

**TESTIMONY OF GEOFF FREEMAN  
PRESIDENT AND CEO, AMERICAN GAMING ASSOCIATION  
HOUSE SUBCOMMITTEE ON COMMERCE, MANUFACTURING AND TRADE  
MAY 11, 2016**

**Introduction**

The American Gaming Association (AGA) represents America's commercial and tribal casino operators, gaming manufacturers, suppliers and other businesses affiliated with the licensed casino gaming industry. We are a national industry that operates in 40 states, supports 1.7 million jobs and contributes \$240 billion to America's economy every year.

**Regulatory Clarity for DFS**

Over the past year, public interest in Daily Fantasy Sports (DFS) has exploded. This growing popularity has raised important questions about the appropriate regulatory environment, the adequacy of federal and state gaming laws and the best way to protect consumers and the integrity of games.

It also provides an opportunity to review the effectiveness of America's 25-year-old federal sports betting ban in light of growing public acceptance of gaming in general, the soaring interest in sports betting in particular and the development of new technologies that can aid law enforcement in overseeing betting activities.

As far as DFS is concerned, AGA's position is simple: DFS currently operates in a legal gray zone. We think it should be black and white. The gaming industry wants to see clear rules of the road that lay out where DFS is going to be legal, how it is going to be regulated and how consumers are going to be protected.

The casino gaming industry should be included in discussions regarding changes to federal gambling laws and any legislation seeking to expand or clarify Daily Fantasy Sports. And further, any changes to amend federal sports betting laws should explicitly preserve existing Tribal-State Compacts.

Many states are already taking action.

In Indiana, Governor Mike Pence recently signed legislation that defines DFS as a game of skill and establishes a regulatory framework to allow DFS companies to operate and protect consumers. In Nevada, the Gaming Control Board has defined DFS as a form of gambling that requires a state gaming license. Governor Brian Sandoval has asked the Nevada Gaming Policy Committee to recommend an appropriate regulatory model. From AGA's perspective, both states have provided necessary legal clarity.

We believe regulatory clarity advances several important public policy goals: It will protect consumers from unscrupulous operators and unfair games; it will add legitimacy to DFS contests and ensure everyone is on a level playing field; and it will encourage new innovation and new entrants.

AGA's position is the result of a deliberative process that took into account the full spectrum of gaming stakeholders. As DFS grew in popularity and raised regulatory questions, AGA created a Sports Betting Task Force to forge an industry point of view.

The result is an industry consensus that where DFS operates – either as a regulated gambling activity requiring a full license or as a more lightly regulated game of skill – the gaming industry wants the opportunity to enter the market.

### **Illegal Sports Betting Market**

The debate about DFS touches on the broader issue of sports betting in America. DFS gives sports fans the ability to engage more deeply with their favorite sports and athletes. But the desire to engage with the sports Americans enjoy is also fueling illegal sports betting.

In 1992, Congress passed the Professional and Amateur Sports Protection Act (PASPA), effectively outlawing sports betting in most of the U.S. Four states that previously allowed forms of sports betting were grandfathered into the law: Nevada, Delaware, Montana, and Oregon. Today, only Nevada permits traditional, full-fledged sports betting on many college and professional sports through licensed bookmakers.

But the 25-year old ban has failed to achieve its objectives. Instead of curbing sports betting, it has just driven it underground with trillions of dollars estimated to be wagered illegally over the life of the law.

Since the federal prohibition on sports betting was enacted, Americans have grown more and more passionate about professional sports in the U.S. Wagering provides them the opportunity to feel closer and more connected to teams and sporting events. In fact, two-thirds (67%) of NFL fans who watched Super Bowl 50 said they are more likely to watch a game if they bet on it; 63 percent of weekly NFL viewers say they follow teams and players more closely when they bet on games.<sup>1</sup>

The two biggest sporting events of 2016 have been Super Bowl 50 and March Madness. AGA estimates that Americans bet nearly \$14 billion on those events.<sup>2</sup> About 97 percent of

---

<sup>1</sup> The Mellman Group on behalf of the American Gaming Association.

<https://www.americangaming.org/newsroom/press-releases/80-super-bowl-viewers-say-change-sports-betting-law>

<sup>2</sup> The American Gaming Association. <https://www.americangaming.org/newsroom/press-releases/80-super-bowl-viewers-say-change-sports-betting-law> and <https://www.americangaming.org/newsroom/press-releases/march-madness-betting-total-92-billion-year>

it was bet illegally.<sup>3</sup> In fact, according to findings from opinion research conducted by the Mellman Group, some 47 million adults who watched Super Bowl 50 reported that they bet on sports in the past year – nearly three times the total number of people who attended NFL games last season. What’s more, American adults placed an estimated \$93 billion in illegal bets on NFL and college football this past season alone.<sup>4</sup>

The precise scope of the illegal gambling market is difficult to pinpoint, but we have seen figures ranging from \$100 billion to \$400 billion. Even at the low end, the illegal sports betting market in the U.S. is roughly five times bigger than the entire legal sports betting market in the U.K.<sup>5</sup>

We believe there are three key reasons federal policymakers should care about this.

First, illegal sports betting finances a range of criminal activities. Illegal sports betting is not a victimless crime. Billions of dollars flow through illegal bookies, organized crime syndicates and a web of hundreds of offshore gambling sites. These funds underwrite everything from money laundering and drug dealing to human trafficking and extortion. These are not short-term, fly-by-night operations. Many illegal sports gambling businesses have been operating for a decade or more and employ a few dozen people. In 2014 alone, 80 operations in 23 states were convicted of running illegal gambling rings.<sup>6</sup>

Second, illegal sports betting offers no protections for the integrity of games. As illegal sports betting explodes in popularity, protecting the integrity of games – a vital mission for sports leagues, athletes and fans everywhere – has become an increasingly urgent priority. Anyone who is concerned about sports betting’s impact on sports integrity should consider this: In the illegal gambling market, there are no safeguards – let alone concerns – for the integrity of sports. And nothing threatens the integrity of sports more than a thriving sports betting black market where the bettors and those taking the bets hide in the shadows. As we have learned from the U.K., using 21<sup>st</sup> century tools to monitor betting and identify suspicious betting patterns helps promote the integrity of games and protect the sports we all love.

Third, illegal sports gambling is a parasite on local communities. While legal gaming in the United States generates \$38 billion in tax revenues and supports 1.7 million jobs across 40 states, with taxes supporting critical public services – including education, health care and law enforcement – illegal gambling does not generate a penny for state and local governments. Nothing for local schools. Nothing for local hospitals or parks. Nothing for responsible gaming programs. And it drains limited law enforcement resources.

---

<sup>3</sup> The American Gaming Association.

<sup>4</sup> The Mellman Group on behalf of the American Gaming Association.

<https://www.americangaming.org/newsroom/press-releases/80-super-bowl-viewers-say-change-sports-betting-law>

<sup>5</sup> The American Gaming Association, based on total 2015 U.K. legal sports betting handle.

<sup>6</sup> Dr. Jay Albanese on behalf of the American Gaming Association.

<https://www.americangaming.org/newsroom/press-releases/new-report-shows-strong-ties-between-illegal-gambling-and-organized-crime>

It is past time to determine if a more effective approach to sports betting in America exists. Many leaders in professional sports are already calling for one. NBA Commissioner Adam Silver has repeatedly called for bringing sports betting out of the shadows by legalizing and regulating it. MLB Commissioner Rob Manfred has called for a “fresh” look at the issue. The NHL is on the cusp of awarding a franchise to Las Vegas. And just last month, NFL Commissioner Roger Goodell said the league has “evolved” on sports betting.

American fans are suggesting they, too, are ready for a new conversation on sports betting; Roughly six in ten Super Bowl viewers believe transparent, regulated wagering could either strengthen the integrity of games or have no impact on game outcomes.<sup>7</sup>

The gaming industry invites those who are serious about protecting the integrity of sports to partner with us in pursuit of eliminating the sports betting black market. Millions of Americans love sports, embrace sports betting and are ready for Congress to reexamine the sports betting prohibition that was enacted during the George H.W. Bush Administration.

The AGA is committed to working with law enforcement officials, sports leagues, athletes, sports monitoring companies, regulators and policy makers to advance this discussion, which begins by understanding the nature of the illegal sports betting market in the United States.

As members of Congress consider this issue, it is clear that Americans are ready for a change.

###

---

<sup>7</sup> The Mellman Group on behalf of the American Gaming Association.  
<https://www.americangaming.org/newsroom/press-releases/80-super-bowl-viewers-say-change-sports-betting-law>