and others have taken direct action to remove unregulated machines from establishments to protect the public.

The legal gaming industry values our partnerships with legislators, regulators and law enforcement which ensure consumer safety and bolster support for our communities across the country. Eliminating the illegal gambling marketplace in the United States requires active engagement at all levels of government and the AGA welcomes your participation. If you would like to learn more or take steps to protect your constituents, I encourage you to please reach out to me at [BMiller@americangaming.org](mailto:BMiller@americangaming.org).

Thank you for your leadership and consideration.

Sincerely,



William C. Miller, Jr.  
President & CEO