



Sports Betting

August 9, 2018

Brian Considine, Legal & Legislative
Manager
Legal & Records Unit





SUNDAY, OCT 11, 2009

SATURDAY, OCT 10, 2009

N.F.L. WEEK #5

401 VIKINGS	-10	-600313	E. MICH.	9
402 RAMS	41	+400314	CENT MICH	-23
403 COWBOYS	-8	-400315	DUKE	1
404 CHIEFS	42.5	+300316	N C STATE	-16.5
405 REDSKINS	37.5	+165317	MARYLAND	3
406 PANTHERS	-3.5	-185318	WK FOREST	-12.5
407 BUCCANEER		319	INDIANA	12
408 EAGLES	-14.5	320	VIRGINIA	-7
409 RAIDERS		321	PURDUE	5
410 GIANTS	-15	322	MINN.	-3
411 BROWNS	41	+220323	U CONN	46
				-6.5

Types of Sports Wagers

POINT SPREAD

Seattle Seahawks

-3 -110 -150 U 34.5 -110

Indianapolis Colts

+3 -110 +130 O 34.5 -110



Types of Sports Wagers

MONEY LINE

Seattle Seahawks

-3 -110 -150 U 34.5 -110

Indianapolis Colts

+3 -110 +130 O 34.5 -110



Types of Sports Wagers

OVER/UNDER

Seattle Seahawks

-3 -110 -150

U 34.5 -110

Indianapolis Colts

+3 -110 +130

O 34.5 -110



Types of Sports Wagers

FUTURES

Super Bowl

NCAA Basketball Tournament

World Series

Stanley Cup



Types of Sports Wagers

PARLAY

Single bet w/ 2+ wagers

Must win all wagers in parlay

Higher payoff than individual bets

today in the race and sports book.

E4894412F65F

PARLAY (3 TEAMS)
1 BET(S) @ \$20.00

Mar 23 2018 COLLEGE BASKETBALL
MEN'S NCAA TOURNAMENT-E Reg Semi at Boston, MA
[872] VILLANOVA **-240**

Mar 23 2018 COLLEGE BASKETBALL
MEN'S NCAA TOURNAMENT-MW Reg Semi at Omaha, NE
[876] DUKE **-900**

Mar 23 2018 COLLEGE BASKETBALL
MEN'S NCAA TOURNAMENT-MW Reg Semi at Omaha, NE
[878] KANSAS **-240**

TICKET COST: \$20.00
TO WIN: \$24.60
TO COLLECT: \$44.60

sf82709
WG9
E4894412F65F

Mar 22 2018 20:29:04



★ ★ ★ SUPER BOWL LII ★ ★ ★

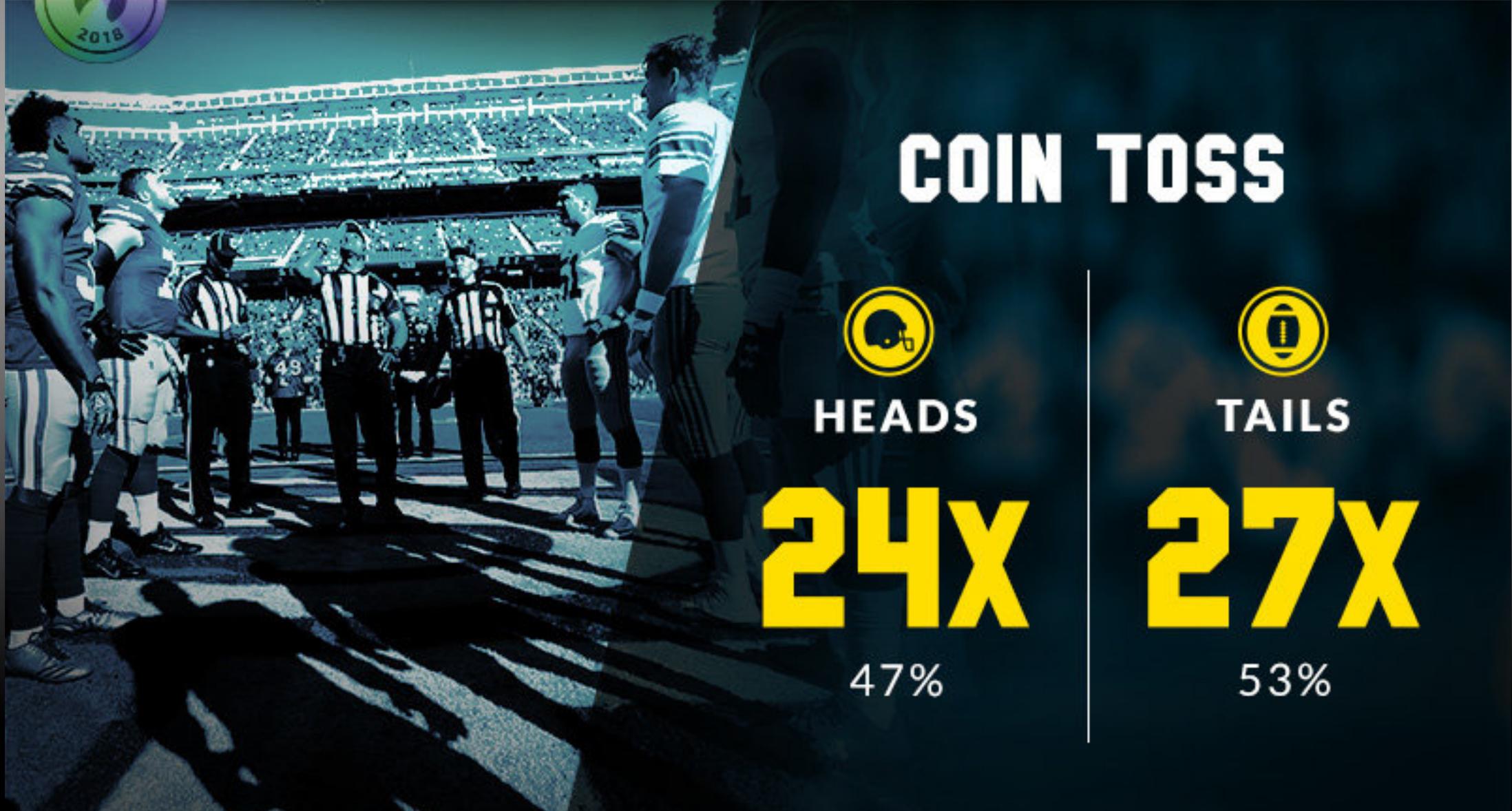
NATIONAL ANTHEM

AVERAGE LENGTH OF LAST 12 NATIONAL ANTHEMS HAS BEEN

1:58.6



☆☆☆ SUPER BOWL LII ☆☆☆



COIN TOSS



HEADS

24X

47%



TAILS

27X

53%



☆☆☆ SUPER BOWL LII ☆☆☆

GATORADE COLORS

DUMPED ON WINNING COACH



YELLOW



ORANGE



CLEAR



PURPLE



BLUE

In-Game Wagering

Actively wagering on an event while it is in progress

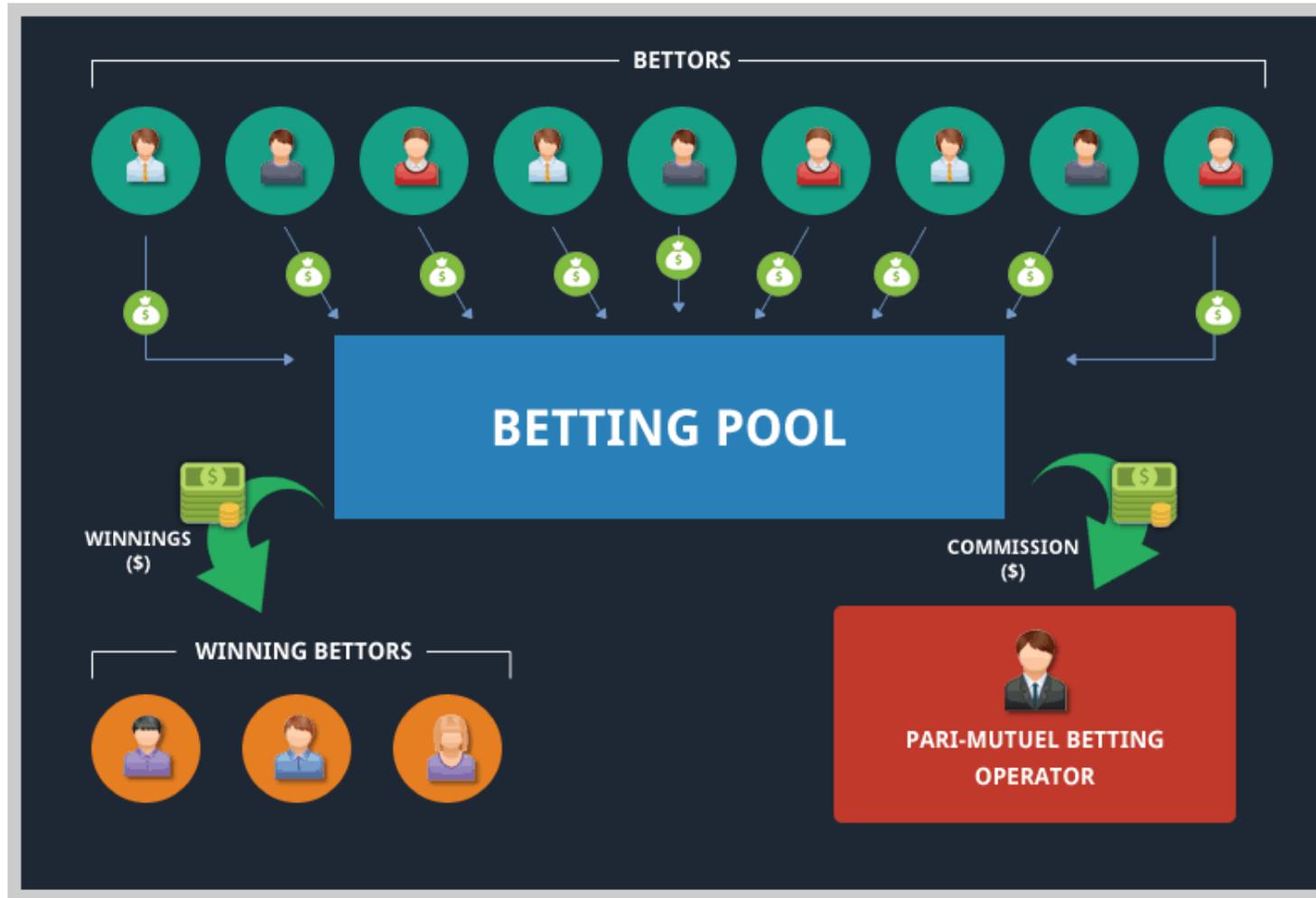
Ex: The favorite gets down early in the 1st qtr. The line shrinks in favor of the underdog. Bet prices change.

Includes prop bets

Ex: Wager on whether a drive will lead to touchdown, field goal, punt or turnover



Pari-mutuel Betting



Sports Betting Terms

Action – A sports wager of any kind: a bet.

Book – An establishment that accepts bets on the outcome of sporting events.

Cover – Winning by more than the point spread.

Favorite – The team considered most likely to win an event.

Future – Odds that are posted well in advance on the winner of major events, including the Pro Football Championship, the Pro Basketball Championship and the Pro Baseball Championship.

Sports Betting Terms

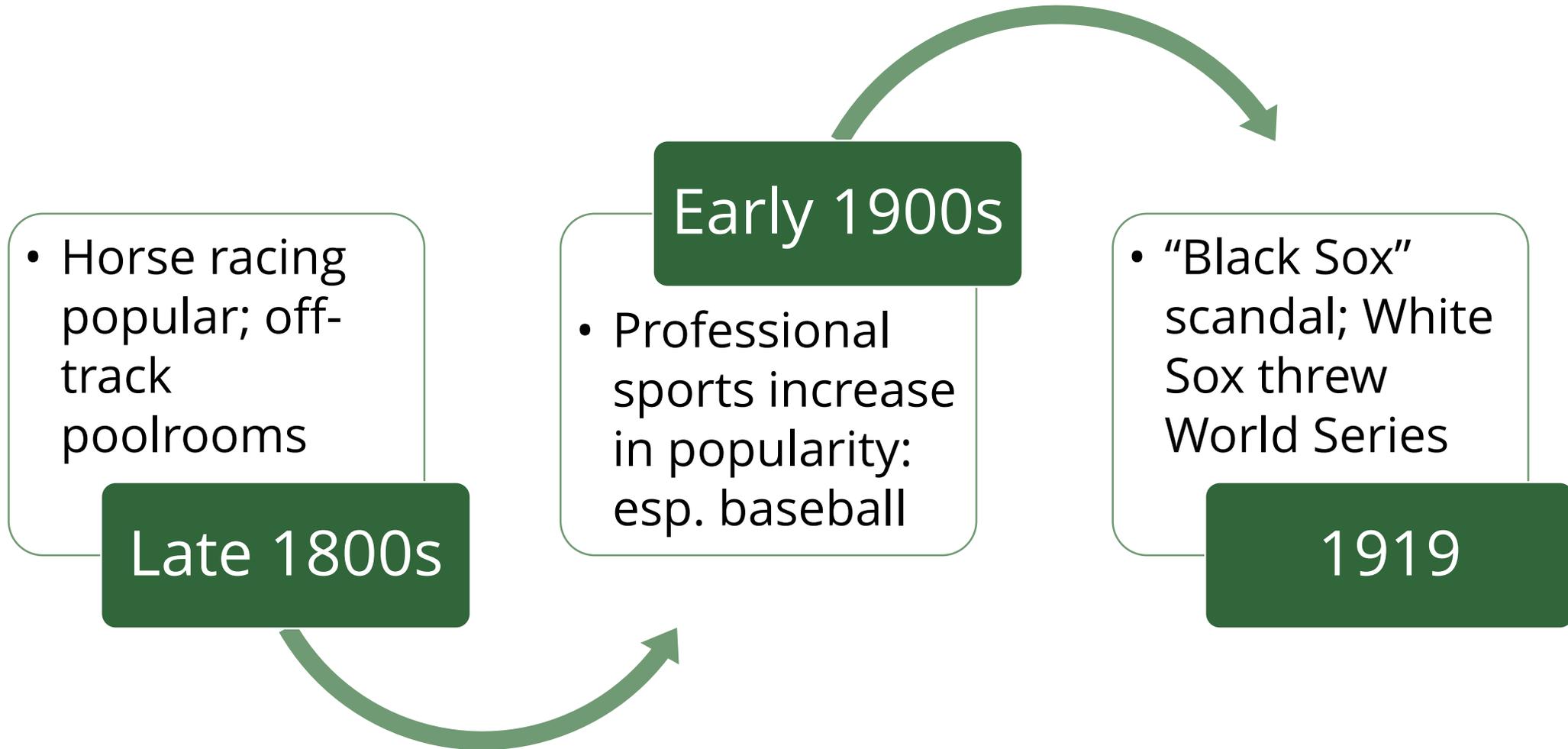
Handle – The total amount of bets taken.

Hold – The percentage the house wins.

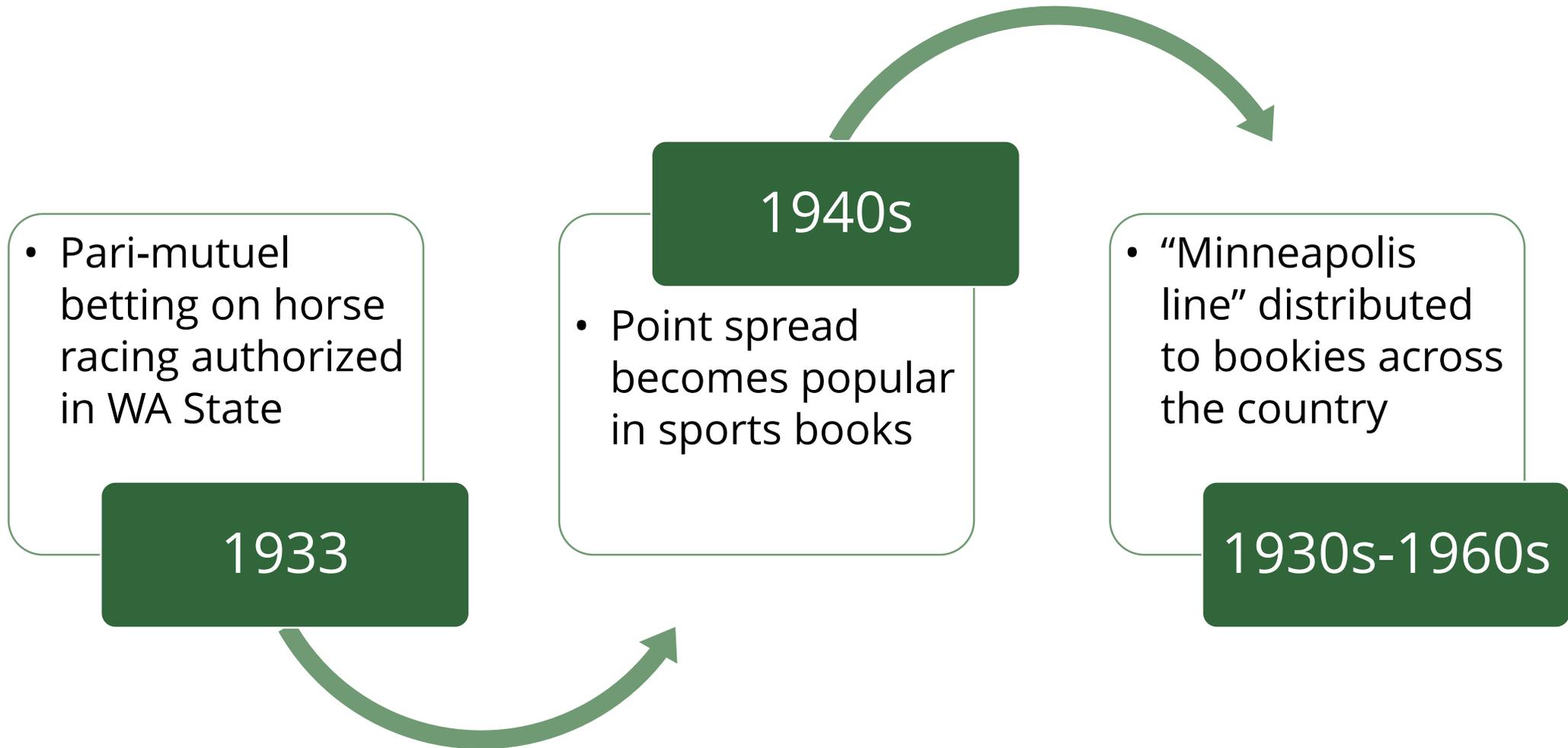
Juice/Vig – The bookmaker's commission, most commonly the 11 to 10 bettors lay on straight point spread wagers

Line – The current odds or point spread on a particular event.

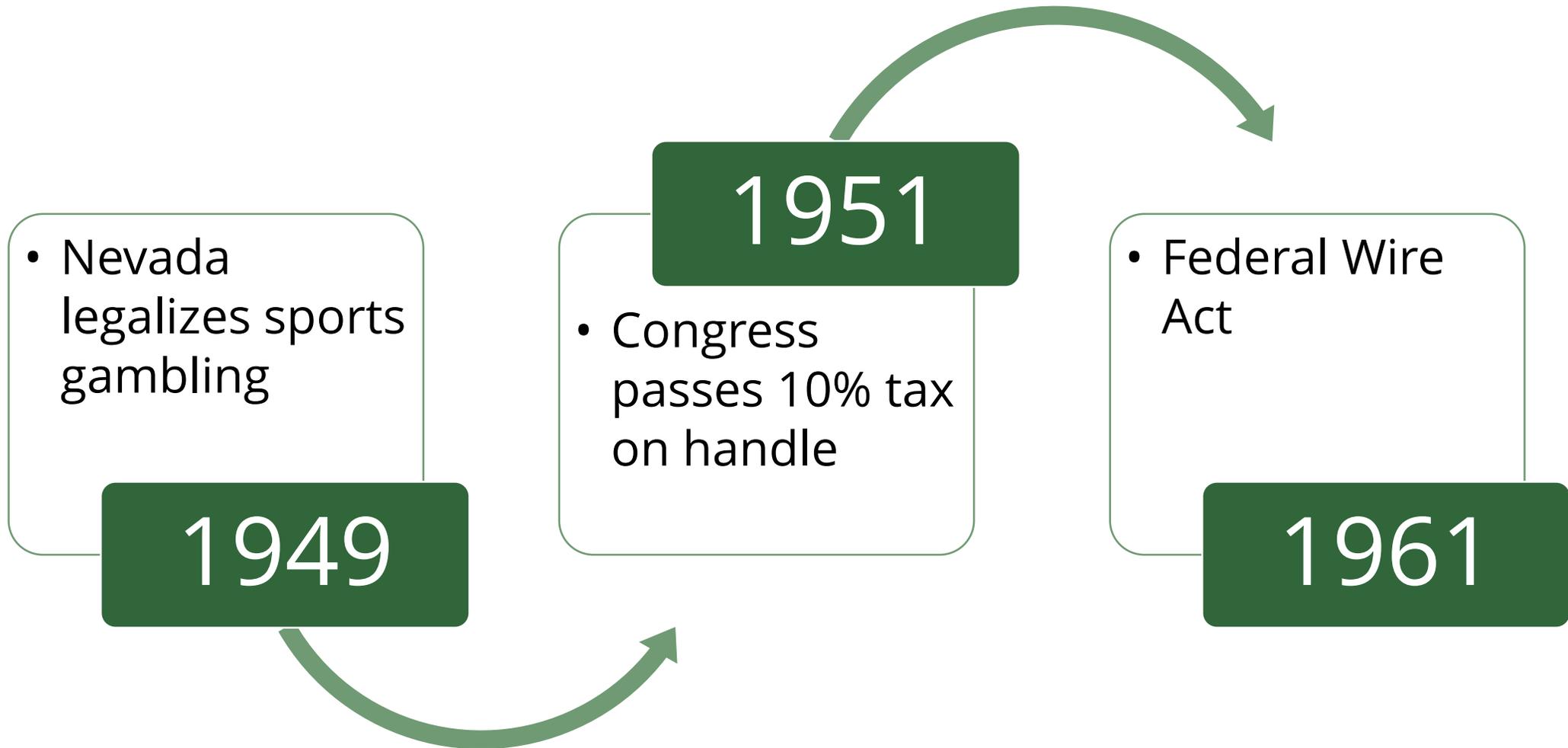
Sports Gambling History



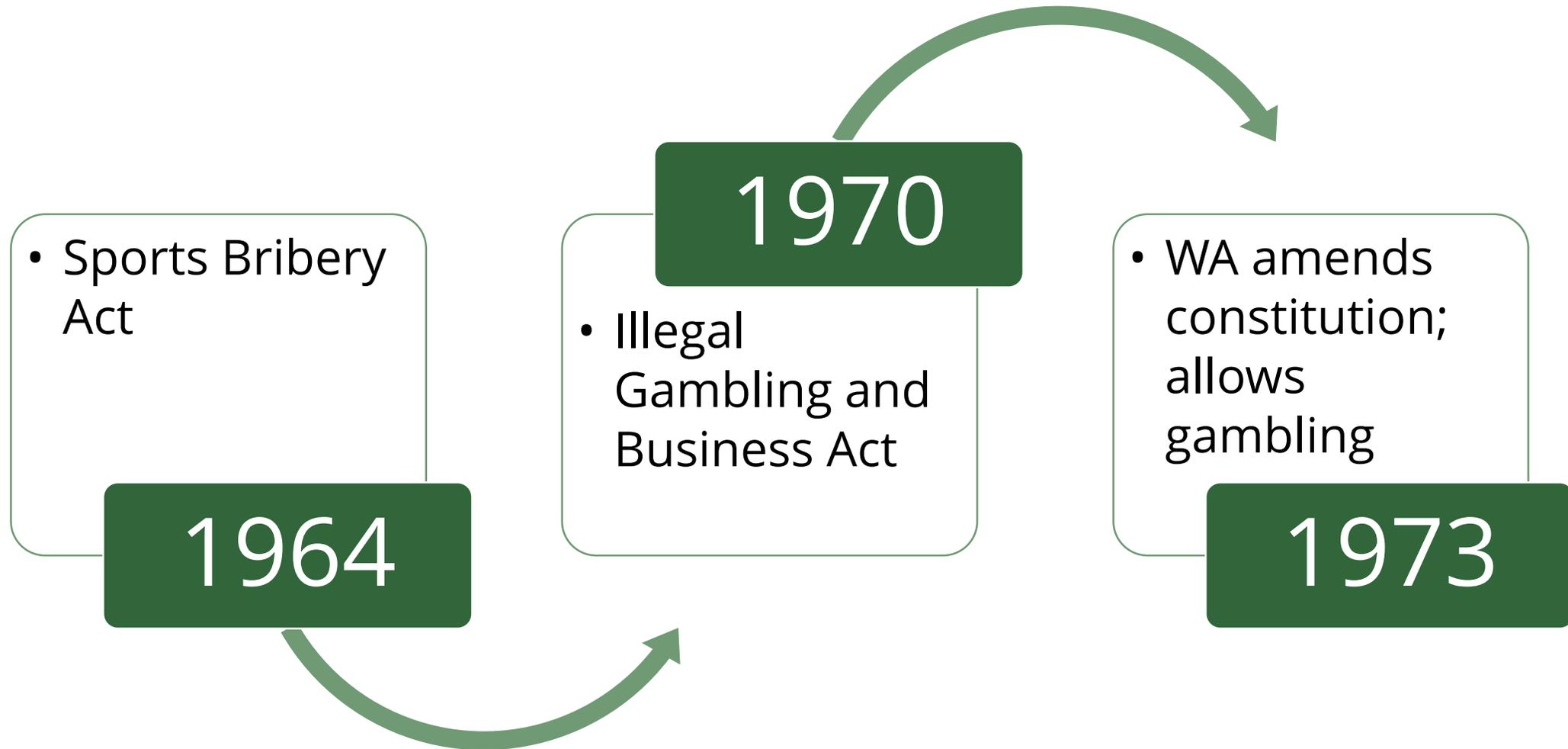
Sports Gambling History



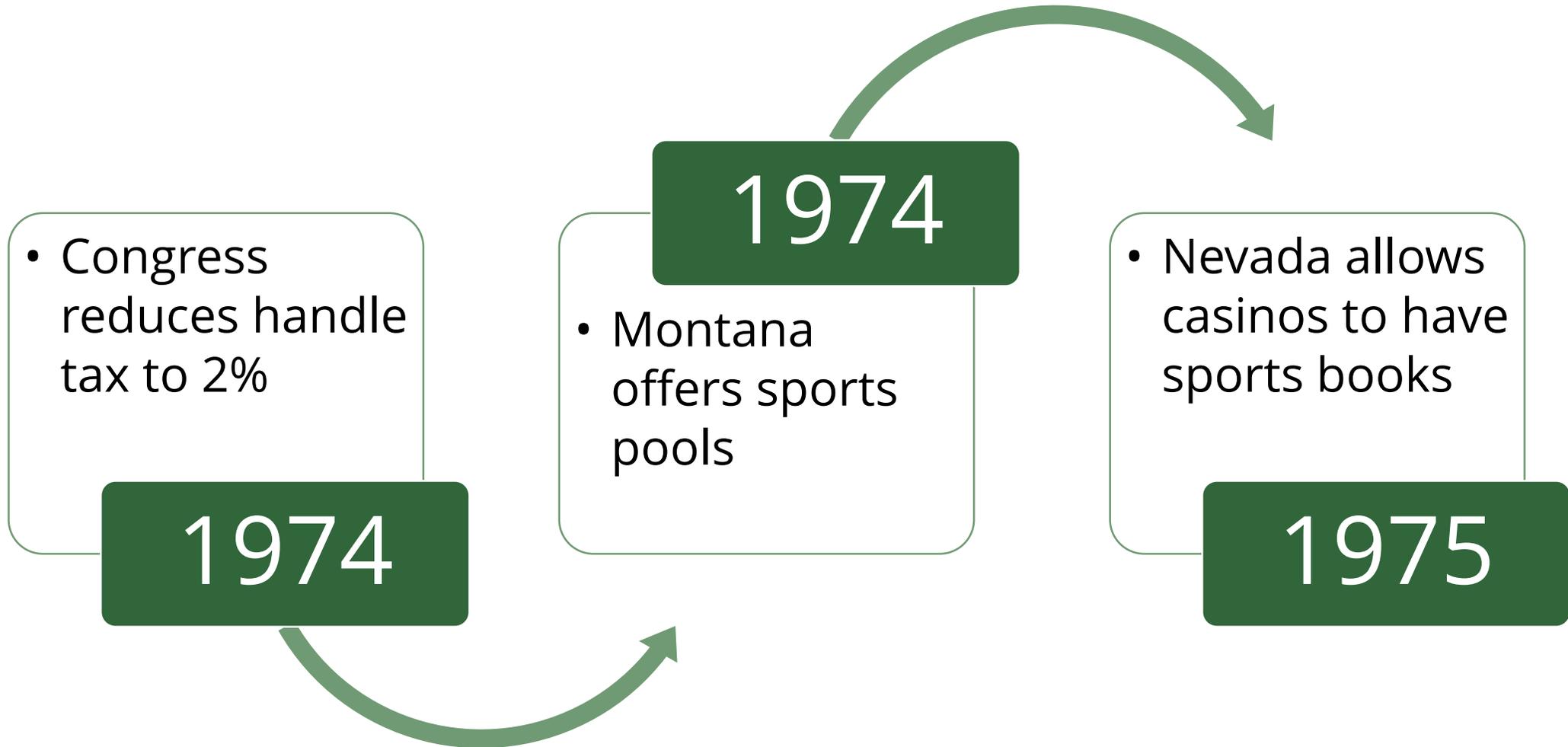
Sports Gambling History



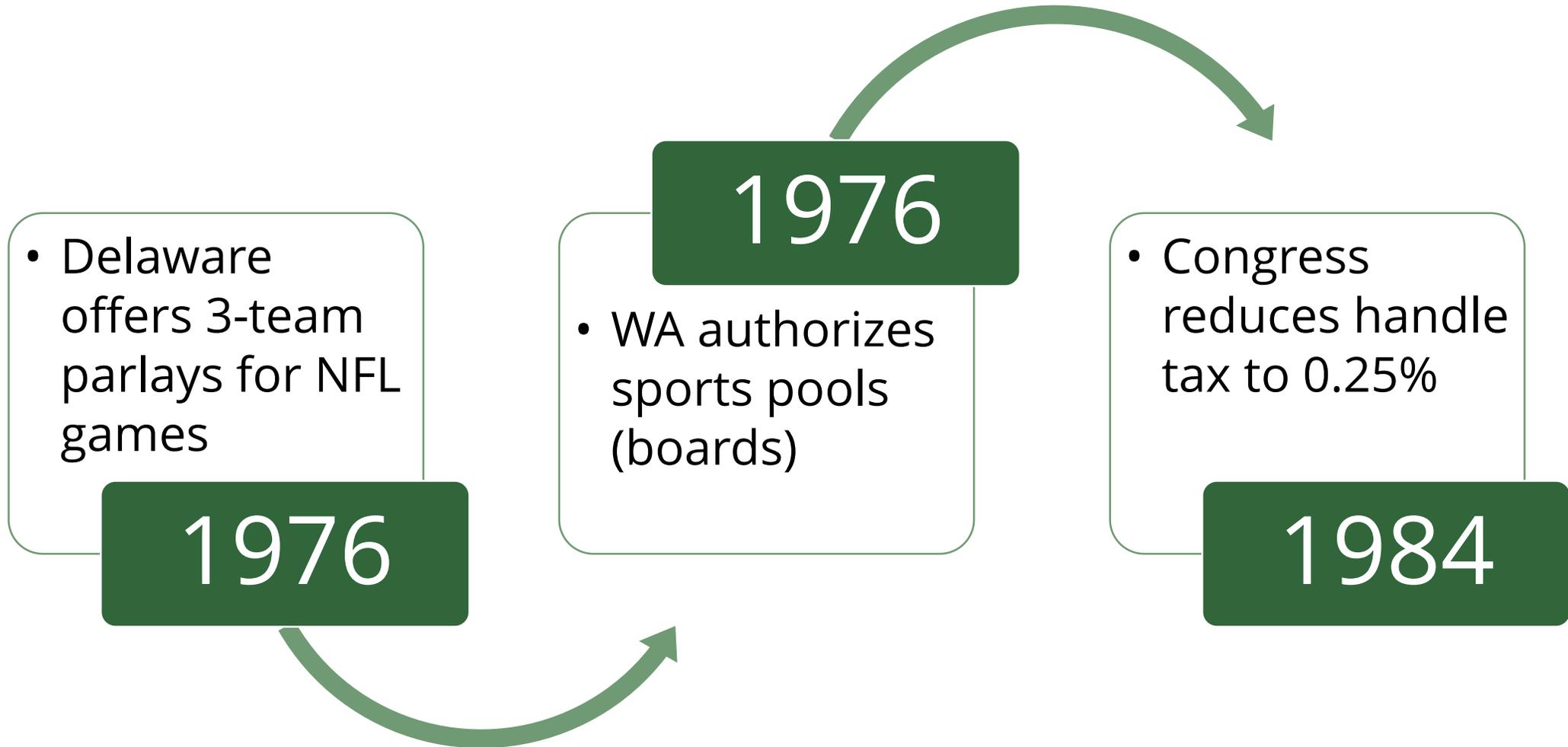
Sports Gambling History



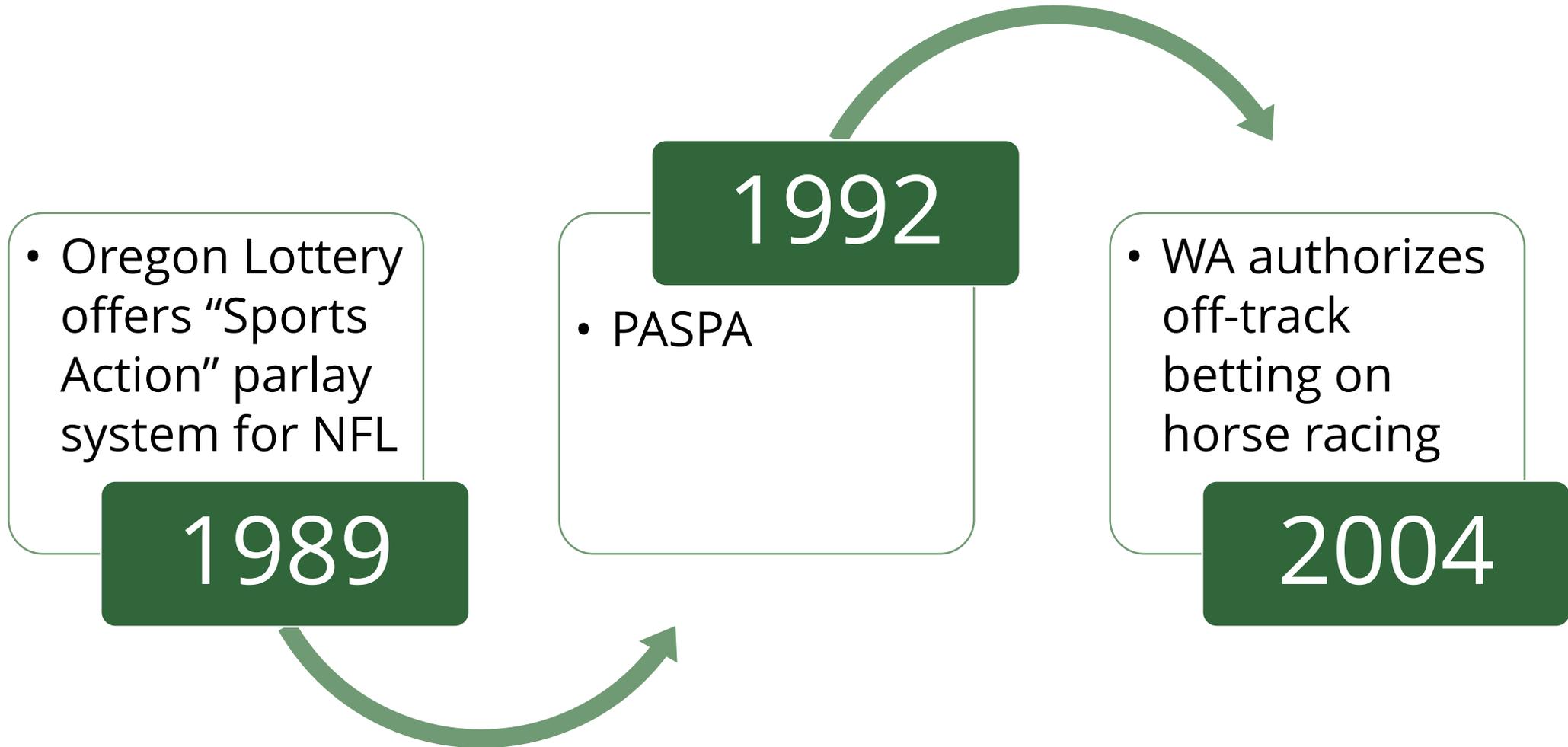
Sports Gambling History



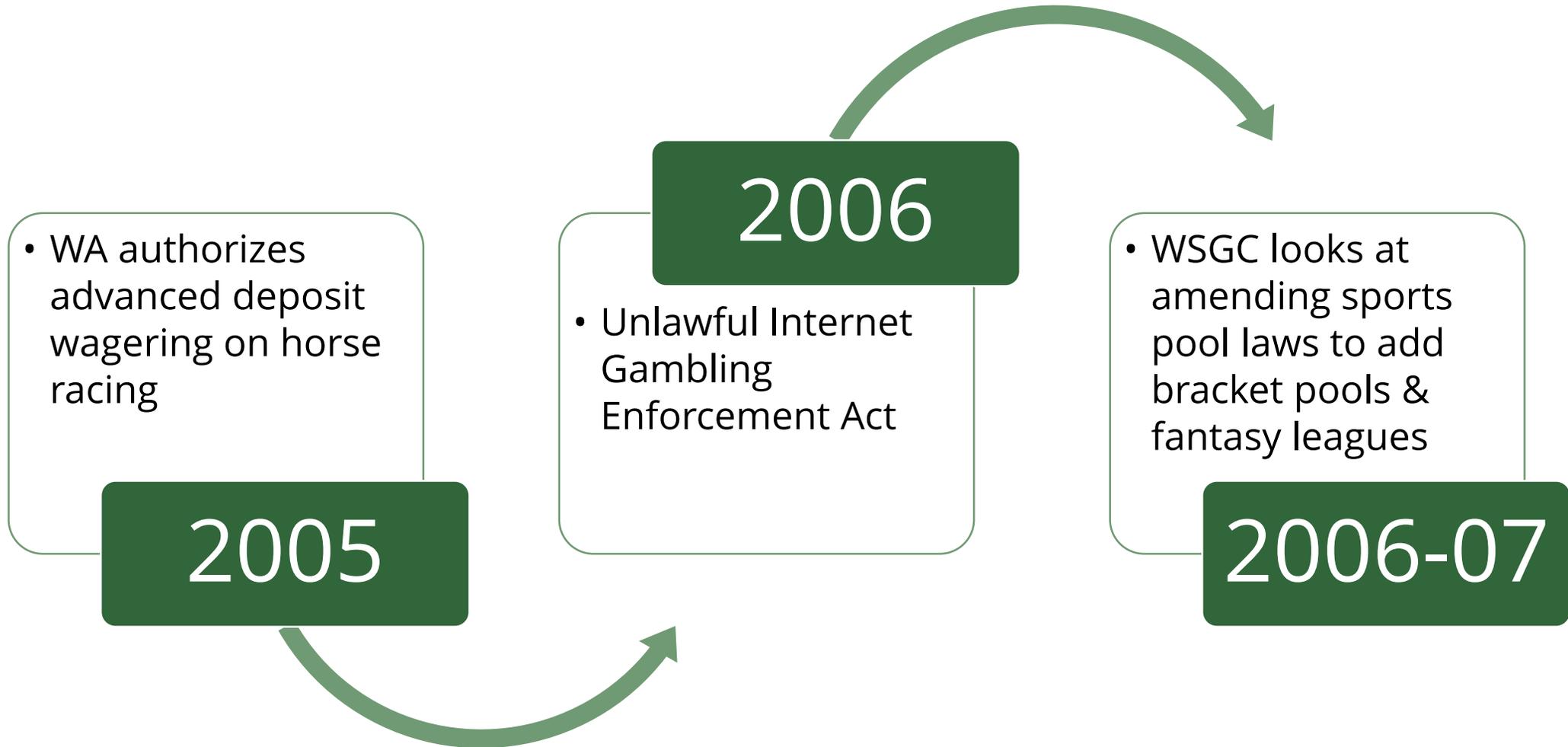
Sports Gambling History



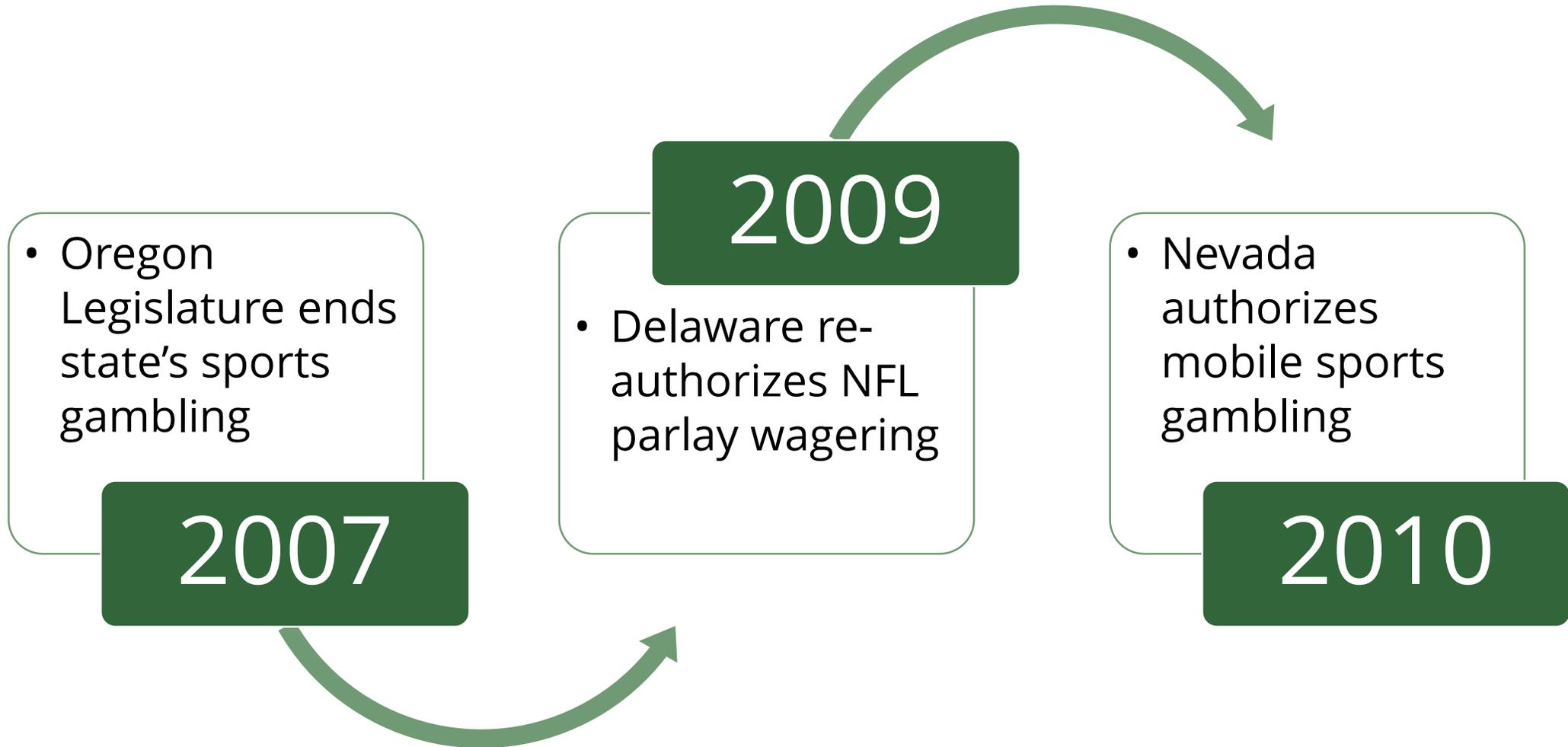
Sports Gambling History



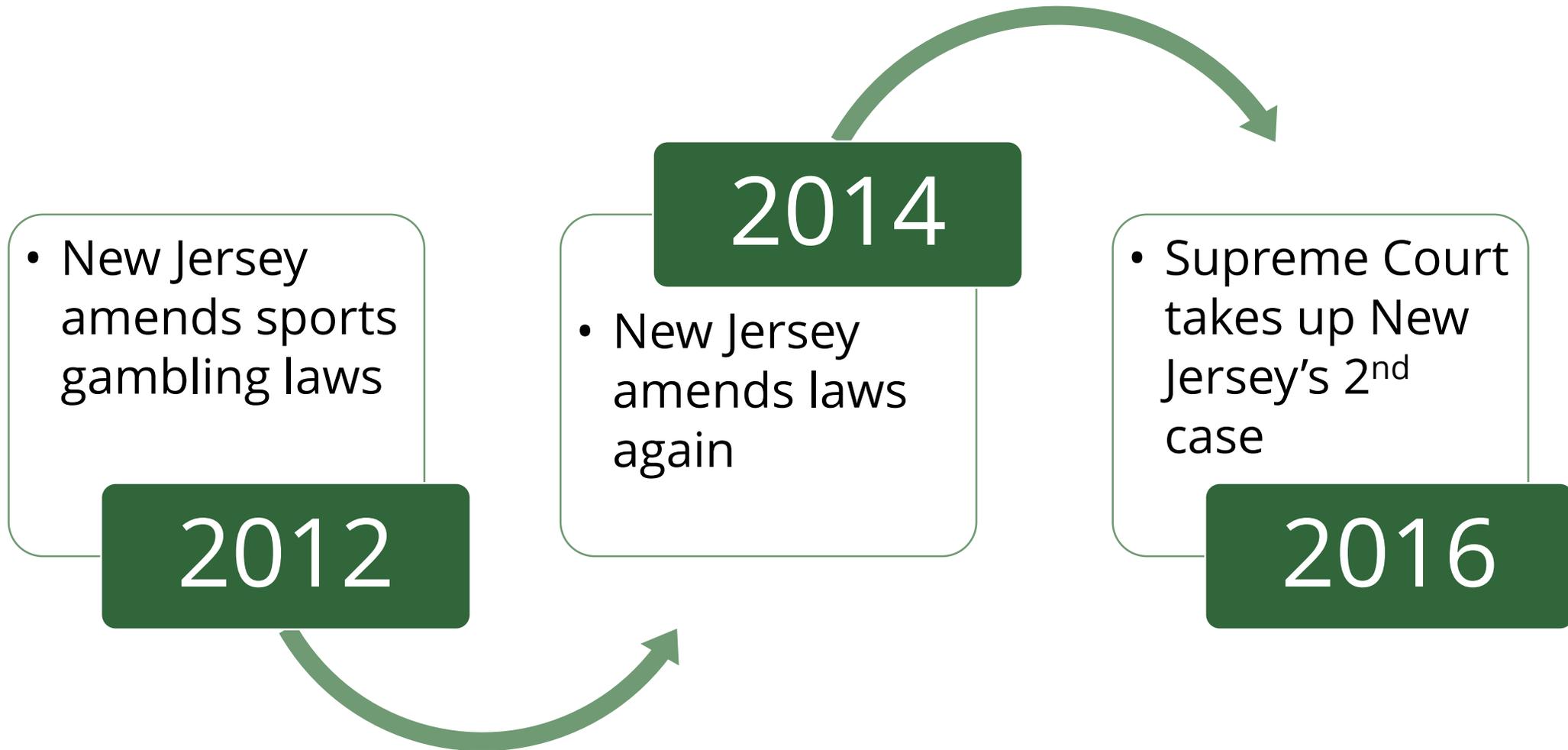
Sports Gambling History



Sports Gambling History



Sports Gambling History



Sports Gambling History

2018

**PASPA held
unconstitutional**

PASPA Ruling

Christie v. NCAA, et al. & NJ Thoroughbred Horsemen's Assoc. v. NCAA, et al.

Federal Law: Precluded states and tribes from authorizing, offering or conducting sports wagering and prohibited anyone from operating a sports gambling business under state or tribal law, unless the state was grandfathered in 1992

Supreme Court: May 2018 -- PASPA is unconstitutional because the Tenth Amendment prevents federal govt from requiring states to enforce federal laws or policies. Congress can pass a federal law prohibiting or regulating sports betting, but can't direct states to enforce the law

Effect: States may authorize or continue to prohibit sports gambling.

Illegal Gambling Business Act

Federal crime to violate state gambling laws in interstate commerce if the activity involves 5 or more people who conduct, operate, finance, manage, supervise or own the business and the business is used in continuous operation for 30 days or has \$2,000 or more in revenue in a single day

Used during Black Friday operation

Unlawful Internet Gambling Enforcement Act

Assists states by making it a federal crime to violate state law and run an illegal gambling business in interstate commerce

Identifies operators and financial institutions to prohibit accepting credit, electronic fund transfers, checks or any other payment involving a financial institution to settle unlawful internet gambling debts

Wire Act

- Applies to sports gambling
- Ensures sports gambling is a state-by-state activity
- All sports gambling operations must be intrastate; prohibits all interstate and foreign communications and transactions
- Not subordinate to state law; does not require a predicate state law offense
- A bet is an agreement subject to the laws of each jurisdiction in which the bettor is located, the bet is offered, and the bet is accepted and recorded.

Washington State Law

Laws currently on the books (applicable to sports betting)

- **Constitution: Article 2, Section 24** – 60% vote for new activities
- **RCW 67.04.010** – Penalty for bribery in relations to baseball game
- **RCW 67.04.020** – Penalty for accepting a bribe
- **RCW 67.04.050** – Corrupt baseball playing
- **RCW 67.24** – Fraud in a sporting contest
- **Gambling Act**
 - RCW 9.46.0335 – Sports pools authorized
 - RCW 9.46.220 - .225 – Professional gambling statutes
 - RCW 9.46.240 – Prohibition on transmitting or receiving gambling information via Internet and other electronic means

Horse Racing

Advance-Deposit Wagering

6 operators licensed by WHRC

Player funds acct & bets in-person, by phone or Internet using wire transfer

In-state & out-of-state races



Horse Racing

Off-track Pari-mutuel betting

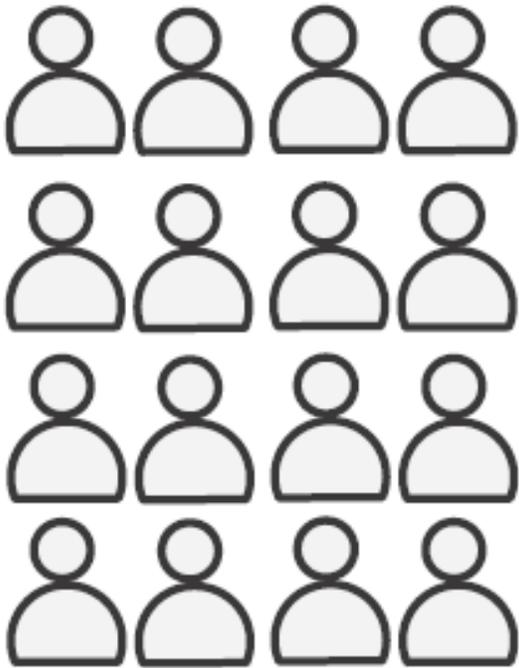
One location per county

13 locations – tribal casinos & commercial card rooms

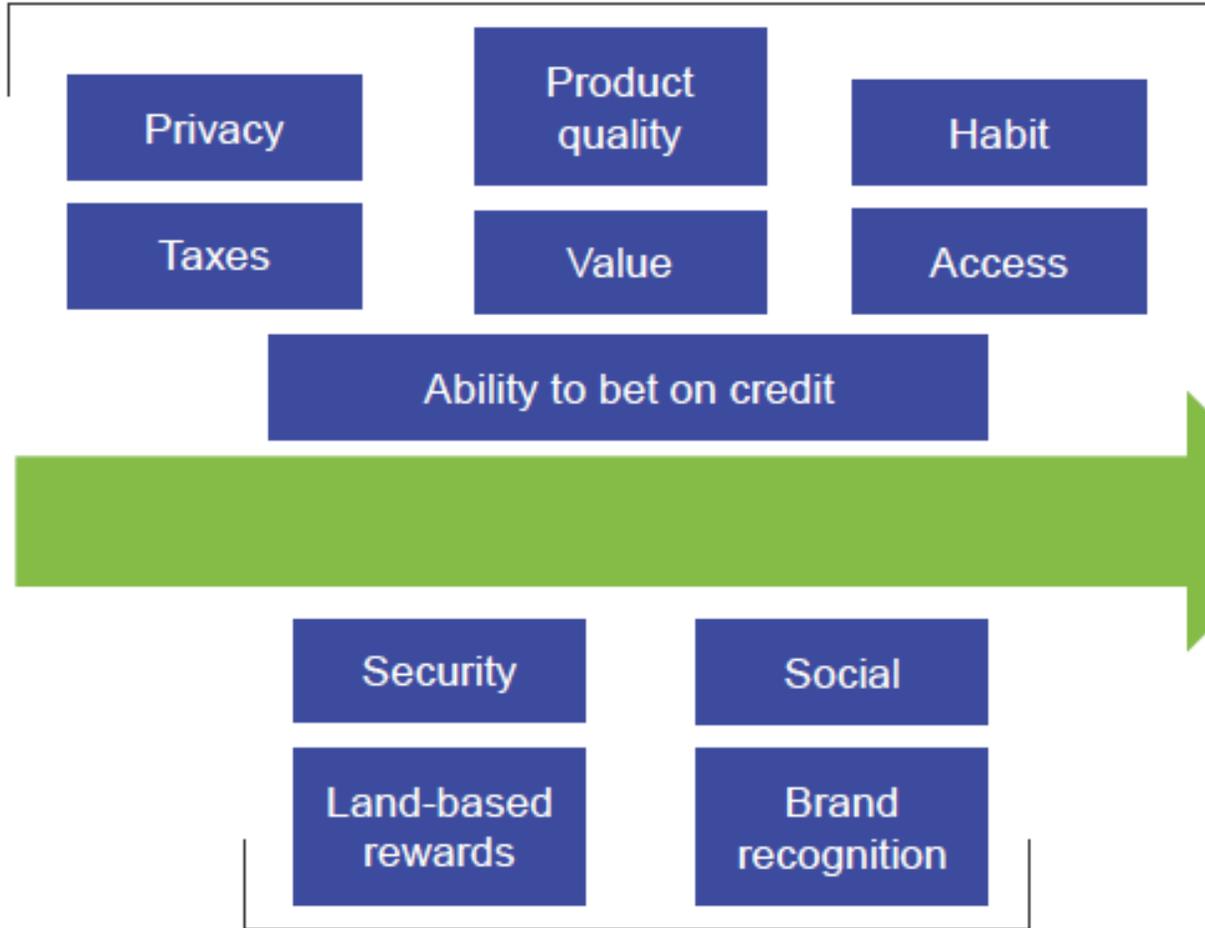
Simulcasts for in-state & out-of-state races



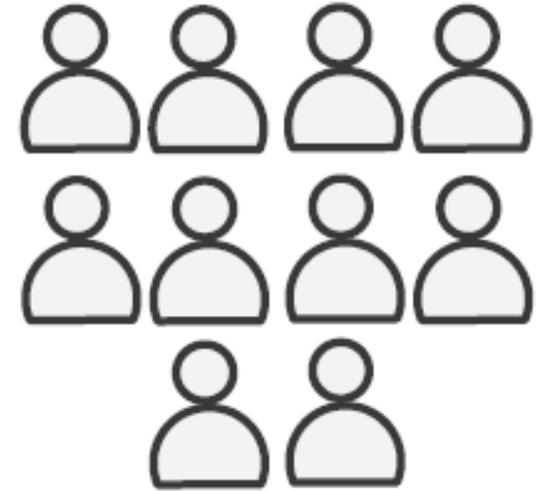
COMPETITIVE ADVANTAGES OF BLACK MARKET PRODUCT



CURRENT BLACK MARKET CUSTOMER BASE



COMPETITIVE ADVANTAGES OF REGULATED PRODUCT



BLACK MARKET CUSTOMER BASE THAT TRANSITIONS TO REGULATED MARKET

Source: Eilers & Krejcik Gaming, LLC

Operating States

STATE	REGULATORY AGENCY	TAXES	AUTHORIZED METHODS
Delaware	State Lottery	Net revenues to be divided: Vendor: 12.5%; 50% of remainder to State, 40% to casinos, 10% to horse racing purses	Land-based (operating)
Nevada	Gaming Control Board	6.75% of gross revenues	Land-based (operating) Mobile (operating)
New Jersey	Gaming Control Board	Land based: 8.5% of gross revenues Online: 13% of gross revenues 1.25% local tax	Land-based (operating) Mobile (authorized)

State Revenues

STATE	REVENUE	TAXES COLLECTED	OPERATORS
Delaware	June 5 - 24: \$1 million net revenue June 25 – July 29: \$520,000 net revenue	June 5 - 24: \$437,609 to the state June 25 – July 29: \$230k to the state	3 locations
Nevada	2017: \$248.8 million gross revenue June 2018: \$20.1 million gross revenue	2017: \$16.7 million to the state June 2018: \$1.35 million to the state	189 locations
New Jersey	First 17 Days: \$3.4 million gross revenue	First 17 Days: \$289,000 to the state	6 locations DraftKings offering mobile/Internet wagering

Near-Operating States

STATE	REGULATORY AGENCY	TAXES	STATUS
Mississippi	Gaming Commission	12% of gross revenues	2 MGM casinos set to open William Hill to open 11 books by end of August
Oregon	State Lottery	Undetermined	Lottery has authority to offer sports gambling; no new laws needed
Pennsylvania	Gaming Control Board	\$10 million licensing fee 36% of gross revenues	12 licensed facilities authorized Parx (Philadelphia) announced partnership with London-based GAN
Rhode Island	State Lottery	Net revenues to be divided: State: 51%; Vendor: 32%; Casino: 17%	2 casinos with books operated by state lottery to open by October 1 Will be run by William Hill and IGT
West Virginia	State Lottery	10% of gross revenues	5 casinos authorized to operate William Hill and FanDuel have announced partnerships

Oregon At-a-Glance

- Grandfathered under PASPA
- Lottery has regulatory jurisdiction over the state's sports betting and has broad authority, as regulation is within the State's Constitution. No new laws are required
- Lottery has authority to offer sports gambling
- Looking at full range of sports gambling products under its current retail system and through an internet/mobile platform
- Nothing imminent

Washington State Outlook

MODEL	PROJECTED REVENUE*
Land-based only with strict licensing and locations	\$163,447,968
Land-based only with off-track betting locations and small operators	\$181,436,452
Land-based with restrictive online options	\$209,041,523

*Projections do not include revenue from tourism
Source: Eilers & Krejcik Gaming, LLC

Washington State Outlook

CURRENT TAX CODE

All local except for B&O tax on games of chance

Gambling Act: Local jurisdictions set gambling tax

Punchboards/Pull-tabs: up to 5% gross receipts or 10% net receipts

Card Rooms: up to 20% gross receipts

B&O Rate

Games of chance: 1.62% gross receipts

*Projections do not include revenue from tourism
Source: Eilers & Krejcik Gaming, LLC

Stakeholders

Legislature

Tribes

Operators

Lottery

**Horse
Racing**

**Sports
Leagues**

**Behavioral
Health**

Media

**Data
Companies**

Sports Leagues

Integrity Fees

- Based on handle
- 1% initially; recently 0.25% in NY
- Goes to leagues; comes out of state revenue
- Leagues: will go toward increased integrity protection costs
- Now being promoted as fair payment for intellectual property

Data

- Possibly more important issue for leagues
- Data for sportsbooks is currently competitively priced
- Leagues want books to buy data directly from them
- If leagues are only source of data, they control prices

MGM-NBA Deal

- Non-exclusive; 3 years; \$25 million
- Compensates league for intellectual property and data
- Allows MGM to use league and team logos
- Deal struck without legislative intervention

Tribes

- Sports pool/board law incorporated in tribal compacts
- Incorporated as Class III activity
- Change to state law could necessitate changes to all compacts
- Work closely with Tribal Gaming Agencies setting up new regulatory structures
- Nationwide discussion: Compatibility between IGRA and mobile/internet sports gambling

Operators

- Product expertise or ability to partner with a larger operator
- Customer volume – database size
- Resources – can assume the risk of operating a book
- Current licensee or will need to be licensed
- Political support – state/local government approval

Regulatory Considerations

State Regulator

- WSGC
- Lottery
- Horse Racing

Operators

- Tribal/commercial casinos/horse tracks
- Small retailers
- Online retailers

Betting Method

- Land-based
- Mobile
- Internet

Gambling Events

- Standard sports
- Local college games
- Player credit



Questions?

Brian Considine, Legal & Legislative
Manager
Legal and Records Unit

