

# Supreme Court Opens Door for Legal Sports Betting

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The U.S. Supreme Court on May 14 opened the door for U.S. states to legalize and regulate sports betting when it found the Professional and Amateur Sports Protection Act (PASPA) unconstitutional. PASPA, a federal law enacted in 1992, had effectively prohibited sports gambling across the country except in four states.

The Court's decision was based on a challenge brought forward by New Jersey and its former Governor Chris Christie, who began the legal fight in 2012. The Garden State was a proxy for numerous other jurisdictions: eighteen other states had filed court briefs in support of New Jersey's case. Many of those states – and others – are expected to initiate legislative action to legalize and regulate sports gambling within their borders. In fact, gambling industry analysts predict that as many as 32 states will enact legislation permitting sports betting within the next five years to capitalize on the estimated \$150+ billion spent annually on illegal sports wagering.

## Sports Organizations Lose, Shift Focus

The National Collegiate Athletic Association (NCAA), the National Hockey League, the National Football League, and Major League Baseball all had opposed New Jersey's action. The National Basketball Association, however, has expressed a willingness to work with legal betting under the leadership of Commissioner Adam Silver.

The sports organizations' opposition to sports betting had already begun to soften over the last few years. The NHL now has a franchise (the Golden Knights) in Las Vegas and the Oakland Raiders of the NFL will move to Las Vegas in the next few years. With so much money being wagered illegally, the focus shifted to the potential of sports betting to generate

profit for the benefit of sport franchise shareholders. The sport leagues also may pressure Congress to formulate a nationalized legal betting framework to mitigate against the possibility of having to manage different regulatory requirements on a state-by-state basis.

## “An Affront to State Sovereignty”

In writing the 6-3 majority opinion for the Supreme Court's ruling, Justice Samuel Alito called PASPA “an affront to state sovereignty” and said the principal problem with the federal law was that “state legislatures are put under the direct control of Congress.” Specifically, the Court relied on an “anti-commandeering” doctrine, which holds that Congress can set federal policies but cannot dictate to the states what their individual policies must be.

## A Business Boost for Gambling

The Court's announcement was good business for many gambling concerns. Stock prices for casino companies and technology providers in the sports-betting space all gained in the immediate wake of the ruling.

Daily fantasy sports companies DraftKings and FanDuel also found encouraging news in the Court's decision. “This ruling gives us the ability to further diversify our product offerings and build on our unique capacity to drive fan engagement,” said Jason Robins, CEO of DraftKings, in a statement. A spokesperson for FanDuel said the company is “exploring all avenues.”

## What Types of Betting Will Be Allowed?

The Supreme Court opinion means that states can offer the same betting options as other sportsbooks, including college

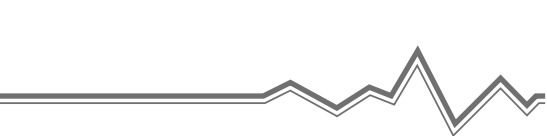
and professional sports, horse racing, golf, combat sports, and international events (e.g. the World Cup). However, the sports leagues have expressed concern over permitting certain types of bets, predominantly the situational kinds that can be impacted by a single player or decision without materially affecting a game's outcome. For example, the leagues oppose betting on such activities as which player will commit the first foul of a basketball game or whether the first pitch of a baseball game is a ball or a strike. Such things can be easily manipulated by players without necessarily jeopardizing the integrity of the entire competition.

Such betting features as live in-game and in-arena are likely to vary by state.

## States to decide how to manage the sports betting industry – and who will benefit financially

State governments view the opportunity to regulate sports betting as a pathway for new revenues. Once the legislature decides that it wants to regulate sports betting, then begins the business of clarifying the regulatory model it wants to implement. A clear contender is to empower its own trusted state Lottery to operate sports betting with the goals of preserving the integrity of sports, protecting the consumer and minimizing problem gambling, and maximizing economic benefit for society and the Good Causes that Lottery supports. If those are the objectives, the state Lottery is the obvious choice to operate sports betting. Should Lottery be given exclusivity to operate sports betting like it has in lottery games? Or should there be multiple licensed operators who

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technical standards and best practices. They ensure wagers are accepted in a fair and secure manner so that resultant betting outcomes are in accordance with pre-specified rules. Additionally, GLI's testing assures all wagers placed are correctly resolved and paid based on the correct odds and rules corresponding to the game or event. Moreover, this testing ensures appropriate mechanisms and controls are in place for adherence to technical requirements associated with the handling of wager disruptions and cancellations, abandoned events, and refunds.

In addition, GLI compares the front-end activity with back-end results and confirms that a complete and accurate log of transactions, performance, and payments are available upon request from the system for regulatory, taxation, player dispute, or other purposes.

## **AGA Statement on Supreme Court Ruling that the Federal Ban on Sports Betting Found is Unconstitutional:**

American Gaming Association (AGA) President and CEO Geoff Freeman: "Today's decision is a victory for the millions of Americans who seek to bet on sports in a safe and regulated manner. According to a Washington Post survey, a solid 55 percent of Americans believe it's time to end the federal ban on sports betting. Today's ruling makes it possible for states and sovereign tribal nations to give Americans what they want: an open, transparent, and responsible market for sports betting. Through smart, efficient regulation this new market will protect consumers, preserve the integrity of the games we love, empower law enforcement to fight illegal gambling, and generate new revenue for states, sporting bodies, broadcasters and many others. The AGA stands ready to work with all stakeholders – states, tribes, sports leagues, and law enforcement – to create a new regulatory environment that capitalizes on this opportunity to engage fans and boost local economies." 


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would be seriously negatively impacted if it was done without the complicit involvement of Lotteries which are supporting the retailers who sell to them. It would certainly be the case by the experience in Canada.

The call-to-action is for the state authorized Lotteries to institute and apply, if they not already do so, monitoring procedures of their retailers so that on-line re-sellers cannot market products into jurisdictions where they are not specifically authorized to do so.

### **What legal recourse do you have against the operators who are illegally selling lottery tickets into Canada?**

**L. Roiter:** This is a problem throughout the world. It is difficult to stop illegal online operators. For example in Canada, even though they receive revenues from the sales they make to Canadian citizens, the online re-sellers have no physical presence and they post no revenues to tax in Canada. And since they may not be doing anything illegal in the jurisdiction where they are domiciled, and since they do not have a place of business or tangible assets within our country, it is a challenge for us to domesticate a judgement against them, but possibilities do exist.

Lotteries everywhere are strictly regulated, and profits are supposed to go from lottery to designated causes. When commercial operators find creative new ways to impinge upon our ability to do that, and break the law in the process, we owe it to our beneficiaries, and to each other, to try to stop them. Government lottery operators have many ways to monitor the activities of retailers. They already monitor retailers to prevent other kinds of illegality and it is not difficult to add the activity of illegal online re-sellers to the list of things to watch out for. The global community of government lotteries should work together and take measures to ensure that they're not aiding, abetting, assisting, or otherwise cooperating in the purchasing of tickets for resale to a jurisdiction where it's illegal to do that. 

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The seminar began with a welcome speech from Mr Amadou Samba Kane, president of the Association of Africa Lotteries, and was moderated by Mr Christian Kalb, a sports betting expert.

The seminar was divided into 3 parts:

1. The current situation, opportunities and risk management of sports betting

2. Prevention of manipulation of sports competitions and sports betting
3. Concrete and actionable solutions to protect sport integrity

The ALA seminar was also an opportunity to introduce Global Lottery Monitoring System GLMS to all participants. The GLMS is the state lotteries' mutualised monitoring system on sports betting which aims at detecting and analyzing suspicious betting activities that could question the integrity of a sport competition. The GLMS President, Mr Ludovico Calvi, gave an effective presentation under the theme of "GLMS in the service of Lotteries and Sport: Understanding GLMS."


The seminar ended with the declaration of Casablanca, marking the commitment of all lotteries to fight together against illegal betting and to conduct a common policy on sports betting.

ALA organized this seminar in collaboration with WLA, hosted by La Marocaine des Jeux et des Sports, and with the invaluable support of 2 sponsors: INTRALOT and African Innovations.

Please stay tuned to [africanlotteries.com](http://africanlotteries.com) for information about upcoming seminars! 

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Our commitment to responsible practices and sustainable growth through consistent efforts has strengthened our overall profile as corporate citizen and member of the UN Global Compact and all the leading associations in our sector around the globe, constantly evolving and adapting to new responsibility standards.

As the online world comes to terms with the need to apply stronger regulation on the internet and social media networks for the purpose of protecting personal data and personal lives we believe that our tradition in strong regulatory frameworks in our industry can be a leader with best practices in the online world. 

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pay a tax? And if the multiple operator license model is implemented, how should the tax be calculated? Lots of questions going forward.

The one certainty is that this Supreme Court decision completely changes the face of gambling in the U.S. 