

Memo

To: Interested Parties
From: American Gaming Association
Date: May 6, 2024
Re: How the Legal Sports Betting Market Protects Consumers and Preserves Integrity

The six-year anniversary of the U.S. Supreme Court decision clearing the way for states to legalize sports betting is fast approaching.

While millions of fans – along with sports leagues and teams – have eagerly embraced sports betting, a smaller but determined chorus of skeptics has questioned whether the expansion of legal sports betting has delivered on its promise of significantly reducing illegal gambling, preserving game integrity and promoting responsible gaming.

These questions deserve answers. The below AGA resource establishes a foundational set of facts to demonstrate legal sports betting's positive and far-reaching legacy thus far and inform future discourse surrounding legal sports betting.

SPORTS BETTING AND ILLEGAL GAMBLING

Misconception: Sports betting was not prevalent in America before the Supreme Court opened the floodgates.

- While many believe the Supreme Court's 2018 PASPA decision introduced widespread sports betting in America. The fact is, sports betting had always existed – but until 2018 it operated outside the eye of public and regulatory scrutiny, through illegal bookmakers and offshore websites.
- Because 38 states and D.C. launched legal sports betting, wagering is now out of the shadows and fully transparent, strictly regulated and responsibly operated.
- Pre-2018, the size of the illegal sports betting market was estimated at more than \$150 billion annually. Today, AGA research shows legal sports betting has helped [shrink the illegal market to \\$64 billion](#) – a drop of nearly 60%.
- The AGA also found that [the percentage of bets placed with legal online operators increased from 44% in 2019 to 77% in 2023](#).
- Illegal operators still prey on the vulnerable and conceal threats to game integrity. But legal sports betting has delivered the single greatest blow to illegal gambling in U.S. history.
- And unlike illegal gambling, the legal sports betting industry pays taxes – more than \$5 billion to state and local governments since 2018 – that deliver critical services to communities in states.

Fact: Sports betting in the U.S. has always existed. While illegal gambling is still a problem, legalization is successfully driving betting from unregulated offshore sites and illegal bookies to the transparent, regulated and legal market.

SPORTS BETTING AND GAME INTEGRITY

Misconception: Recent scandals surrounding athletes like the MLB's Shohei Ohtani and the NBA's Jontay Porter prove that sports betting legalization is threatening the integrity of sports.

- Legal operators have a vital interest in protecting the integrity of every game. Fans will only bet on sports if they trust the games are fair.
- Sportsbook operators, leagues and independent monitors share data and use AI, advanced analytics and algorithms to monitor millions of bets and billions of pieces of information. This interlocking system of transparency, monitoring and detection protects game integrity.
- The incident involving Shohei Ohtani's translator, Ipe Mizuhara, is a case study in the perils of the illegal market. The U.S. Department of Justice [complaint](#) against Mizuhara shows red flag after red flag was ignored or covered up by betting with an illegal bookie.
 - Mizuhara's bets with an illegal bookie went undetected for over three years – while he racked up over \$40 million in accumulated losses after placing more than 19,000 bets, an average of nearly 25 per day.
- At a legal sportsbook – with its Know Your Customer tools, monitoring of problem gambling practices and other safeguards – Mizuhara could never have spent three years pilfering the bank account of an MLB star and making a deluge of suspicious bets without being detected.
- As one Slate report put it, “In the most perverse way possible, Mizuhara is an [advertisement for the virtues of regulated sports betting](#).”
- In the legal market, bad actors – like now [former NBA player Jontay Porter](#) or the [University of Alabama's baseball coach](#) – are identified, investigated and held accountable to protect the integrity of the game and wagers.
- As one sports reporter concluded, “having legal sports betting in place is [what brought the scandal to light](#), and what led to banning a player with no regard for the integrity of the game.”

Fact: Recent events show that illegal betting conceals threats to game integrity. Meanwhile, the legal market has created sophisticated, high-tech guardrails to uncover suspicious betting quickly and enable leagues and law enforcement to shut it down and protect fair play.

SPORTS BETTING AND REGULATION

Misconception: The new, legal sports betting market is the “Wild West” where light regulatory oversight allows operators to lure unsuspecting consumers.

- Legal operators work with the federal government and more than 5,000 state and tribal regulators every day to maintain and evolve regulatory frameworks that promote responsibility, protect consumers and safeguard competition integrity.
 - Legal sportsbooks are required to meet federal anti-money laundering regulations and deploy Know Your Customer tools for all customer sign-ups.
 - This includes verifying customer age and identity through official identification or Social Security numbers, allowing operators and law enforcement to identify customers when suspicious activity is flagged.

- Problem gambling services and responsible gaming initiatives are stronger than ever. The gaming industry is responsible for nearly all state-level funding for responsible gambling programs and problem gambling services. Nearly every dollar states earmark for problem gambling prevention and treatment – about \$100 million last year – comes from taxes paid by the casino gaming industry, including growing sports betting and iGaming taxes.
- The broader sports betting ecosystem is coming together to [proactively educate consumers](#) on how to wager responsibly. This includes tools to help players set limits and bet responsibly; a commitment to AGA's Responsible Marketing Code for Sports Wagering; and investments in research on how to prevent and treat problem gambling.

Fact: The casino gaming industry—including sports betting—is one of the most heavily regulated industries in the country, and there's never been more resources dedicated to preventing problem gambling and promoting responsible play than there are today.

SPORTS BETTING AND ADVERTISING

Misconception: Sportsbook advertising is disproportionate and lacks responsibility safeguards.

- Advertising is a critical tool to migrate customers away from illegal operators to legal regulated sportsbooks and ensure they receive responsible gaming messages.
- Thanks in part to industry marketing and advertising, 77% of online bets today are placed through regulated operators as opposed to the unregulated market that provides no consumer protections, up from 44% in 2019.
- The AGA's Responsible Marketing Code for Sports Wagering sets specific limits to protect young adults and underage audiences, including bans on college advertising and targeting advertising to 21+ audiences. It also mandates responsible gaming messaging be included in ads, bans the use of “risk-free” language, and prohibits marketing partnerships with universities and NIL deals with college athletes.
- According to Nielsen Ad Intel, nearly 95% of AGA member ad impressions were delivered to viewers 21+ in the past year.
- As a new product offering, sports betting advertising receives outsized attention. But as the market matures, we're seeing a steady drop in nationwide sports betting ads.
 - According to [Nielsen Ad Intel](#): There were nearly a third fewer (-32.9%) sports betting ads on television in 2023 than there were in 2021.
 - For every sports betting advertisement on TV in 2023, there were 31 pharmaceutical commercials, showcasing the contrast in advertising volumes across different industries.
 - As detailed by [Bloomberg](#), “sports betting accounts for less than 1% of national TV advertising, far less than fast food, alcohol, telecom and pharmaceuticals.”

Fact: Sportsbook advertising volume and spend is in line with or significantly lower than comparable industries and remains critical to promoting responsible messages, raising awareness for problem gambling resources, and migrating bettors to the safer, regulated market.