

Introduction

Mr. Chairman, and distinguished members of the Committee, thank you for the invitation to present testimony as part of today's hearing. My name is Jeremy Kleiman. I am a Partner at Saiber Law and a member of iDEA Growth.

iDEA Growth is a 501(c)(6) association with a mission to grow jobs and expand the online interactive gaming business in the United States through advocacy and education. Our members represent all sectors of the of internet gaming, sports betting and entertainment industries, including operations, development, technology, marketing, payment processing and law, and we share the common goal of expanding American consumers' access to secure and regulated online gaming.

We are pleased that New York is taking a serious look at how to include a mobile component in sports wagering. As has been evidenced in other U.S. jurisdictions, when done correctly, a regulated mobile sports betting market creates a safe alternative for consumers and can drive a significant amount of revenue for the state.

The New Jersey Example

Mobile sports betting is not just the future, it is the *now*. Consumers use their phones and the internet for all forms of e-commerce, and online gaming and sports betting are no different.

New Jersey has been a model for how U.S. sports betting markets should evolve. Since sports betting launched in New Jersey last summer \$2,251,237,623.00 has been wagered on sports in the state and \$157,369,802.00 in revenue has been derived for the operators. The key to New Jersey's early sports betting success has been giving consumers access to mobile and internet-based options. A sports bettor in New Jersey can choose from more than a dozen mobile apps to remotely register an account, deposit money, place a bet and collect their winnings. Today, 80 percent of all sports wagers in New Jersey come from consumers using the internet or a mobile device. And in Las Vegas, more than 60 percent of sportsbook bets are placed via Nevada's mobile gaming apps.

iDEA Growth urges New York lawmakers to commit to low tax rates, reasonable licensing fees, and not mandating additional costs which make it even harder for the legal business to compete with illegal operators.

New York policymakers' should create a system that can effectively channel consumers away from the illegal offshore sports betting market to New York regulated industry. Creating a regulatory framework that allows New York's licensed sportsbooks to compete (and potentially eliminate) the illegal market will be essential to protecting consumers and maximizing tax revenue for the state.

New York regulators should be given discretion and flexibility to approve new sports betting innovations – from types of games, wagers, and payment options – to keep up with consumer interests and demands.

Does not hurt brick and mortar + triumvirate

Mobile gaming offers significant opportunities for brick and mortar gaming casinos. Consumers' demand for mobile sports betting has not negatively impacted those businesses. In fact, it has done quite the opposite. New Jersey casinos are experiencing growth at their land-based businesses and much of that growth has been credited to expanding their casinos' audience to include a younger demographic.

Looking beyond mobile sports betting, states can maximize revenue by also combining other verticals like online casino games and online poker. When a player goes online to bet on a sports game, if given the opportunity to play a slot machine or poker game, they are likely to stay on the platform longer and play those games as well. Providing this opportunity to players will benefit New York because the state's casino businesses will grow – as well as tax revenue, and we encourage to consider a symbiotic approach to the mobile gaming offering.

Know Your Customer

In addition to revenue benefits, mobile means it is digital; and digital means traceable. Mobile betting enables stringent age verification, Know Your Customer protocols, pinpoint geolocation, secure payments, and protections against problem gambling and fraud. Safeguards from mobile betting can be even more robust than what is found at a brick and mortar sportsbook.

Regulated mobile betting is essential to combatting illegal gambling that already has a firm grip on the market. Without a mobile option, consumers will have less incentive to migrate to legal sports betting alternatives.

To protect the integrity and safety of mobile sports betting, it is necessary for players to adequately identify themselves as part of the registration process. In order to be certain of the player identities, New Jersey regulations require the most rigorous KYC protocols of any iGaming jurisdiction. These identification requirements are essential measures intended to prevent underage gambling, fraud and money laundering.

During the registration process in New Jersey, players must enter their first and last name, date of birth, gender, social security number, valid New Jersey street address, phone number, and a security question, and declare that they are over 21 years of age. This information, once entered, will constrain anyone else from using their account and ensure that the player does not hold a New Jersey casino key license or is otherwise prohibited from wagering in New Jersey.

Anyone who fails to provide this information is unable to establish an account and therefore is prevented from playing online. These rigorous KYC requirements discourage underage players and make it extremely difficult for cheaters to establish fraudulent accounts or for anyone to launder the proceeds of a criminal enterprise through a New Jersey iGaming or sports betting site. Generally, it is actually far easier to verify a player's age, monitor their spend, and identify problem gamblers online than it is in person.

Problem Gambling

Add a mobile components to gaming can also facilitate a number of responsible gaming features designed to limit losses and to reduce the adverse impacts of problem gambling behavior, including: technology that can identify and report potential problem gamblers; set deposit limits, loss limits, and time limits to online gaming sessions; self-exclusion options; player protection features that give players the option to self-exclude themselves from gambling for a certain period of time; and detailed records of player activity. States with legal online gaming also utilize digital algorithms in compliance with U.S. banking laws in order to monitor and enforce daily spending limits.

Conclusion

In closing, I would like to remind this committee that you are not deciding whether New York citizens will bet on sports online – today, thousands of New York residents already gamble on offshore sites, and they provide absolutely no oversight or protection. However, this committee can decide whether or not to protect these consumers by giving them an alternative to bet on sports online and in-person with regulated operators. You are facing a tremendous opportunity to turn a black market into a regulated industry that benefits the state and its people.

As you continue to discuss and debate varying legislative proposals, iDEA Growth and its member companies are pleased to be a resource to you and your colleagues. We can provide demonstrable objective evidence on how mobile sports betting is working in states like New Jersey and how it can be done in New York to ensure a competitive and robust market.

We thank you for the opportunity to provide this testimony.