

July 6, 2021

To Whom It May Concern
Alcohol and Gaming Commission of Ontario
90 Sheppard Avenue East, Suite 200-300
Toronto, Ontario M2N 0A4

Dear Madam or Sir:

On behalf iDEA Growth, I would like to thank you for this opportunity to submit comments regarding your Agency's Regulatory Compliance Approach. As you may know, iDEA serves as the voice of the online gaming and betting industry in the U.S., and our 30 members represent nearly every aspect of that industry and are licensed in every jurisdiction in the world that licenses remote gaming and betting.

iDEA's members are aware that your agency intends to pursue a "light touch" approach to gaming regulation, and we are very appreciative of your efforts to bring stakeholders into the discussion of what that might look like. In previous correspondence, we have repeatedly raised our concern that the regulatory regime your agency has described up to this point does not go far enough in protecting the market from unsuitable or ineffective participants at the supplier level.

As we have said in the past, the proposed regulatory regime mainly only regulates operators, and mostly does not regulate suppliers, instead making operators responsible for the conduct of their suppliers. It would, in effect, turn operators into regulators, and as we have said in the past, operators have little experience or expertise for such a role. This approach, if adopted, would be a marked outlier among first-tier gaming regulatory regimes, particularly in North America.

We are aware that it is counterintuitive for an industry to complain that a proposed regulatory regime doesn't go far enough in regulating that industry; however, it is the unique nature of the gaming industry that compels us to ask that the proposed regulations be extended in one important way. When gaming is insufficiently regulated, societal harms can arise that can hurt consumers, embarrass regulators, and harm the public image of the industry. These can include the participation of bad actors, including organized criminal elements; minors being allowed to gamble, sometimes losing large amounts of money; players from jurisdictions where iGaming is illegal being allowed to bet on licensed gaming sites, perhaps in criminal violation of the laws of other jurisdictions, among other bad outcomes.

It seems likely that, at least for some period of time, the licensed market in Ontario will have to compete with the ongoing unlicensed "gray" market in Ontario. The latter will have certain distinct advantages, notably their ability to provide Ontario players with world-wide liquidity and their lack of tax obligations. While we strongly urge the Ontario government to take strong steps to curtail the gray market, even in U.S. jurisdictions where unlicensed play is clearly illegal, licensed operators still have to compete with an offshore black market. In addition to the pressure of competing with other licensed operators,

competition with the unlicensed market will provide additional pressure for operators and suppliers to cut corners in ways that could prove harmful or embarrassing.

We are aware of the ambitious timetable you are pursuing to have this market launch. As we have said in the past, regulating suppliers need not slow that process. AGCO could offer licensing reciprocity or provisionally register suppliers who are licensed in certain other top-tier North American jurisdictions and are operating in a manner consistent with the regulations in place in those jurisdictions. After the market launches, AGCO could undertake the process of developing its own regime for regulating suppliers at a deliberate pace and implement it when it is ready.

In closing, let me reiterate iDEA's enthusiasm for the prospect of a robust iGaming market in Ontario. Our members look forward to working closely with your agency to help make that happen. Please let us know if there is any other information we can provide.

Once again, thank you for the opportunity to comment.

Sincerely,



Jeff Ifrah
On behalf of iDEA Growth

Cc: Jeff Parker, Shir Barzilay, Erin McGinn, and Maureen Johnson, Ontario Ministry of Finance
Joseph Hillier and, Amanda Iarusso, Ontario Ministry of the Attorney General