**Testimony of Jake Williams, on behalf of the iDevelopment and Economic Association (iDEA)**

Mr. Chairman, and distinguished members of the Committee, thank you for inviting me to present testimony on this important subject. My name is Jake Williams and I am Vice President of Legal and Regulatory Affairs for Sportradar.

I am presenting today on behalf of iDEA Growth, an association which seeks to grow jobs and expand the online interactive gaming business in the United States. The organization represents all sectors of the growing industry of internet gaming, sports betting and entertainment, including operations, development, technology, marketing, payment processing, and law. iDEA Growth’s members share the goal of expanding American consumers’ access to secure and regulated online gaming.

We are pleased that Illinois is taking a serious look at licensing and regulating sports betting. As has been evidenced in other U.S. jurisdictions, when done correctly, a regulated sports betting market creates a safe alternative for consumers and can drive a significant amount of revenue for the state.

New Jersey has been a model for how U.S. sports betting markets should evolve. It has been a prime example of successful implementation sports betting (as well as other forms of internet gaming) which is bringing millions of dollars every month to the local economy with no evidence of an increase in fraud or the other societal dangers.

Since sports betting launched in New Jersey last summer $2,251,237,623.00 has been wagered on sports in the state and $157,369,802.00 in revenue has been derived for the operators. There is every reason to believe that Illinois -- given its population, geography and demographics – will generate even greater economic impact.

The key to New Jersey’s early sports betting success has been giving consumers access to mobile and internet-based options. A sports bettor in New Jersey can choose from more than a dozen mobile apps to remotely register an account, deposit money, place a bet and collect their winnings. Today, nearly 80 percent of all sports wagers in New Jersey come from consumers using the internet or a mobile device. Just last month a total of $372,451,342.00 was wagered on sports with nearly $300 million of that coming from mobile devices.

The good news is that consumers’ demand for mobile sports betting has not negatively impacted brick and mortar gaming operations. In fact, it has done quite the opposite. New Jersey casinos are experiencing growth at their land-based businesses and much of that growth has been credited to their ability to attract new customers through online channels. Even with the explosion of online gaming and sports betting in New Jersey, last month, overall casino revenues grew 34.5 percent compared to March of 2018.

It is clear that mobile sports betting can produce significant economic benefits but it also provides a very high level of consumer safeguards through the use of digital technology. There is little doubt that Illinois can effectively regulate mobile sports betting in a way that thoroughly protects consumers.

Rationally regulated online sports betting provides significant safeguards for consumers through real-time tracking and age monitoring tools; stringent auditing and constant monitoring track and prevent online fraudulent activity.

**Know Your Customer (KYC)**

To protect the integrity and safety of mobile sports betting, it is necessary for players to adequately identify themselves during the registration process. In order to be certain of the player identities, New Jersey regulations require the most rigorous KYC protocols of any iGaming jurisdiction. These identification requirements are essential measures intended to prevent underage gambling, fraud, and money laundering.

During the registration process, players must enter their first and last name, date of birth, gender, social security number, valid New Jersey street address, phone number, and a security question, and declare that they are over 21 years of age. This information, once entered, will constrain anyone else from using their account and ensure that the player does not hold a New Jersey casino key license or is otherwise prohibited from wagering in New Jersey.

Anyone who fails to provide this information is unable to establish an account and therefore is prevented from playing online. These rigorous KYC requirements discourage underage players and make it extremely difficult for cheaters to establish fraudulent accounts or for anyone to launder the proceeds of a criminal enterprise through a New Jersey iGaming or sports betting site.

Generally, it is actually far easier to verify a player’s age, monitor their spend, and identify problem gamblers online than it is in person. States with legal online gaming also utilize digital algorithms in compliance with U.S. banking laws in order to monitor and enforce daily spending limits to address problem gambling.

**Problem Gambling**

[Cambridge Health Alliance’s Division on Addiction](http://www.ncrg.org/sites/default/files/uploads/docs/white_papers/ncrg_wp_internetgambling_final.pdf) at Harvard Medical School analyzed a large sample of Internet players extracted from the database of bwin, one of the largest international online poker operators, and found that the incidence of problem gambling behavior on the internet is consistent with worldwide prevalence rates for other forms of gambling. These findings indicate that problem gambling is primarily a function of the human psyche rather than increased access to gaming.

Other research also shows that increased availability has not led to increased rates of problem gambling. The brick-and-mortar gaming industry has undergone a tremendous expansion over the past 30 years. Prior to 1978, when gambling was legalized in New Jersey, Nevada was the only state in the union where gambling was legal. Today a total of 40 U.S. states offer casino-style gambling in some form, hosting a total of over 1,300 commercial, racetrack, and tribal casinos and cardrooms.

Despite this explosive growth, research for [the Ontario Problem Gambling Research Centre and the Ontario Ministry of Health & Long Term Care](http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.1030.392&rep=rep1&type=pdf) shows that the rate of problem gambling prevalence has remained around 1% to 3% in the U.S. over time.

In an effort to control problem gambling, the New Jersey iGaming and sports betting regulatory regime incorporates a number of responsible gaming features designed to limit losses and to reduce the adverse impacts of problem gambling behavior:

* The regulations require each Internet gaming permit holder to pay $250,000 annually for state programs combatting problem gambling.
* Systems are in place that must contain logic to identify and report potential problem gamblers to the licensee, and all licensees are required to maintain records of all actions taken regarding those patrons identified as potential problem gamblers.
* All of the iGaming operating sites allow players to set deposit limits, loss limits, and time limits on their Internet gambling sessions.
* iGaming customers can also set a minimum 72-hour “cooling off period” to prevent chasing losses and those who have acknowledged a gambling problem can easily self-exclude themselves from gambling online for a period of one to five years.
* A mandatory player protection feature is also triggered once a player’s cumulative deposits exceed $2,500, after which they are required to acknowledge that they have the ability to set responsible gaming limits on their accounts and that 1-800-GAMBLER is available for assistance.
* Computerized systems provide on-demand activity statements for a minimum of 180 days of patron gaming activity, and all iGaming platform providers are required to maintain complete records of customer activity for at least ten years.

**Conclusion**

In closing, I would like to remind this committee that you are not deciding whether Illinois citizens will bet on sports – today, thousands of Illinois residents already gamble on offshore sites, or with a local bookie, and they provide absolutely no oversight or protection. However, this committee can decide whether or not to protect these consumers by giving them an alternative to bet online and also in-person with regulated operators. You are facing a tremendous opportunity to turn a black market into a regulated industry that benefits the state and its people.

As you continue to discuss and debate varying legislative proposals, iDEA Growth and its other member companies are pleased to be a resource to you and your colleagues. We can provide demonstrable objective evidence on how mobile sports betting is working in states like New Jersey and how it can be done in Illinois to ensure a competitive and robust market.

We thank you for the opportunity to provide this testimony.