

Illinois Gaming Board Urged To Allow Co-Branded Online Betting

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FanDuel, DraftKings, The Stars Group and MGM Resorts International are among companies urging the Illinois Gaming Board (IGB) to allow operators to offer online sportsbooks co-branded with local casinos and racetracks, in the latest round of a fierce lobbying fight.

The IGB opened a public consultation in late August on Illinois' new sports-wagering law in advance of publishing implementing regulations, and the regulator released [almost 350 pages of comments](#) it received in response on Friday afternoon.

The [gaming bill](#) signed into law this summer states that mobile betting should only be offered under either the same brand that Illinois' incumbent casinos and tracks operate under, or using a brand that the licensee owns at least an 80 percent interest in.

The provision was designed to restrict mobile operators such as FanDuel and DraftKings from operating in the state until expiry of an 18-month waiting period, at which point three online-only licenses would become available at a \$20m price tag for each license.

The waiting period was pushed by Chicago-based Rush Street Gaming, which argued that the daily fantasy companies [had operated in Illinois](#) in violation of state gambling laws, and should not be permitted to benefit from the customer databases they had acquired in doing so.

In a joint set of comments published Friday, the daily fantasy turned sportsbook operators said they believe co-branded online sportsbooks similar to requirements in Pennsylvania is permissible under Illinois' legislation, and asked the IGB to explicitly allow it via rulemaking.

"Regulations confirming that sports wagering operations may be co-branded, and in doing so, further clarifying the rules and standards governing permissible co-branding will help ensure the success of the Illinois sports wagering market," FanDuel and DraftKings said in a joint memo.

"Absent the adoption of this clarification, only the brands under which the casinos and racetracks choose to operate their core businesses (or a brand the owners of those businesses otherwise own) would be permitted for sports wagering, a limitation that no other state has imposed to date."

In his organization's comments, Jeff Ifrah, founder of the iDevelopment and Economic Association (iDEA), which represents online gaming companies, similarly argued that allowing co-branded platforms would be both "consistent with the act and critical to the success of sports wagering in Illinois."

"Not surprisingly, customers looking for a regulated sportsbook often seek out operators with a national profile and well-known products," Ifrah added. "When those operators partner with land-based licensees to offer mobile and online gaming ... neither the licensee nor the operator should be prohibited from leveraging the operator's good will."

Still, the argument that Illinois' law specifically permits co-branding may contradict the stated legislative intent put forth by its sponsors at the time of passage.

Speaking on the Senate floor when the bill was up for passage on June 2, state Senator Terry Link, a Democrat and the bill's sponsor, specifically said that co-branding would not be permitted when asked if Boyd Gaming's Par-a-Dice Casino would be permitted to co-brand its mobile betting platform as "Par-a-Dice powered by FanDuel."

"What we're trying to do is help promote Illinois companies in what they're doing, and that's why Rivers has got that," Link said when it was noted that the restriction would give Churchill Downs' and Rush Street's Rivers Casino an advantage.

"I don't think they have a distinct advantage over anybody," Link added. "I think we carefully worked on that as well as we could to make sure there's a level playing field for all legitimate companies in the state of Illinois."

In addition to the two daily fantasy operators, a host of other leading online operators with market-access deals in Illinois spoke out in favor of co-branding, including The Stars Group (TSG), MGM Resorts, William Hill and PointsBet.

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In fact, co-branding was the sole aspect of the Illinois law that TSG chose to address in its comment letter, suggesting either a change to the legislation, or in absence of a legislative change, adoption of regulations that permit an online provider to use its name “in conjuncture with its land-based partner.”

The company obtained market-access in Illinois through its partnership with Penn National Gaming in August, and last month, Fox Bet CEO Robin Chhabra [told GamblingCompliance](#) there was “potentially” a path to utilize the Fox Bet brand in Illinois despite the restrictions.

“Allowing use of an [online operator’s] native brand would also facilitate greater participation in the market, as operators have made substantial investments in creating national awareness around their sports-wagering product,” wrote Brad Fischer, TSG regulatory legal counsel, in a letter to the IGB.

“Lacking the opportunity to capitalize on highly organized and well-funded marketing campaigns for the [operator’s] brand would precipitate underwhelming interest by a potential customer base and result in revenue far below state projections.”

In its comments, PointsBet suggested there could be potential legal challenges if the branding restrictions were enforced to disallow co-branded platforms. The company recently announced a partnership with Hawthorne Race Course in Cicero, near Chicago.

“There are compelling legal arguments that this section of the act ... creates inequitable and discriminatory outcomes to operators that plan to heavily invest in their product and brand,” wrote PointsBet USA general counsel Jill Kelley.

Illinois’s legislative veto session, where changes to the state’s gaming law could be discussed, begins October 28 and runs through a total of six days in late October and mid-November. Meanwhile, the IGB is next scheduled to meet on October 24.

See also:

[Q&A: Sports Betting in Illinois](#)

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