



**TESTIMONY OF JOHN MCMANUS
EVP AND GENERAL COUNSEL
MGM RESORTS INTERNATIONAL**

**SENATE COMMITTEE ON
RACING, GAMING, AND WAGERING**

September 9, 2015

Chairman Bonacic and members of the Committee, I am John McManus, General Counsel for MGM Resorts International. I appreciate the opportunity to appear before you today to discuss our perspective regarding online gaming generally and most particularly, online poker legislation in New York.

You have already heard, or will hear, from others regarding the technical aspects of online poker – the security measures, age and identity verification, responsible gaming protocols, and the like. I must leave that part of the discussion to the experts. I would like to focus my comments instead on overarching considerations in this policy discussion.

MGM Resorts International supports legislation that would allow adults to play safe, fair, and regulated online poker and prevent minors from accessing the sites. Such legislation would also reduce the millions of dollars New Yorkers spend every year on illegal foreign poker websites, keeping that revenue in the state.

And that's the most important point I can make today: Online poker is already occurring in New York. We're not talking about creating a new form of gaming or expanding gaming in New York. It's a question of regulating or not regulating. It's a question of protecting the players or not; preventing underage gaming or not; keeping revenue in New York – or not.

When we understand that reality, other questions or issues can be put in perspective. For example, we're often asked about the size of the market and what projected tax revenue would result from regulation. It is difficult to project definitively the size of the market, since it is currently illegal in New York, and illegal operators do not provide data about their play. But regardless of the specific number, this is revenue that is currently leaving New York to the benefit of illegal foreign sites. And even conservative estimates show that the revenue in a regulated environment is more than sufficient to cover the cost of that regulation and, therefore, to protect the public and prevent children from illegal play.

Similarly, other questions, concerns, and arguments must be framed by the fact that online poker is already occurring illegally. Let's take the question of the effect on New York's land-based gaming market. Simply put, land-based venues will always offer an experience that cannot be replicated online. Online poker and land-based gaming are two completely different experiences. They do not compete, although they can be complementary.

Indeed, not only have online games not reduced visitation at casinos – in some cases, online games have actually attracted new customers to brick and mortar facilities. We see that in the renewed popularity of poker rooms in recent years. But although we can thus address stated concerns about the

effect on New York's land-based casino market, we must first recognize that if such a concern were valid, its effect would already be felt; because illegal online poker is already occurring.

Opponents of regulation also argue that it is possible to "just say no" to an illegal market. However, experience shows the opposite: When Congress passed UIGEA in 2006, leading operators exited the U.S. market, but other operators entered, and over time, made billions of dollars in the post-UIGEA world. Similarly, in 2011, when the leading foreign sites of that time were shut down in what has come to be known as Black Friday in the online poker world, other, lesser known operators continued or began to offer online poker to U.S. residents. Over time, their business grew and continues to grow. Prohibition does not work.

MGM Resorts International is in the entertainment and gaming business, and online poker is something that many of our customers want and that we want to provide. But until and unless there is a legal, U.S.-based alternative, illegal sites without adequate protections will continue to flourish. Accordingly, we urge your positive consideration of legislation that allows adults to play online poker safely and responsibly while preventing underage gambling. In an unregulated market, those protections do not exist.