

Campaign for Fairer Gambling 2.28.24 Senate.pdf

Uploaded by: Brianne Doura-Schawohl

Position: FAV



**Statement of Brianne Doura-Schawohl
Campaign for Fairer Gambling**

Senate Committee on Budget and Taxation

February 28, 2024

Chair Guzzone and Members of the Committee:

I am honored to be here today on behalf of the Campaign for Fairer Gambling. The Campaign aims to advance a politically bipartisan and scientifically evidence-based practice to enhance consumer protections across the gambling sector. We strive to raise awareness of gambling related harm ultimately doing all that we can to prevent and reduce it. According to the National Council on Problem Gambling there are an estimated 7 million Americans that are struggling with problem gambling nationwide and of that there are an estimated 191,015 (4% of the adult population) Maryland adults. A 2022 Maryland prevalence study highlighted that the majority (65.7%) of disordered gamblers were aged between 35 and 64 years and disordered gambling was more prevalent in Blacks/African Americans (8.2%) compared to Whites (3.1%), Asians (2.9%) and Hispanics (0.2%). Additionally, the percentage of disordered gamblers who participated in sports betting was higher compared to other forms of gambling. Since the Supreme Court struck down the Professional and Amateur Sports Protection Act 2018 and states across the country have legalized sports gambling, problem gambling indicators among players have been on the rise. NCPG's National Surveys on Gambling Attitudes and Gambling Experience (NGAGE) revealed troubling trends between 2018 to 2021. For instance, the percentage of gamblers who answer "many times" when asked if they relied on others to pay their debts in the last year tripled between 2018 and 2021 (2% to 6%), and those answering "many times" when asked if they had lied to hide their gambling in the last year doubled in the same time period (3% to 6%). The survey also found that sports bettors tend to be of a younger and more impressionable demographic than other bettors and show more likelihood (2-3x the rate) of engaging in problematic play than the average bettor.

To put a further point on the matter, in 2023, NCPG's National Gambling Helpline received 6,045 calls, texts, and chats from Marylanders. We also know from research that anytime a new form of gambling is introduced within a jurisdiction the number of problems will also increase. Headlines continue to run rampant across the nation (almost weekly) highlighting the ever-increasing number of calls for help and policymakers asking for increased funding or regulatory

infrastructure to address problem gambling. While these numbers are indeed troubling, there are steps that can be taken to ultimately minimize and reduce the harm that already exists within the state and will continue to occur due to expanded gambling.

With the proliferation of sports betting it is not uncommon to see regulations ask that licensees provide problem gambling helplines on all advertisements, provide terms and conditions for promotions, and not be misleading in nature. However, with very few exceptions regulators are simply unable to monitor and enforce the sheer amounts of advertising that have been deployed within a market. According to the American Gaming Association's annual report sports betting achieved a record \$10.92 billion in revenue for 2023. This is a 44.5% year-over-year increase. Handle reached an astounding \$119.84 billion (a 27.8% year-over-year increase). Some of this has to do with new states offering legalized sports betting, much of this is, however, a result of the whopping estimated \$2 billion spent in marketing from the industry. That's an estimated 8% increase.

There have been several studies that have looked for answers as to why there is an increase in problem gambling rates within the sports betting demographic. Some studies attribute this to the younger average age of sports bettors. Other studies suggest that rates are higher because among sports bettors there are more men than women participants. Other studies speak about the fact that sports bettors are subject to 'more frequent impacts from gambling advertising and more aggressive promotions. You've seen within the international sector a response to these very concerns. Spain, Italy, Canada, and the UK have all made strides in banning sports betting ads on sports jerseys for example and even gone as far as to ban celebrities from endorsing the products. While saturation of advertising is a concern, the content of the ads is also just as important.

A once popular advertising slogan 'risk-free bets' has prompted several class action lawsuits. Recently, a lawsuit was filed in Massachusetts "over a signing bonus that was offered to new customers, which the lawsuit says had some misleading terms. The \$1,000 bonus at the heart of the lawsuit, filed in Middlesex Superior Court by the Public Health Advocacy Institute at Northeastern University, had fine print that revealed it would only be paid out if customers made an initial deposit of \$5,000 and gambled \$25,000 within 90 days on bets with odds of -300 or longer."

With already worrisome trends relating to the prevalence of problem gambling, evidence suggesting that sports bettors are uniquely vulnerable and struggling with problem gambling at 2-3x the rate of other gamblers, and sports bettors being inundated at disproportionate rates of advertising, it is imperative that there are checks and balances to the advertisements being pushed within our communities.

The most prudent and responsible thing that the any state can do is ensure that a neutral third party not only validates and certifies the advertisements, including but not limited to influencers and other marketing agencies. This ensures that there is sufficient transparency in the sector and prioritizes consumer welfare. While regulators in several states, Massachusetts, Ohio, Colorado, Pennsylvania, and New Jersey have banned use of the phrase "risk free" in connection with promotional sports betting advertisements, more must be done.

All those that profit from sports betting bear the responsibility to pay for the harm. This includes doing everything in their power to prevent harm from ever happening. Ensuring that advertisements that very much sit at the heart of this industry are not targeting vulnerable populations or youth and are fair and not misleading is a part of that obligation.

Thank you for the opportunity to submit our testimony to the record. I would be happy to answer any and all questions that you may have.

Sincerely,

Brianne Doura-Schawohl

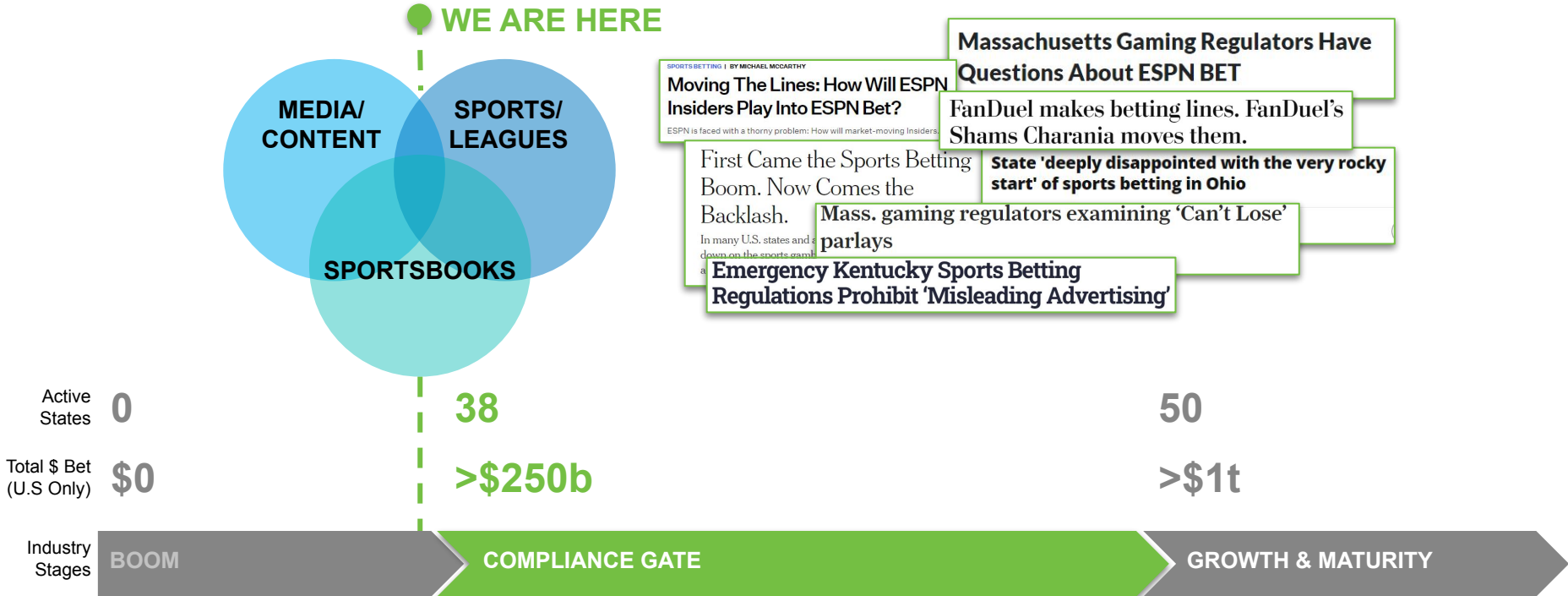
Examples.pdf

Uploaded by: Chris Adams

Position: FAV

CURRENT U.S. ENVIRONMENT

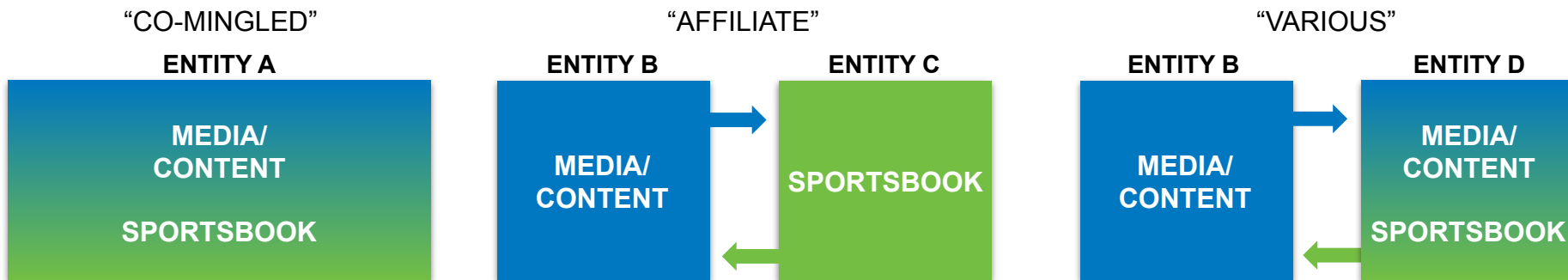
Merging of massive industries create too many unchecked conflicts of interest, blind spots, fragmented standards, and unanswerable questions for industry stakeholders.



COVERAGE AREAS

Leveraging an experienced third party to validate and create transparency in the gray areas created through merging of industries, has positive long reaching effects.

SCENARIOS



COVERED “PERSONS”

“Sharps”: individuals or platforms who are financially incentivized to bring audience or engagement to a sportsbook through multiple channels by creating content. This could include but limited to, in-house content, affiliate (CPA or revenue sharing) content, social media influencers, media personalities, etc. This could also include those selling picks/predictions or actual handicappers that have relationships with sportsbooks.

“Insiders”: Individuals or platforms that have access to information that would affect betting markets. This could include but not limited to, trades, injuries, gameplans, etc.

“Traders” or **“Trading Floor”**: Individuals or platforms that set and adjust odds, offset risk, and generally oversee the oddsmaking and odds keeping functions. This could include but not limited to, in-house or outsourced trading functions.

TIMELY MARKET NEED: INSIDER INFORMATION

During the 2023 NBA Draft, public outcry erupted after a media member associated with a Sportsbook influenced a betting market & the subsequent outcomes.

9AM DRAFT ORDER ODDS

The first two picks were labeled as nearly “sure things”.

1	Victor Wembanyama	-3000
2	Brandon Miller	-650
2	Scout Henderson	+200


12:28PM INFLUENCE/MANIPULATION

Public consumed “inside information” that Scoot will likely be selected second from a source inherently tied to a sportsbook.



Shams Charania  [@ShamsCharania](#) · [Follow](#)

Sources: Scoot Henderson is gaining serious momentum at No. 2 with the Charlotte Hornets in tonight's NBA draft. Hornets have been torn over the last week between Henderson and Brandon Miller. Team has final meetings today to settle on decision.

 Last edited 12:28 PM · Jun 22, 2023 

Followers: **2.1M**

Employer(s):

 **FANDUEL**
The Athletic

12:30PM ODDS FLIPPED

Sportsbooks made Scoot nearly a “sure thing” to go second.

1	Victor Wembanyama	-3000
2	Scout Henderson	-900
2	Brandon Miller	+480

TIMELY MARKET NEED: MARKET MANIPULATION

When the Eagles (**PHI**) hosted the Titans (**TEN**) in the 2022 NFL season, betting behavior of **Sharps/** Influencers employed by a sportsbook was flagged as suspicious, uncovering coordinated market manipulation.

TUESDAY

Dollars flood in on **PHI**
Heavy risk exposure to sportsbook if **PHI** covers the spread.

WEDNESDAY

Sharp A flags for suspicious activity in monitoring system by picking **TEN +6**;
Upon review other Sharps (**Sharp B & Sharp C**) also pick **TEN +6**.

THURSDAY

“Bet with...” and “Mortal Lock”/“Free Money”/“Guaranteed” used in promotions from **Sharps A, B, C** to bet on **TEN +6**.

FRIDAY

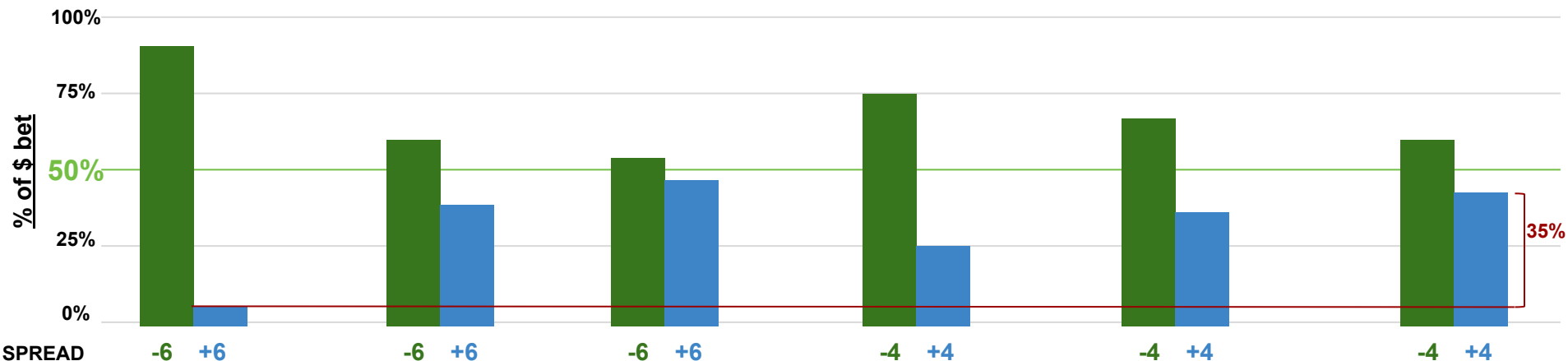
With the increase in dollars bet on **TEN +6**, the spread moves because **PHI -4** is advantageous to consumers.

SATURDAY

The rest of the Sportsbook’s **Sharps** promote **TEN +4** with similar “guarantee”, “bet with me” and special dollar matching/boosting.

SUNDAY

PHI covers, Sportsbook covers **35%** of their risk from the start of the week through the use of employed **Sharps**.



Written Testimony SB1066.pdf

Uploaded by: Chris Adams

Position: FAV

Gaming - Sports Wagering – Independent Evaluation of Sports Wagering Content – Required

Over a quarter of a trillion dollars has been bet on sports in North America. For context that's bigger than the GDP of Greece.

Last year, I wrote and spoke about structural problems that the sports betting industry faces. How those identical structural problems that existed in financial institutions were forced to be fixed because of the massive failures and catastrophic damage to investor confidence. And how private sector solutions could solve this.

And now, every day, week, and month new stories from the Wall Street Journal, The Washington Post, CNBC, 60 Minutes, etc. identify the growing concern around consumer protection in regard to sports betting.

Last year, all key stakeholders publicly agreed that independent evaluation of sports betting content was needed to protect consumers and ensure the stability of the industry. However, healthy questions were raised. The following concerns were the most common:

1. **Sports books contended they, “don’t operate their sportsbooks that way”**: that’s not the point. The point is there is no framework currently that lets anyone know for certain this is true, no guardrails to validate that statement. Policy is often written to ensure the good actors aren’t naturally enticed to become bad actors because the rules of play allow that to happen “Just trust me” is not adequate when we are dealing with an industry that has the potential to be harmful to the consumer if not carefully regulated.
2. **Time or bandwidth concerns**: the tech-enabled process/audit is almost entirely hands off. An Independent Evaluator’s job should be to simplify this process so it can be Implemented, then, reports similarly to financial audits or insider trading monitoring, can be easily and regularly reviewed by regulators and responsible operators.
3. **“This is a monopoly for one company”**: Creating a marketplace is the exact opposite of a monopoly, in definition and in practice. Any person or company can choose to meet that create and apply for that license if they wanted to. Further, most solutions for compliance and regulation in sports betting (and many other industries I’d venture to guess!) started this way. Geofencing started with Geo-comply, and match fixing oversight started with US Integrity. Creating the market for independent evaluation will create competition as it did with the previous examples. Sportsbooks have no natural motivation to enact optional oversight, it takes a requirement. The big 4 audit firms will likely and unfortunately, be my competition in no time once these oversight requirements come into effect.
4. **“Sports betting is a low margin business, this additional cost is too much”**: I can only speak for our company’s business model, but it is priced based on scope and in many instances accounts for no more than .1%-.5% of gaming revenue for the sportsbook.
5. **“Gambling is a risky behavior; we can’t protect people from themselves”**: Not going to argue this one. However, this standard works after all necessary and appropriate guardrails have been instituted. If I choose to eat unhealthily, not wear a seatbelt, eat at a restaurant with a poor health grade on the window, invest in a risky stock, smoke, etc. That burden now falls on the consumer because there has been extensive use of third parties to arm the consumer with information and hold the producer to the highest possible standards. We are not there yet with gaming.

SB1066/HB1291

Chief Justice Louis Brandeis once said, “sunlight is the greatest disinfectant” and that is the decision right in front of us. I believe in this state to be a leader in consumer protection, fraud prevention, and integrity.

I strongly support passage of this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Adams". The signature is fluid and cursive, with a large loop at the end of the last name.

Chris Adams
SharpRank, CEO

Support_Letter_Template_(2).docx (1).pdf

Uploaded by: Craig Williams

Position: FAV

SB 1066/HB1291

Gaming - Sports Wagering – Independent Evaluation of Sports Wagering Content – Required

Requiring, rather than authorizing, certain sports wagering licensees and sports wagering operators that advertise in the State to contract with certain independent evaluators to evaluate and rate the sports wagering licensee's sports wagering content, sports wagering experts, sports wagering influencers, and content partners.

SUPPORT

My name is Craig Williams and I am writing to the committee in strong support of the passage of the independent evaluator bill. Currently, I serve as the Director for Crab Sports and I have actively been following this type of consumer protection legislation and regulation.

While there is still much work to be done relative to the treatment of addiction and other negative effects, this bill sets appropriate guardrails on the front end of the process. Protecting the consumer is not limited to treating an addiction, it should ensure sports betting markets are free of market manipulation and bad actors – no different than testing for “loaded” dice or rigged slot machines.

We view this type of legislation as a positive for the industry and so have other states, who are in process of following Maryland’s lead. Every week there are more news stories about the problems existing in advertising or content used as advertising. This is proper oversight into an area that needs it. From our perspective this is a necessity to ensure the market can grow responsibly.

We strongly urge passage of this bill. Thank you for your time and consideration.

Sincerely,

Craig Williams

Craig Williams
Director

2/15/2024

2024 02 21 - Maryland Letter on Monitoring Bill.pdf

Uploaded by: Edward Martin

Position: FAV



February 23, 2024

Senate Budget and Tax Committee
House Ways and Means Committee
Maryland General Assembly
Maryland State House
Annapolis, Maryland

RE: **SB 1066/HB1291**

Dear Members:

Please allow me to comment on the monitoring requirements for sports betting licensees presented in this legislation. This legislation is a step in the right direction.

The explosive growth of sports betting requires that States review the adequacy of existing laws and policies to ensure that consumer protections are in place as well as effective safeguards to ensure that advertising or other forms of marketing do not prey upon those vulnerable to addictive problem gambling.

Most sports betting regulatory agencies are required to review associated advertising as a safeguard against campaigns making inaccurate claims or using language that can prey upon those vulnerable. But that protection is incomplete in today's evolving marketplace where there has been a trend by some operators to enter into sports programming as a way to "advertise" opportunities to bet. This proposal would require that be monitored as well.

There is another reason why the monitoring is beneficial. Consumers should be able to rely upon the accuracy of information being disseminated by licensees. While everyone can have an opinion about what they think might happen in an upcoming event, we have seen examples where someone's widely disseminated "opinion" was not reflective of how they personally wagered, raising concerns that they were "touting" a particular outcome to manipulate more people to wager on a team they believed would lose. This market manipulation can limit the financial exposure of a licensee if they can convince the public to make losing wagers.

This is another reason why monitoring is needed. If we can be of any help in assisting your review of sports betting regulation, please do not hesitate to contact me.

Respectfully,

A handwritten signature in black ink, appearing to read "Edward J. Martin", written in a cursive style.

Edward J. Martin, President

Support Letter_Clearview Group_RStovall.pdf

Uploaded by: Rob Stovall

Position: FAV



SB 1066/HB1291

Gaming - Sports Wagering – Independent Evaluation of Sports Wagering Content – Required

Requiring, rather than authorizing, certain sports wagering licensees and sports wagering operators that advertise in the State to contract with certain independent evaluators to evaluate and rate the sports wagering licensee's sports wagering content, sports wagering experts, sports wagering influencers, and content partners.

SUPPORT

My name is Rob Stovall and I am writing to the committee in strong support of the passage of the independent evaluator bill. Currently, I serve as the Chief Operating Officer for Clearview Group and we have actively been following this type of auditing legislation and regulations because it falls within the scope of our services.

Clearview Group is engaged in providing audit services, consultancy, and independent evaluations. We view this legislation as an opportunity to engage in a more competitive marketplace and expand our prospects for future engagements. Additionally, it's an opportunity for us to enhance our capacity for diversification in our service offerings.

We support the passage of this bill. Thank you for your time and consideration.

Clearview Group is a Maryland based full-service management consulting and CPA firm covering all aspects of audit, compliance, risk management, accounting, finance, tax, IT risk, and more.

Sincerely,

A handwritten signature in cursive script that reads "Rob Stovall".

Rob Stovall
Chief Operating Officer
Clearview Group, LLC

SB1066_Zucker_FAV.pdf

Uploaded by: Senator Craig Zucker

Position: FAV

CRAIG J. ZUCKER
Legislative District 14
Montgomery County

Budget and Taxation Committee
Chair, Capital Budget Subcommittee

Chair, Senate Democratic Caucus



James Senate Office Building
11 Bladen Street, Room 122
Annapolis, Maryland 21401
410-841-3625 · 301-858-3625
800-492-7122 Ext. 3625
Fax 410-841-3618 · 301-858-3618
Craig.Zucker@senate.state.md.us

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony of Senator Craig J. Zucker
Senate Bill 1066 – Sports Wagering – Independent Evaluation of Sports Wagering
Content – Required
Budget & Taxation Committee
February 28th, 2024
1:00PM
Position: Favorable

Good afternoon, Chair Guzzone, Vice Chair Rosapepe, and distinguished members of the committee. It is my pleasure to testify today in support of **Senate Bill 1066 – Sports Wagering – Independent Evaluation of Sports Wagering Content**.

With the growth of sports wagering around the country, independent, unlicensed/unpartnered sporters wagering “experts” and “influencers” have been advertising to consumers on sporting event outcomes. These outcomes include parlays, potential money lines, spreads, totals, futures, and various other outcomes without any regulations.

Senate Bill 1066 is a consumer protection bill that will **require** a sports wagering licensee or sports wagering operator that advertises in the State to contract with a licensed independent evaluator to evaluate and rate the sports wagering licensee’s sports wagering content, experts, influencers, and content partners.

This bill builds off legislation passed during the 2023 legislative session which authorized the Maryland Lottery and Gaming Control Commission to identify and license independent evaluators to evaluate and rate sports wagering content.

Senate Bill 1066 will help protect consumers from deceptive marketing and advertising around sports wagering. For these reasons, **I urge a favorable report on Senate Bill 1066**. Thank you for your kind consideration.

SB1066.pdf

Uploaded by: Jenna McGreevy

Position: UNF



Senate Budget and Taxation Committee

Testimony in Opposition to SB 1066

February 28, 2024

The Sports Betting Alliance (“SBA”) represents four of the premier online gaming operators in the country: BetMGM, DraftKings, Fanatics Betting & Gaming, and FanDuel. All four of our members are proudly operating in Maryland’s highly successful online sports betting market, which generated \$44 million in tax revenue for the state in 2023. We submit this testimony in opposition to SB 1066.

SBA is opposed to this bill for reasons that are both practical and rooted in public policy. From a practical standpoint, legislation passed during last year’s session on this exact topic has not yet been put into practice while we await the promulgation of final regulations and compliance guidance. As such, we believe it is premature for the legislature to pursue a more aggressive framework that will benefit a single company that wishes to apply as an accredited independent evaluator.

From a policy standpoint, the bill purports to provide a check on potentially misleading or false claims made by gaming content creators that could hurt consumers. However, there are several reasons why this bill fails to address that dynamic.

First, all sports wagering licensees’ products and services, including advertisements, are already subject to significant regulation by the Maryland Lottery and Gaming Control Agency (MLGCA). Licensees are prohibited from engaging in false or deceptive advertising and any advertising content disseminated in Maryland is subject to regulatory oversight. Moreover, licensed, legal operators already have significant incentives to avoid partnering with any

affiliates that “guarantee” picks or mislead consumers: such conduct is likely to lose customers and expose operators to potential fines or license revocation/suspension for misleading claims.

Second, this legislation does nothing to protect consumers from content created by sports wagering media who are either (1) not partnered with sports wagering operators, or (2) promoting wagering opportunities in the illegal market. These independent, bad actors pose the highest risk for consumers because there are no checks on their claims, and this bill does not capture this activity because it instead seeks to add additional regulation on legal, mobile operators who are already subject to myriad oversight by MLCGA.

Finally, this type of requirement has not been legislated or regulated in any other jurisdiction in the U.S., which means Maryland would be the first state in the country to enact this type of requirement via legislation or regulation, based solely on guidance from the single company that stands to be the single financial beneficiary. This single company has stated that it is akin to Carfax or Moody’s, though, critically, the difference is that no one is required to use Carfax or Moody’s; these are optional services for people voluntarily seeking additional information to inform their independent decision-making process.

SB 1066 is inconsistent with best practices established in Maryland’s existing gaming industry and those around the country and we respectfully ask the committee to vote no on this bill.