



## LET THE SUNSHINE IN ON SPORTS BETTING: AMENDING PASPA TO ALLOW STATE CHOICE

By Geoff Freeman

More than a century ago, future U.S. Supreme Court Justice Louis D. Brandeis wrote that “Sunlight is said to be the best of disinfectants; electric light the most efficient policeman.”<sup>1</sup> That principle guides American public life. Securities laws require disclosure of corporate information. Food and drug ingredients must appear on labels. Most public officials must disclose their financial holdings. In most settings, public business must be conducted in public.

Yet Americans are betting an estimated \$150 billion a year through illegal sports betting businesses that thrive in their own dark corner. This illicit industry spawns other illegal activities, cheats taxpayers and public services of critical revenue, and threatens the integrity of professional

sporting events. By amending the Professional and Amateur Sports Protection Act (“PASPA”) to allow states to regulate sports betting,<sup>2</sup> we can deploy the power of sunshine to remedy these evils.

Since its adoption in 1992, PASPA has barred sports betting, other than pari-mutuel race wagering, in all but four states which already had legalized some form of sports betting: Nevada, Montana, Oregon, and Delaware. Of those exempted states, only Nevada now maintains a comprehensively regulated sports betting industry.



A growing number of law enforcement officials are supporting regulated sports betting that could counteract the pirate offshore websites and back-alley bookmakers that currently dominate the field. They know that profits from illegal sports betting underwrite wider criminal activity including money laundering, drug dealing, and human trafficking.

“We must bring illegal sports betting out of the criminal shadows,” insists the Sheriff of Oakland County, Michigan, Michael Bouchard. “I think we need to regulate it.” A senior FBI official stresses “the ties of organized crime to illegal sports betting. We see it every day.”<sup>3</sup>

Ed Davis, former Boston police commissioner, agrees, warning that the demand for sports betting is increasing. “Consumers would rather do this in a regulated market that provides consumer protections, safeguards the integrity of the game, and provides certainty and transparency,” he said. “It’s easier to maintain public safety in that type of environment.”<sup>4</sup>

As Davis points out, regulated sports betting ensures that consumers are not cheated while shedding light on betting activity that can reveal schemes to bribe athletes and fix outcomes. By flagging unusual



movements in their betting lines, Nevada's sports books have identified such schemes in the past, while professional sports leagues in Europe rely on legalized sports books for that analysis. Unregulated, illegal sports books foster such schemes.

In addition, by applying fair tax rates to regulated sports betting, state and local governments can pay for essential community services.

A final factor is the popularity of sports betting, which many people find sharpens their appreciation for a sporting contest. That popularity fuels the spread of daily fantasy sports sites across the country.



“There is an obvious appetite among sports fans,” wrote Commissioner Adam Silver of the National Basketball Association in 2014, “for a safe and legal way to wager on professional sporting events.” In calling for legalization in a *New York Times* op ed, Silver reversed his sport’s long time position on sports betting.<sup>5</sup>

Last year the U.S. Conference of Mayors adopted a resolution calling for regulated sports betting, agreeing that “the massive illegal gambling market lacks adequate rules, siphons tax revenues from local



communities, lacks consumer protections, and harms the integrity of the games,” while also funding “other criminal activities that harm public safety.”<sup>6</sup>

Congress should amend PASPA to allow each state to decide whether it wishes to allow regulated sports betting with consumer protection requirements, including mandatory responsible gambling programs. Everyone would win but the criminals.



Geoff Freeman is President and CEO of the American Gaming Association (AGA). In his role as chief executive of the AGA, Freeman is the leading advocate for the commercial and tribal gaming industry and is responsible for positioning the association to address regulatory, political, and educational challenges and opportunities.

Prior to joining the AGA, Geoff was chief operating officer and executive vice president for the U.S. Travel Association, the nation’s leading voice for increasing travel to and within the United States. Under his strategic leadership, the travel industry enacted the Travel Promotion Act, derailed an assault on corporate meetings and events, and began the march to building an army of one million employee activists. During his tenure, U.S. Travel doubled its resources.

Geoff has led a variety of complex and successful issue campaigns during his more than fifteen years in Washington. Previously, Freeman was a vice president with APCO Worldwide, a global public affairs firm, where he led the highly visible Partnership for Prescription Assistance (PPA). The PPA, supported by America’s pharmaceutical companies, was the largest effort ever created to connect uninsured Americans with free prescription medicines. Previously, Geoff was the Director of Government Relations and Strategic Outreach for Freddie Mac and Director of Strategic Initiatives for the American Association of Health Plans, the leading representative of the managed care industry.

<sup>1</sup> Louis D. Brandeis, *Other People’s Money and How the Bankers Use it*, New York: Frederick A. Stokes Co. (1913), p. 92

<sup>2</sup> 28 U.S.C. § 3701 *et seq.* Delaware permits on-premises betting on multiple-game “parlay cards” during the professional football season. Montana has authorized betting through sports pools and sports tab games. Oregon does not currently authorize sports betting.

<sup>3</sup> AGA Illegal Gambling Advisory Board, *Law Enforcement Summit on Illegal Sports Betting: After Action Report*, at 8, 9.

<sup>4</sup> *Id.*, at 10.

<sup>5</sup> Adam Silver, *Legalize and Regulate Sports Betting*, *New York Times*, Nov. 13, 2014.

<sup>6</sup> Dustin Gouker, *U.S. Conference of Mayors Calls for Legalized Sports Betting*, *Legal Sports Report* (June 30, 2016). Rob Manfred, commissioner of Major League Baseball, has softened his league’s previous opposition to legalized sports betting, observing that “There is this buzz out there in terms of people feeling that there may be an opportunity here for additional legalized sports betting. We are reexamining our stance on gambling. It’s a conversation that’s ongoing with the owners.” See also Brandon Schlager, *Rob Manfred: MLB rethinking stance on sports betting*, *Sporting News*, February 8, 2017.