

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.

Chris Adams
SharpRank, CEO