

The Facts on Unregulated “Skill” Machines



The American Gaming Association estimates there are more than 580,000 unregulated gray machines in the United States. The proliferation of these so-called “skill-based” machines puts consumers at significant risk and undermines the benefits, integrity and reputation of the regulated gaming environment.

Manufacturers of these machines peddle myths to evade the law, take advantage of small businesses, and endanger consumers. Learn the truth about unregulated “skill” machines.

MYTH: “SKILL” MACHINES AREN’T GAMBLING.

FACT: Any consumer who plays on an unregulated “skill” machine puts money into the machine for the chance to win more money. This falls squarely within the dictionary definition of gambling, “the practice of risking money or other stakes in a game or bet.” Stringent regulatory obligations are applied to slot machines and other casino games to protect consumers who are putting money at risk. **Unregulated machine manufacturers are simply playing word games to get around the law and regulatory enforcement.**

MYTH: “SKILL” MACHINES ARE FAIR.

FACT: Based on state regulatory data for similar machines, the operator win percentage on unregulated gambling machines is significantly higher than legal casino slot machines. **For every dollar bet by consumers, regulated machines keep seven cents on average, while unregulated machines keep nearly 25 cents.**

MYTH: THE ONLY SOLUTION IS TO REGULATE AND TAX “SKILL” MACHINES.

FACT: Unregulated machine manufacturers are brazenly asking for legitimacy after years of skirting the rules. **The fact is unregulated machine manufacturers cannot meet the high bar for casino gaming licensure and regulation.** They lack know your customer protocols, adherence to anti-money laundering standards, any consumer protections including self-exclusion and vetting and training of employees—areas where the legal, regulated industry invests hundreds of millions of dollars annually. While many jurisdictions are looking for novel revenue sources, allowing these machines to continue will only reward bad behavior, erode investment made by regulated entities, and expose consumers to unnecessary risks.

MYTH: UNREGULATED MACHINES SUPPORT SMALL BUSINESSES.

FACT: Convenience stores and other small businesses have proven for decades that they can be successful without relying on revenue from unregulated gambling devices. **Importantly, the risks of these machines present – to both consumers and the businesses that house them – significantly outweigh the marginal revenue they produce.** Unregulated gambling creates substantial safety vulnerabilities for employees and liability exposure for businesses where these machines are located.

- ♦ According to news reports, criminals in Virginia recently stole or attempted to steal unregulated machines from six different 7-Eleven stores, and, tragically, a Pennsylvania convenience store clerk was murdered in 2020 by a customer who was aware of the money on site to pay winnings from the unregulated machines.
- ♦ One of the named defendants in a federal class action lawsuit recently filed in Missouri includes a business that owns gas stations and convenience stores across the state which house these machines, underscoring the potential legal risks associated with this activity.

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.**