

MEMO

To: Senator Eklund; Senator O'Brien; Representative Greenspan, and; Representative Kelly
From: iDevelopment & Economic Association (c/o Dan Dodd, Ohio counsel)
Date: September 22, 2020
Re: Recommendations to Draft Sports Wagering Legislation

Thank you for your combined leadership to champion thoughtful legislation to bring regulated sports wagering to the state of Ohio. The draft legislation shared last week is an excellent framework and puts Ohio on a strong path to become one of the most successful sports betting markets in the United States.

We appreciate the opportunity to provide comments on the draft legislation. Outlined below are areas where we believe the proposed bill can be strengthened. When possible, we provided specific language recommendations **highlighted in red**, underlined additions and strikethrough deletions of the current draft bill language.

IDEA Growth, and its more than 25 members representing every facet of the sports betting ecosystem, wants to continue to be a resource to you and we look forward to working with you as you finalize the legislation.

Section 3773.01 (D)

We are concerned that the proposed definition of "professional sport or athletic event" would impact the ability to offer betting markets on certain top-tier sports events such as professional golf and tennis – as has been the case in the newly established Illinois sports wagering market. In professional golf, players who miss the cut are not compensated and in certain professional tennis events, you do not receive compensation if you lose in the first round.

Further, sports gaming agents and their suppliers of betting information are not privy to sporting event participants compensation or expenses and it would not be possible to get this info for all participants in all sports.

Therefore, we recommend the following change:

*(D) "Professional sport or athletic event" means an event that at which two or more persons participate in sports or athletic events and receive compensation **or the potential for compensation based on their performance. in excess of actual expenses for their participation in the event.***

Section 3775.01 (E)

We recommend the following additions to this provision to ensure that popular sporting events, such as e-sports, are expressly allowed under the statute:

*Except as otherwise provided in division (E)(2) of this section, "sporting event" means any professional sport or athletic event, any collegiate sport or athletic event, any Olympic or international sports competition event, any motor race event, **any e-sports or virtual sports competition event,** or any other*

special event the commission authorizes for sports gaming under this chapter, the individual performance statistics of athletes or participants in such an event, or a combination of those.

Section 3775.01 (I)

To better define what types of services would be considered licensed suppliers we recommend adding the language provided:

Means any mechanical, electronic, or other device, mechanism, or equipment, including a personal device, and related software, materials, or supplies, that are used or consumed in the operation of sports gaming. Sports gaming equipment also means geolocation service providers, data services and other services, including but not limited to data feeds, pre-match and live odds, risk management services, integrity monitoring services or platform technology services.

Section 3775.02 (B) (2)

We recommend removing this provision and allow for operators to make bet limit decisions.

Section 3775.02 (E)

We recommend clarifying lines 2206 – 2209 to allow for independent testing labs that have been approved by the Commission to test and certify sports gaming equipment.

Additionally, temporary/provisional licensing should be allowed for suppliers and we recommend the following additions to this section.

(4) The commission shall issue a temporary license if the supplier applicant has been permitted by another qualified U.S. jurisdiction to provide sports gaming equipment for at least one year at the time of enactment and if the applicant has submitted a substantially complete application as determined by the commission.

(5) The commission shall permit a licensed or temporary licensed supplier to provide sports gaming equipment under a revenue sharing agreement.

Section 3775.04 (B)

We suggest amending the language to clarify that each casino and racino facility is entitled to a “sports gaming agent” license.

Only a casino operator or a video lottery sales agent may apply for a sports gaming agent license. Each facility owned or operated by the casino operator or a video lottery sales agent is eligible to receive a

sports wagering license. The commission shall issue a sports gaming agent license to an applicant that does all of the following:

Section 3775.03 (C) (3)

We recommend amending this provision to ensure that only those employees with direct decision-making authority on the sports betting business operations in Ohio are required to be licensed.

Key personnel of an applicant, including any executive, employee, or agency, having the ultimate power to ~~exercise significant influence over~~ make decisions regarding the concerning any part of the applicant's business operation in the state of Ohio.

Section 3775.05 (A)

Thank you for including provisions in the bill that will maximize competition in the state of Ohio. By ensuring at a multitude of operators (33 total) can operate under a regulated system, Ohio will increase consumer choice as well as tax revenues and economic activity for the state.

To strengthen Ohio's competitive market even further we ask that you consider adjusting the apportionment of the 33 "skins" and require sports gaming agents to contract with 2 management service providers (total of 22) and assign the remaining 11 back to the state of Ohio to be awarded to qualified entities in a manner determined by the Commission.

Section 3775.02 (12) (3) (a, b, c, d)

We are concerned that there is uneven due process to restrict or prohibit wagering on particular events or types of wagers. Under this section a sports league "may formally request" a permanent ban on certain types of wagers, while a sports gaming agent does not have a similar ability to request that such a ban to be lifted by the Commission.

We urge amending this section to require that any process to determine a wager limitation must be done in consultation with the licensed sports gaming agent(s) and that the determination be based on a clear finding that the gambling activity is contrary to public policy, is unfair to consumers, or affects the integrity of a particular sport or the sports betting industry.

Section 3775.02 (J) (1,2)

The establishment of a central system, overseen by the Gaming Commission, to monitor the integrity of sports wagering is unnecessary, redundant, places a massive regulatory burden on the Commission and, most

importantly, would actually undermine the effective global approach to integrity monitoring that occurs with regulated sports wagering.

Today, the sports betting industry dedicates a significant amount of resources to protecting the integrity of their wagering markets, but also to monitoring the events themselves to ensure integrity of the sport is safeguarded. Some operators conduct this type of integrity monitoring in-house with teams of sophisticated analysts, and operators also work with certified (and licensed) third-parties to provide comprehensive integrity services. Moreover, most U.S. regulated sports betting operators are already members of the Sports Wagering Integrity Monitoring Association ([SWIMA](#)), which works with US (and global) regulators to report fraud and other illegal or unethical activity related to betting on sporting events in the United States.

We recommend removing these provisions and instead establish a policy that requires all sports gaming agents to deploy betting integrity systems, maintain a membership in an integrity monitoring association (such as SWIMA) or contract with an integrity monitoring system provider as approved by the Commission.

Section 3775.05 (D)

We recommend making the following change to lines 2486-2490:

If the sports gaming agent and the management services provider ~~wish to~~ make a material change to the contract, the sports gaming agent ~~first~~ shall submit the change to the commission within 30 days after execution for its approval or rejection

Section 3775.06 (A)

Similar to recommended changes in Section 3775.03, this provision as drafted could be interpreted broadly and capture employees who should not be subject to licensure.

An individual who is employed full time to be engaged directly in sports gaming-related activities in this state that directly impacts the integrity of sports gaming in Ohio through the ability to deploy code to production, or otherwise to conduct or operate sports gaming in this state, shall hold an appropriate and valid sports gaming occupational license issued by the Ohio casino control commission at all times.

Section 3775.09 (H)

This provision in the bill should be strengthened by requiring sports governing bodies to provide meaningful personal identifying information (PII) to sports gaming agents on the persons “considered to be involved in a sporting event” as defined in this section. Publicly available information alone will not allow a sports gaming agent to make this critical evaluation.

Without being provided PII, such as a Social Security Number and date of birth, which would be necessary information for a sports gaming agent to block a “prohibited player” it is unclear what an operator should do if a customer by the name of “Jose Ramirez” attempted to create an account. It is impossible for an operator to determine if that customer is the third baseman of the Cleveland Indians, or simply shares the same name without having PII that answers that question. Furthermore, the only entity that clearly knows what the various codes of conduct require are the sports governing bodies themselves. An operator does not know if a particular league’s code of conduct forbids any sports wagering or simply wagering on that player or coach’s sport.

We recommend that this provision be updated to require that sports governing bodies submit to the Commission a list of prohibited players and mandate that PII be included so that the Commission may disseminate those lists and sports gaming agents can reasonably make informed decisions about which players to prohibit from establishing accounts and placing wagers.

Section 3775.10

We recommend several changes to this section which include:

(C)(2) A sports gaming account may be established and funded in person through employees or sales agents of a sports gaming agent or, pursuant to rules adopted by the commission, over the internet through a sports gaming agent's web site or mobile application including deposits made by ACH, electronic funds transfer, debit card or credit card, or any additional method approved by the Commission in a manner that and complies with the sports gaming agent's internal controls.

(D) A sports gaming agent may use the same brand as its sports gaming facility or the management services provider to provide an online sports pool web site or may use one or more other brands. Each web site may have an accompanying mobile application bearing the same brand as the web site. The server hosting a web site shall be located within a restricted area of the sports gaming facility or in another secure facility that has been approved by the Commission.~~in the United States owned or operated by the sports gaming agent or its management services provider.~~

(A)(1) "Online sports pool" means sports gaming in which a wager on a sporting event is made through a computer or mobile device and accepted at a sports gaming facility through an online gaming system that is operated by a sports gaming agent.