

The Foundational Role of Gaming Regulators in Fighting Illegal Offshore Gambling

A Guide to Protect Regulatory Standards



INTRODUCTION

Over the past two decades, regulated gaming has expanded to 44 states. This has not only increased available entertainment options, but also created jobs and positive economic impact in communities across the country while generating significant state tax revenue. States have established rigorous licensing regimes to ensure game integrity and consumer safety.

However, today, the near ubiquity of internet access and smart phones also allows Americans in every state easy access to illegal, unregulated sportsbooks and casinos that aggressively target the U.S. market. [Research](#) by the American Gaming Association estimates that Americans bet nearly \$64 billion with illegal bookies and online sportsbooks and \$338 billion with illegal online casinos annually, which results in these entities reaping an estimated \$17.3 billion in revenue.

The proceeds often support other serious criminal activity including money laundering and trafficking of drugs and weapons. The prevalence and accessibility of these illegal platforms undermines the integrity and investments of the highly regulated, legal gaming market and poses serious risks to consumers. Illegal operators prey on vulnerable customers – including minors – offer no commitment to responsible gaming, no testing to ensure game fairness, and no mechanisms to guarantee payouts or resolve customer disputes. Moreover, because these illegal gambling operators pay no taxes, states and communities lose an estimated \$4.6 billion annually in potential tax revenues.

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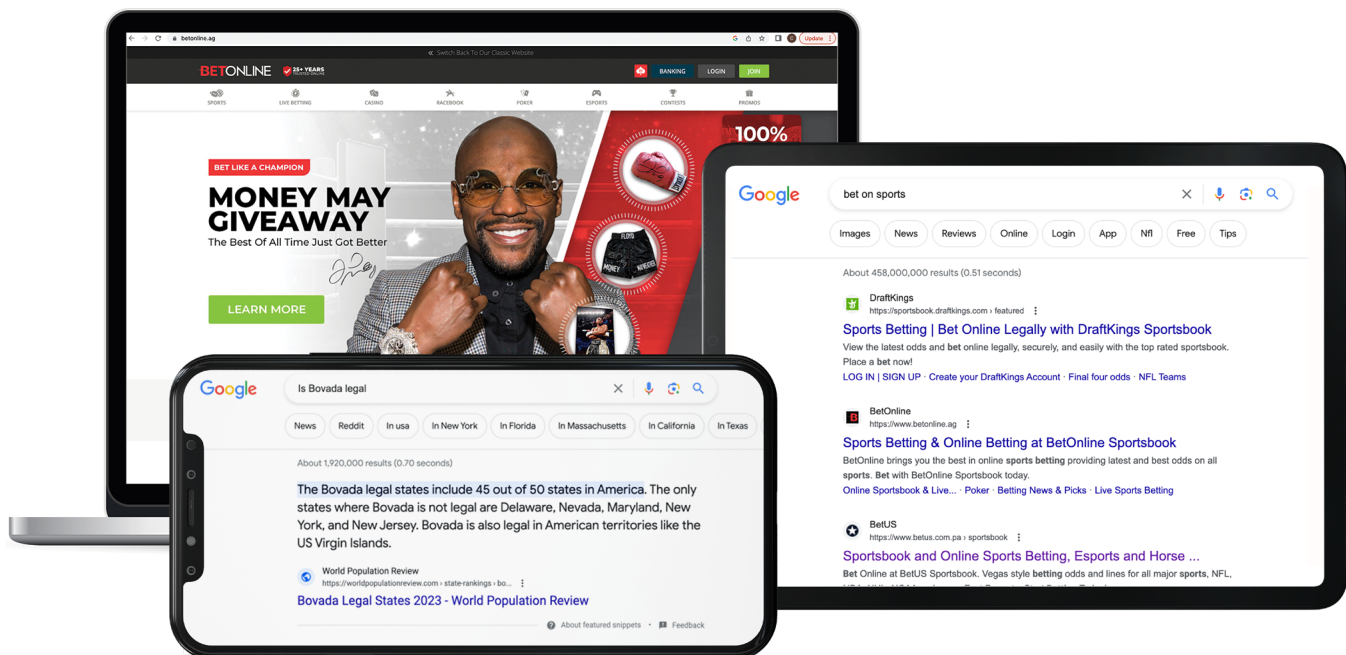
HOW THE ILLEGAL MARKET THRIVES

Prior to the U.S. Supreme Court invalidating the Professional and Amateur Sports Protection Act (PASPA) in May 2018, illegal sportsbooks had a virtual monopoly in the marketplace. This allowed many of them to build well-known brands with loyal customer bases. While the introduction of legal sports betting has successfully migrated a significant share of the market to regulated channels, illegal sportsbooks continue to thrive and even capitalize on consumer confusion about the changed legal status of sports betting in many states. While 7 out of 10 gamblers want to bet legally, many are deceived by unlicensed offshore websites that pose as legal operators.

These websites have slick user interfaces, frequently featuring team logos and celebrity endorsers, and offering generous bonuses and incentives for customers to sign up.

This veneer of legality is also often perpetuated and amplified through various trusted intermediaries such as search engines, media outlets, app stores and payment brands. Searching for “bet on sports” or “gamble online” will frequently yield multiple illegal sites at the top of results. Internet searches to determine the legality of specific sites also falsely indicate that these are legal operators.

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Offshore operators often use media, affiliates and paid advertorials to market and drive traffic to their sites, including through college publications like the Penn State example below. Apps are available for many of the largest offshore sites, which allow customers to place bets directly through the app. Offshore websites promote acceptance of major credit cards as well as cryptocurrencies.



HOW DO YOU EAT AN ELEPHANT?

Shutting off access to illegal offshore gambling sites is a complex challenge. Making meaningful strides to eradicate this problem requires cooperation and engagement from policymakers, regulators, law enforcement, the regulated gaming industry and other businesses. While federal law enforcement may be best equipped to prosecute and pursue other sweeping tactics to disrupt these operations, state gaming regulators can play a pivotal role in advancing efforts to combat the illegal market.

[This letter](#) to U.S. Attorney General Merrick Garland sent by seven state gaming regulators was an important step to elevate the problem of offshore gambling. Gaming regulators can also use their position to highlight specific offshore operators' non-compliance with their state laws and issue cease and desist orders to these entities. For New Jersey, this tactic has [proven successful](#) in compelling some offshore sites to no longer accept bets from within their state.

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While cease and desist letters may ultimately be ignored by illegal entities, issuing them is still a valuable exercise for several reasons. Official documentation that named entities are operating in violation of multiple state laws can help increase the attention from federal law enforcement and prompt intermediaries, like tech platforms, to take action against named bad actors. Publication of these regulatory actions can also help to educate uninformed consumers and increase media attention on the problem.

ROADMAP FOR REGULATOR ACTION

Appendix A includes a list of the most popular and profitable illegal sportsbooks and casinos that are likely operating in your state.

Recommended steps:

1. Investigate accessibility of these sites within your state market.
2. Issue C&D letters to entities operating in violation of your state laws and regulations.
3. Publicize/promote C&Ds through appropriate state government channels to enhance consumer awareness.
4. Share C&Ds with State Attorney General & United States Attorney(s) for your District(s) to help inform and encourage further investigation/prosecution.
5. Share C&D's with other gaming regulatory agencies so those agencies can conduct due diligence to see if recipients are conducting illegal business in their state.
6. Share with the AGA directly, if permissible under state legal guidelines. We will leverage this letter repository as we continue to engage with media, intermediaries, law enforcement and policymakers.

To share how you're taking action or to learn more, contact LaVonne Withey, director, state affairs, at lwithey@americangaming.org.

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APPENDICES

APPENDIX A: LIST OF TOP OFFSHORE
SPORTSBOOKS AND CASINOS

5Dimes
BetAnySports
BetDSI
BetNow
BetOnline.ag
Bookmaker
Bovada
GTbets
Heritage
Intertops
MyBookie.ag
Skybook
SportsBetting.ag
WagerWeb
Xbet
Youwager

APPENDIX B: LIST OF U.S. ATTORNEYS & CONTACTS

Contacts were pulled in June 2023. To confirm the current U.S. Attorney for your district, please reference the [Department of Justice listing](#).

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